

SUPOR 苏泊尔

2024 ANNUAL REPORT

2024年年度报告



(证券代码：002032)

浙江苏泊尔股份有限公司

SECTION I IMPORTANT NOTES, TABLE OF CONTENTS AND DEFINITIONS

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

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

All directors have attended the Board Meeting in person.

It is of great uncertainty, for whether it can be realized or not depends on multiple factors, including market change and effort of management team. Please be careful of investment risks.

As for the risk factors confronted by the Company, see Part 11 "Prospects for Future Development" of Section III "DISCUSSION AND ANALYSIS OF THE MANAGEMENT" for details.

The profit distribution plan adopted at this Board Meeting specifies that: based on the 796,692,233 shares at the end of 2024 (total capital stock of 801,538,407 shares at the end of 2024 deducted by 4,667,500 shares of repurchased shares in the Company's special stock repurchase account and 178,674 shares of Restricted Stock repurchased and canceled on January 17, 2025), the Company distributes cash dividend of RMB 28.10 per 10 shares (tax-inclusive) to all shareholders, and total amount of cash dividends is RMB 2,238,705,174.73, issues 0 bonus shares (tax-inclusive) and will not convert capital reserves to capital..

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CATALOG OF REFERENCE DOCUMENTS

I. 2024 Annual Report of the Company and Abstract with signature of legal representative;

II. Financial statements with signature of legal representative, person in charge of accounting and person in charge of accounting department and seal of the Company;

III. Original of audit report with seal of accounting firm and signature of certified public accountants (CPA);

IV. Original of all documents and announcements published in newspapers designated by CSRC during the reporting period.

Reference documents above archived at the Securities Department of the Company: Securities Department of the Company

Definitions

| Items to be Defined | means | Definitions |
|------------------------------------|-------|---|
| SZSE | means | Shenzhen Stock Exchange |
| CSRC | means | China Securities Regulatory Commission |
| CSDCC | means | Shenzhen Branch of China Securities Depository and Clearing Corporation Limited |
| The Company/this Company/the Group | 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 Appliances Manufacturing Co., Ltd. |
| Shaoxing Supor | means | Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. |
| Supor Vietnam | means | Supor (Vietnam) Co., Ltd. |
| Wuhan Recycling | means | Wuhan Supor Recycling Co., Ltd. |
| Wuhan Supor Cookware | means | Wuhan Supor Cookware Co., Ltd. |
| Wuhan Supor Pressure Cooker | means | Wuhan Supor Pressure Cooker Co., Ltd. |
| Omegna | means | Hangzhou Omegna Commercial Trade Co., Ltd. |
| Shanghai Marketing | means | Shanghai Supor Cookware Marketing Co., Ltd. |
| P&R Products | means | Zhejiang Supor Plastic & Rubber Co., Ltd. |
| Yuhuan Sales Company | means | Yuhuan Supor Cookware Sales Co., Ltd. |
| SEADA | means | SOUTH EAST ASIA DOMESTIC APPLIANCES PTE. LTD. |
| AFS | means | AFS VIETNAM MANAGEMENT CO.LTD. |
| Shanghai WMF | means | Shanghai WMF Enterprise Development Co., Ltd. |
| Zhejiang WMF | means | Zhejiang WMF Housewares Co., Ltd. |
| Shaoxing Supor Housewares | means | Zhejiang Shaoxing Supor Household Products Co., Ltd. |
| Zhejiang Supor LKA | means | Zhejiang Supor Large Kitchen Appliance Co., Ltd. |
| Supor Water Heater | means | Zhejiang Supor Water Heater Co., Ltd. |
| GSIM or Indonesian Company | means | PT Groupe SEB Indonesia MSD |
| Hainan Supor E-commerce Company | means | Hainan Supor E-Commerce Co., Ltd. |
| Hainan Tefal Trading Company | means | Hainan Tefal Trading Co., Ltd |
| 2021 Equity Incentive Plan | means | <i>2021 Restricted Stock Incentive Plan (Draft)</i> |
| 2022 Equity Incentive Plan | means | <i>2022 Restricted Stock Incentive Plan (Draft)</i> |
| 2023 Equity Incentive Plan | means | <i>2023 Stock Option Incentive Plan (Draft)</i> |
| 2024 Equity Incentive Plan | means | <i>2024 Stock Option Incentive Plan (Draft)</i> |
| Performance Incentive Fund | means | <i>Administration Measures for the Performance Incentive Fund</i> |
| Second Performance Incentive Fund | means | <i>Administration Measures for the Second Performance Incentive Fund</i> |

SECTION II COMPANY FILE AND MAJOR FINANCIAL INDICATORS

I. Company Information

| | | | |
|---|---|------------|--------|
| Short Form of the Stock | Supor | Stock Code | 002032 |
| Short Form of the Original Stock (if any) | None | | |
| Stock Exchange for Stock Listing | Shenzhen Stock Exchange | | |
| Chinese Name of the Company | Zhejiang Supor Co., Ltd. | | |
| Short Form of Chinese Name of the Company | Supor | | |
| English Name of the Company (if any) | ZHEJIANG SUPOR CO., LTD. | | |
| Short Form of English Name of the Company (if any) | SUPOR | | |
| Legal Representative | Thierry de LA TOUR D'ARTAISE | | |
| Registration Place | Damaiyu Economic Development Zone, Yuhuan, Zhejiang | | |
| Postal Code | 317604 | | |
| Historical Change Records of the Company's Registered Address | None | | |
| Office Address | 15F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou, China | | |
| Postal Code | 310051 | | |
| Website | www.supor.com.cn | | |
| Email | 002032@supor.com | | |

II. Contact Person and Contact Information

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

III. Place for Information Disclosure and Archiving

| | |
|--|--|
| Securities exchange websites where the Company discloses the annual report | <i>Securities Times, Securities Daily and China Securities Journal</i> |
| Names and websites of medias where the Company discloses the annual report | www.cninfo.com.cn |
| Place for archiving of the Company's annual report: | Securities Department of the Company |

IV. Changes of Registration

| | |
|---|---------------------------------------|
| Unified social credit code | 913300007046976861 |
| Change of main business since listing of the Company (if any) | No change during the reporting period |
| Change of controlling shareholders (if any) | No change during the reporting period |

V. Other Relevant Information

Certified Public Accountants engaged by the Company

| | |
|---|--|
| Name of the Certified Public Accountants | KPMG Huazhen LLP (Special General Partnership) |
| Office Address of the Certified Public Accountants: | 8F, East 2 Office Building, Dongfang Square, No.1 East Chang'an Avenue, Dongcheng District, Beijing City |
| Name of the Signatory Accountants | Huang Feng, Jin Yang |

Sponsor institution engaged by the Company for performing continuous supervision duties during the reporting period

☐ Applicable ☒ Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties during the reporting period

☐ Applicable ☒ Not applicable

VI. Major Accounting Data and Financial Indicators

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

☐ Yes ☒ No

Retrospective adjustment or restatement reason

Cumulative changes of accounting policies

| | 2024 | 2023 | Increase/ decrease | 2022 |
|--|-------------------|-------------------|-----------------------|-------------------|
| Operating income (RMB) | 22,427,337,986.38 | 21,303,948,642.66 | 5.27% | 20,170,527,516.66 |
| Net profit attributable to shareholders of listed company (RMB) | 2,244,444,529.35 | 2,179,798,147.27 | 2.97% | 2,067,659,526.97 |
| Net profit attributable to shareholders of listed company with non-recurring profit or loss deducted (RMB) | 2,064,698,793.08 | 1,994,465,695.85 | 3.52% | 1,888,197,965.28 |
| Net cash flows from operating activities (RMB) | 2,583,502,138.20 | 2,034,909,336.20 | 26.96% | 3,159,955,245.84 |
| Basic earnings per share (RMB/share) | 2.820 | 2.719 | 3.71% | 2.565 |

| | | | | |
|--|-------------------|-------------------|-------------------------------------|-------------------|
| Diluted earnings per share (RMB/share) | 2.819 | 2.719 | 3.68% | 2.564 |
| Weighted average return on net assets | 37.27% | 34.62% | Increased by 2.65 percentage points | 27.89% |
| | End of 2024 | End of 2023 | Increase/decrease | End of 2022 |
| Total assets (RMB) | 13,265,856,724.52 | 13,106,703,607.00 | 1.21% | 12,952,655,903.47 |
| Net asset attributable to shareholders of listed company (RMB) | 6,424,414,343.69 | 6,345,333,020.11 | 1.25% | 7,036,084,863.54 |

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

VIII. Quarter-based Major Financial Indicators

Unit: RMB

| | Q1 | Q2 | Q3 | Q4 |
|--|------------------|------------------|------------------|------------------|
| Operating income | 5,378,308,516.37 | 5,586,469,452.08 | 5,547,582,884.99 | 5,914,977,132.94 |
| Net profit attributable to shareholders of listed company | 469,544,886.20 | 471,048,231.45 | 492,259,234.08 | 811,592,177.62 |
| Net profit attributable to shareholders of listed company with non-recurring profit or loss deducted | 460,726,002.76 | 461,929,957.89 | 481,873,660.48 | 660,169,171.95 |
| Net cash flows from operating activities | 1,043,028,242.95 | -494,503,778.14 | 611,630,586.55 | 1,423,347,086.84 |

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

☐ Yes ☒ No

IX. Non-recurring Profit or Loss Items and Amount

☒ Applicable ☐ Not applicable

Unit: RMB

| Item | Amount of 2024 | Amount of 2023 | Amount of 2022 | Notes |
|---|----------------|----------------|----------------|-------|
| Profit and loss on disposal of non-current assets (including the write-off of asset impairment provision) | -6,241,682.47 | -6,956,266.86 | -1,189,107.57 | |
| Government subsidies recognized through current profits and losses (except those that are closely related to the Company's normal business operations, comply with national policies and regulations and available according to certain standard quota or continuously affect the Company's profits and losses) | 195,545,431.63 | 196,125,471.29 | 199,599,828.51 | |
| Except the effective hedging business related to the normal operation of the Company, profits and losses from fair value changes caused by the finance assets and financial liabilities held by non-financial enterprises, and profits and losses from disposal of financial assets and financial liabilities | 33,497,663.19 | 43,047,593.88 | 24,264,345.88 | |
| Reversal of impairment provision for accounts receivable made on an individual basis | 1,187,578.89 | | | |
| Nonrecurring expenses incurred by the enterprise due to the discontinuation of related operating activities, such as expenses for employee placement. | | | -527,780.73 | |
| Other non-operating incomes or expenditures except for the foregoing items | 5,649,279.24 | 6,289,885.37 | 9,796,376.97 | |
| Minus: influenced amount of income tax | 49,576,326.72 | 52,980,777.54 | 52,414,885.25 | |
| Influenced amount of minority shareholders' equities (after tax) | 316,207.49 | 193,454.72 | 67,216.12 | |
| Total | 179,745,736.27 | 185,332,451.42 | 179,461,561.69 | -- |

Other specific circumstances of other items of profits and losses complying with the definition of non-recurring profits or losses:

☐ Applicable ☒ Not applicable

The Company does not have other specific circumstances of other items of profits and losses complying with the definition of non-recurring profits or losses.

Description of defining non-recurring profits or losses items listed in the *Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss* as recurring profits and losses

☐ Applicable ☒ Not applicable

The Company does not have the description of defining non-recurring profits or losses items listed in the *Explanatory Announcement No.1 on Disclosure of the Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss* as recurring profits and losses.

SECTION III DISCUSSION AND ANALYSIS OF THE MANAGEMENT

I. Industrial Situation of the Company in the Reporting Period

In 2024, the domestic consumer market exhibited a polarizing trend of rational consumption and premiumization. On one hand, consumer demand for high-quality, high-value products continued to rise. On the other hand, more consumers favored good-value-for-money products offering. Facing this complex market environment and the growing rationality of consumer demand, the Company gained the market shares of core categories on both online and offline with continuous innovation and strong channel competitive advantage.

In the open fire cookware segment, live-streaming e-commerce and social e-commerce platforms maintained rapid growth, while traditional e-commerce experienced a slight decline. Overall, the online retail market saw modest growth, while offline channels continued to face pressure. As a leading brand in the industry, Supor actively addressed the differentiated consumer demands and outperformed the industry in both online and offline by leveraging exceptional omni-channel operational capabilities. According to monitoring data of AVC, the online cookware market share of Supor continued to grow in 2024 and for offline, Supor firmly solidified its position as the market leader. By category, products associated with health concepts, such as pressure cookers and steamers, achieved stable growth. Materials emphasizing health benefits, such as titanium and cast iron, also gained increasing consumer preference.

The small domestic appliance market faced intensified competition in 2024. Supor has achieved a good result that the comprehensive market share of traditional e-commerce and the Tiktok channel ranks the first. According to the overall monitoring data of AVC in 2024, the sales performance of Supor's small domestic appliances (including the following categories: rice cookers, induction hobs, electric pressure cookers, soymilk makers, high-speed blenders, blenders, juicers, kettles, steamers, health pot, baking pan, small desktop single function ovens, and air fryers) is outperforming the industry average, and their shares in the online and offline markets have improved, ranking first in the industry. From the perspective of category performance, the rigid-demand categories such as electric rice cookers have a stable market, and the categories related to health concepts such as electric steamers, slow cookers, health kettle and soymilk makers continue with the growth momentum.

II. Main Business during the Reporting Period

As China's famous cookware and small domestic appliance R&D and manufacturing company and leading brand, the Company is also the first listed company in China's cookware industry. Established in 1994, the headquarters of the Company is located in Hangzhou and it owns seven R&D and manufacture bases located in Yuhuan City, Hangzhou City, Shaoxing City (Binhai New Area and Keqiao District) in Zhejiang Province, Wuhan City in Hubei Province and Ho Chi Minh City, Vietnam.

Supor's main businesses include open fire cookware and kitchen tools, small domestic appliances, large kitchen appliances and H&PC appliances.

(1) Open fire cookware and kitchen tools mainly include wok, pressure cooker, frying pan, sauce pan, steamer, ceramic slow cooker, kettle, knife, spatula, thermal pot, thermos & flask, kitchen gadgets, crisper, etc.;

(2) The small domestic appliances mainly include rice cooker, electric pressure cooker, induction hob, soymilk maker, kettle, juicer, slow cooker, steamer, electric hotpot, food processor, baking pan, air fryer, desktop electric oven, desktop water purifier, etc.;

(3) The large kitchen appliances mainly include range hood, gas stove, disinfection cabinet, water purifier, embedded steaming oven, integrated stove, water heater, etc.;

(4) The H&PC appliances mainly include air purifier, garment steamers, vacuum cleaner, floor washer and electric iron, electric heater, air-circulating fans, etc.;

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

III. Core Competitiveness Analysis

(I) Superior product innovation capacity

Supor has been upholding the design philosophy of "People Orientation, Design Driven Product Innovation" over the years, with the adherence on technological leading, design innovation drive and internal-external innovation synergy. The Company continuously introduces healthier, smarter, and more diversified products to meet the needs of diverse consumer groups and usage scenarios.

The Company's headquarters innovation center, through strategic planning and collaboration with R&D teams across business units and manufacturing bases, has established a unique innovation system and mechanism. This ensures a focus on disruptive innovation in core product categories while consistently delivering application-driven innovation and product upgrades to swiftly respond to market competition. By fully leveraging internal and external innovation resources, Supor has built an open innovation platform to stay abreast of emerging technologies and product categories both within and outside the industry. The Company continuously integrates new processes and materials to drive business growth. Additionally, Supor has strengthened its innovation synergy with the SEB Group, introducing new product categories and technologies to further enrich its product portfolio.

In terms of the design modules for unfinished products, the Company integrates industrial design, user experience, and consumption trend into product innovation to further enhance the visual aesthetic feeling, form, and experience of products, address user pain points, and bring consumers a better product experience. In 2024, several Supor products received iF Design Awards, including the Visible Air Fryer KJ50DQ821, Large-capacity Anytime Sharing Thermos Bottles, Dual-drinking Thermal Coffee Cup & Plastic Infuser Cup, and the Ultra-Slim Extractor Hood AI60 Series.

(II) Steady distribution network

Supor has a reliable distribution team and maintains long-term and sound cooperative relationships with distributors and operators. In terms of online channels, the Company continuously promotes the direct sales, distrobution and "one-basket" model, collaborating with distributors and operators to build a comprehensive e-commerce store matrix that provides consumers with an exceptional online shopping experience. In terms of offline channels, the Company has established a great number of point-of-sale terminals and service outlets, and has entered large-scale mainstream supermarkets and stores in the primary and secondary markets; in addition to a high coverage rate in the O2O channels in the third and fourth markets, ensuring that consumers can purchase the Company's products more conveniently.

(III) Strong R&D and manufacturing capacity

Supor has built up seven R&D production bases, respectively in Yuhuan City, Hangzhou City, Shaoxing City (Binhai New Area and Keqiao) in Zhejiang Province, Wuhan City in Hubei Province and Ho Chi Minh City, Vietnam. In particular, the annual production scale of Wuhan Base and Shaoxing Base ranked the top in the industry. Over the years, the Company has been continuously improving industrial efficiency, and the strong R&D and manufacturing capabilities in the base and the superior R&D team of the Company have robustly supported the product competitiveness of Supor.

Guided by its distinctive innovation system, Supor continuously refines its innovation tools and methodologies. By starting from consumer needs, the Company maps out technological development pathways and defines innovation directions, ensuring a solid technical foundation to meet intense market competition.

(IV) Synergistic effect of integration with SEB

The SEB Group, a global leader in cookware and small appliances with over 160 years of history, has been a strategic partner of Supor since 2006. The powerful cooperation between Supor and SEB Group has brought stable export orders to the Company, and increased its overall business size and manufacturing capacity. Meanwhile, the Company strengthens cooperation with SEB Group in varied fields such as production, R&D, IT, and management, and providing comprehensive support for the Company's development continuously.

(V) Advantage of multiple brands and categories

In terms of the multi-brand operation, in addition to Supor brand, the Company also introduced a lot of high-end brands under SEB Group, such as WMF, LAGOSTINA, KRUPS, and TEFAL so as to fully cover the high-end brands in small domestic appliances and kitchen cookware fields. In terms of the category expansion, the Company actively explores new product categories for kitchen appliances, H&PC appliances, personal care appliances, and others on the basis of the existing advantageous categories such as open fire cookware and small domestic appliances. Supor's multi-brand, multi-category strategy has established a strong competitive advantage in the domestic market, positioning the company to evolve into a comprehensive home lifestyle brand.

IV. Main Business Analysis

During the reporting period, the Company achieved an operating income of CNY22,427,337,986.38, a year-on-year increase of 5.27%. The domestic sales declined slightly compared with that last year among the complex market environment and more rational consumer demands. However, the Company gained the market shares of core categories on both online and offline channels with continuous innovation and strong channel competitive advantage. The export sales achieved good growth during reporting period compared with that last year benefited from the sales to the Company's key export customer which increased quickly. The net profit attributable to shareholders of listed company was CNY2,244,444,529.35, a year-on-year increase of 2.97%; and the earnings per share were CNY2.820, a year-on-year increase of 3.71%. Among them, the realized revenue from the main business of cookware was CNY6,836,158,028.21, a year-on-year increase of 12.88%; the realized revenue from the main business of electric appliances was CNY15,300,420,337.16, a year-on-year increase of 2.25%; the realized revenue from the main business of domestic sales was CNY14,757,349,421.40, a year-on-year decrease of 1.20%; and the realized revenue from the main business of export business was CNY7,410,670,975.50, a year-on-year increase of 21.28%.

1. Overview**(I) Domestic sales during the reporting period****(1) Product strategy**

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

In the business of open fire cookware, Supor actively responds to the needs of online and offline target consumers through continuous product innovation, with a focus on making breakthroughs in the key categories. For example, in 2024, Supor launched the 'Titanium No Coating Non-stick Iron Wok' with patented technology after breaking through the non-stick technology for iron woks; Supor has also launched the highly-designed and user-friendly Clipso FAST pressure cooker, leading the industry in the upgrade and replacement of pressure cooker categories. In the business of drinkware, Supor continues to refine its hero product strategy, driving category growth with multi-functional differentiated hero products. The anytime sharing series thermos bottles have been a best-seller since its launch.

In the business of small domestic appliances, Supor adheres to the differentiated product innovation strategy at all times, and continuously rolls out innovative and intelligent products which provide creative functions for healthy and nutritious cooking. The Company's leading position in core rigid-demand categories such as electric rice cookers, and electric pressure cookers has been further solidified during the reporting period. In 2024, the Company launched the FIR steam IH rice cooker, which integrates four cutting-edge technologies: far-spin flame conduction technology, steam-assisted cooking technology, far infrared heating technology, and fresh cooking technology. These multiple innovative technologies aim to deliver the perfect bowl of rice to consumers. Meanwhile, the Company actively expanded into new sub-categories, such as desktop water purifiers, ice makers, and tea bar machines.

In the business of H&PC appliances, Supor persistently promotes the development of the H&PC appliance category and continues to strengthen the cleaning appliance category, with the market share of vacuum cleaners reached to the second place among all domestic brands and to the third place in the industry. In terms of the garment steamer category, Supor continues to keep the leading position in the industry. According to the monitoring data of AVC, the online market share of Supor's garment steamer category ranks second in the industry. Meanwhile, the Company's channel competitiveness in the H&PC appliance category continues to improve by optimizing online channels and store structures, operational efficiency has been significantly enhanced, especially with the retail scale of the TikTok channel growing nearly 50% YoY. During the reporting period, Supor actively expanded its personal care business, injecting new vitality into the development of the H&PC appliance category.

In the business of large kitchen appliances, Supor insists on focusing on its key categories, rapidly develops and cultivates distinct categories, solidifies foothold in the existing renovation market, and constantly seeks breakthroughs. During the reporting period, the Company's shatter-proof stove, with safe and shatter-proof as the core differentiated technology, leads the industry through safety technologies such as "shatter-proof panel, energy-focusing insulation, and gas leakage alarm", meeting consumers' cooking needs for safe and reliable cooking solutions. According to the monitoring data of AVC, the overall online market share of Supor's gas stove category achieved leading position in the industry in 2024.

(2) Channel strategy

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

In 2024, the overall competition in online retail has intensified. As a leading brand in the industry, Supor's online sales still maintain a favorable momentum. In terms of traditional e-commerce, the Company continuously expands the mix of medium and high-end products through the combination and optimization of product and store matrix, which has further improved the shares in the medium and high-priced markets. Meanwhile, on social e-commerce like TikTok, Supor improved marketing efficiency and sales contributions through a combination of in-store and influencer live streaming. On Pinduoduo, the Company enhanced store matrix, expanded product categories, and introduced high-value-for-money exclusive products. In the operation of private domain, Supor continuously enhances user engagement and repeat purchase rate by building WeChat mini-program malls and loyalty program.

In terms of first and second-tier markets, the Company's cooperation with platforms such as Meituan Flash Sale, JD.com Home and Ele.me has been further enhanced, which injects new vitality into the offline ecosystem, further narrows the gap between products and consumers, achieves the integration of consumption scenes with household scenes, and drives rapid sales growth. In terms of third and fourth-tier markets, the Company continues to improve refined operations with the continued growth of the O2O business, further improves store operation capabilities and average output per store, and optimizes the sales structure. In terms of B2B business, the Company has expanded the loyalty program business with large-scale banks, airlines, and other large- and medium-sized enterprises, further expanding the sales channels. Meanwhile, Supor continues to strengthen the cooperation with regional property developers and renovation companies, expanding the engineering-based kitchen appliance business.

(3) Brand building

In 2024, Supor continued to strengthen its brand awareness, with the first-mention rate of the brand increasing by more than 30%. The thermos bottle category also significantly boosted the brand's recognition among younger demographics. In 2024 marking the Company's 30th anniversary, the Company launched a series of consumers engagement initiatives, such as the "My First Supor Product" story campaign and the manufacturing tour, which brought the brand closer to its consumers. It also integrated marketing campaigns such as "30-Year Life Recipes" and "30 Years, A New Journey" were executed both online and offline, reinforcing brand communication and solidifying brand image. In addition, the Company organized a 360-kilometer employee relay run from its birthplace in Yuhuan to Hangzhou and donated children's thermos bottles and other materials to remote areas. While enhancing brand cohesion, it also fulfilled its social responsibilities.

The Company also intensified its user-centric brand strategy by establishing a comprehensive consumer asset management system. The Company strengthened the integration between public and private domains, leveraging multiple channels to reach consumers and improve engagement and loyalty. Supor fully utilized its Voice of Customer System (VOC) and implemented a robust NPS (Net Promoter Score) framework to gain deeper insights into consumer feedback and suggestions. These efforts enabled continuous improvements in products and services, fostering consumer loyalty and empowering the brand's long-term healthy development.

(II) Export sales during the reporting period

During the reporting period, the Company's export business experienced rapid growth, driven by increased demand from the SEB Group and other overseas customers.

2. Revenues and costs**(1) Structure of operating incomes**

Unit: RMB

| | 2024 | | 2023 | | Increase/decrease YoY (%) |
|--|-------------------|---|-------------------|---|------------------------------|
| | Amount | Percentage to total operating income | Amount | Percentage to total operating income | |
| Total operating income | 22,427,337,986.38 | 100% | 21,303,948,642.66 | 100% | 5.27% |
| By industry | | | | | |
| Cookware | 6,836,158,028.21 | 30.48% | 6,056,346,176.44 | 28.43% | 12.88% |
| Electric appliances | 15,300,420,337.16 | 68.22% | 14,963,200,632.70 | 70.24% | 2.25% |
| Others | 290,759,621.01 | 1.30% | 284,401,833.52 | 1.33% | 2.24% |
| By products | | | | | |
| Cooking appliances | 8,664,233,813.16 | 38.63% | 8,892,495,620.60 | 41.74% | -2.57% |
| Food processor appliances | 3,800,440,237.46 | 16.95% | 3,483,787,979.06 | 16.35% | 9.09% |
| Cookware and utensils | 6,836,158,028.21 | 30.48% | 6,056,346,176.44 | 28.43% | 12.88% |
| Other household electric appliances | 3,126,505,907.55 | 13.94% | 2,871,318,866.56 | 13.48% | 8.89% |
| By areas | | | | | |
| Domestic sales | 14,925,276,046.94 | 66.55% | 15,107,615,309.80 | 70.91% | -1.21% |
| Export sales | 7,502,061,939.44 | 33.45% | 6,196,333,332.86 | 29.09% | 21.07% |

| By sales mode | | | | | |
|---------------|-------------------|--------|-------------------|--------|--------|
| Direct sales | 2,966,844,020.12 | 13.23% | 2,491,265,297.18 | 11.69% | 19.09% |
| Distribution | 11,962,803,740.44 | 53.34% | 12,627,187,506.73 | 59.27% | -5.26% |
| OEM | 7,497,690,225.82 | 33.43% | 6,185,495,838.75 | 29.04% | 21.21% |

Remarks: "Others" by industry, "Other domestic electric appliances" by product, and region-based and sales-based modes exceptionally include other business incomes, the same below.

(2) Industry, product, area or sales mode that accounts for more than 10% of the Company's operating income or operating profit

☒ Applicable ☐ Not applicable

Unit: RMB

| | Operating income | Operating cost | Gross margin | Increase/decrease YoY (%) for operating income | Increase/decrease YoY (%) for operating cost | Increase/decrease YoY (%) for gross margin |
|-------------------------------------|-------------------|-------------------|--------------|--|--|--|
| By industry | | | | | | |
| Cookware | 6,836,158,028.21 | 4,991,414,008.19 | 26.99% | 12.88% | 15.00% | -1.35% |
| Electric appliances | 15,300,420,337.16 | 11,659,834,449.07 | 23.79% | 2.25% | 2.82% | -0.42% |
| By products | | | | | | |
| Cooking appliances | 8,664,233,813.16 | 6,557,282,413.01 | 24.32% | -2.57% | -1.95% | -0.48% |
| Food processor appliances | 3,800,440,237.46 | 2,984,366,423.05 | 21.47% | 9.09% | 9.30% | -0.15% |
| Cookware and utensils | 6,836,158,028.21 | 4,991,414,008.19 | 26.99% | 12.88% | 15.00% | -1.35% |
| Other household electric appliances | 3,126,505,907.55 | 2,365,210,694.37 | 24.35% | 8.89% | 9.49% | -0.42% |
| By areas | | | | | | |
| Domestic sales | 14,925,276,046.94 | 10,793,097,788.53 | 27.69% | -1.21% | -1.79% | 0.43% |
| Export sales | 7,502,061,939.44 | 6,105,175,750.09 | 18.62% | 21.07% | 23.88% | -1.84% |
| By sales mode | | | | | | |
| Direct sales | 2,966,844,020.12 | 1,761,385,341.86 | 40.63% | 19.09% | 20.59% | -0.74% |
| Distribution | 11,962,803,740.44 | 9,035,871,664.64 | 24.47% | -5.26% | -5.22% | -0.03% |
| OEM | 7,497,690,225.82 | 6,101,016,532.12 | 18.63% | 21.21% | 23.91% | -1.77% |

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

☐ Applicable ☒ Not applicable

(3) Practical sales revenue greater than labor income

☒ Yes ☐ No

| Industrial classification | Item | Unit | 2024 | 2023 | Increase/decrease YoY (%) |
|---------------------------|------|------|------|------|---------------------------|
|---------------------------|------|------|------|------|---------------------------|

| | | | | | |
|---------------------|--------------|---------|-------------|-------------|--------|
| Cookware | Sales volume | pcs/set | 85,724,597 | 76,737,832 | 11.71% |
| | Output | pcs/set | 52,796,956 | 43,455,407 | 21.50% |
| | Stock | pcs/set | 11,542,016 | 9,247,340 | 24.81% |
| Electrical products | Sales volume | pcs/set | 94,206,520 | 90,512,223 | 4.08% |
| | Output | pcs/set | 63,657,876 | 59,397,238 | 7.17% |
| | Stock | pcs/set | 12,553,340 | 10,372,883 | 21.02% |
| Total | Sales volume | pcs/set | 179,931,117 | 167,250,055 | 7.58% |
| | Output | pcs/set | 116,454,832 | 102,852,645 | 13.22% |
| | Stock | pcs/set | 24,095,356 | 19,620,223 | 22.81% |

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(5) Structure of operating costs

Category of industry and product

Unit: RMB

| Industrial classification | Item | 2024 | | 2023 | | Increase/decrease YoY (%) |
|---------------------------|----------------|-------------------|------------------------------|-------------------|------------------------------|---------------------------|
| | | Amount | Proportion of operating cost | Amount | Proportion of operating cost | |
| Cookware | Operating cost | 4,991,414,008.19 | 29.54% | 4,340,225,032.27 | 27.26% | 15.00% |
| Electric appliances | Operating cost | 11,659,834,449.07 | 69.00% | 11,340,027,946.44 | 71.24% | 2.82% |
| Others | Operating cost | 247,025,081.36 | 1.46% | 238,192,121.39 | 1.50% | 3.71% |

Unit: RMB

| Category of product | Item | 2024 | | 2023 | | Increase/decrease YoY (%) |
|-------------------------------------|----------------|------------------|------------------------------|------------------|------------------------------|---------------------------|
| | | Amount | Proportion of operating cost | Amount | Proportion of operating cost | |
| Cooking appliances | Operating cost | 6,557,282,413.01 | 38.80% | 6,687,702,349.25 | 42.01% | -1.95% |
| Food processor appliances | Operating cost | 2,984,366,423.05 | 17.66% | 2,730,408,350.98 | 17.15% | 9.30% |
| Cookware and utensils | Operating cost | 4,991,414,008.19 | 29.54% | 4,340,225,032.27 | 27.27% | 15.00% |
| Other household electric appliances | Operating cost | 2,365,210,694.37 | 14.00% | 2,160,109,367.60 | 13.57% | 9.49% |

(6) Change of merger scope during the reporting period

☐ Yes ☒ No

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

☐ Applicable ☒ Not applicable

(8) Main sales customers and suppliers

Main sales customers

| | |
|---|-------------------|
| Total amount of sales to top 5 customers (RMB) | 10,025,933,772.53 |
| Proportion of total amount of sales of top 5 customers in the year's total sales (%) | 44.71% |
| Proportion for related party's sales amount of sales amount of top 5 customers in annual total sales amount | 31.42% |

Information on the Company's top 5 major customers

| SN | Customer | Sales amount (RMB) | Proportion in the total sales amount of the year (%) |
|-------|-------------------------------|--------------------|--|
| 1 | SEB S.A. and its subsidiaries | 7,045,615,671.19 | 31.42% |
| 2 | Customer 1 | 1,376,908,441.57 | 6.14% |
| 3 | Customer 2 | 901,416,789.20 | 4.02% |
| 4 | Customer 3 | 378,504,281.98 | 1.69% |
| 5 | Customer 4 | 323,488,588.59 | 1.44% |
| Total | -- | 10,025,933,772.53 | 44.71% |

Instruction for main customers' other cases

☐ Applicable ☒ Not applicable

The Company's main supplier

| | |
|--|------------------|
| Total purchasing value from top 5 suppliers (RMB) | 1,562,419,919.67 |
| Proportion of total purchase amount of top 5 suppliers in the year's total purchasing value | 10.64% |
| Proportion for related party's purchase amount of purchase amount of top 5 suppliers in annual total purchase amount | 0.00% |

Information on the Company's top 5 suppliers

| SN | Supplier | Purchasing value (RMB) | Proportion in the total purchase amount of the year (%) |
|-------|------------|------------------------|---|
| 1 | Supplier 1 | 425,540,939.61 | 2.90% |
| 2 | Supplier 2 | 378,594,535.38 | 2.58% |
| 3 | Supplier 3 | 299,780,473.74 | 2.04% |
| 4 | Supplier 4 | 241,146,681.33 | 1.64% |
| 5 | Supplier 5 | 217,357,289.61 | 1.48% |
| Total | -- | 1,562,419,919.67 | 10.64% |

Instruction for main suppliers' other cases

☐ Applicable ☒ Not applicable

3. Costs

Unit: RMB

| | 2024 | 2023 | Increase/decrease YoY (%) | Descriptions of major changes |
|-------------------------|------------------|------------------|---------------------------|-------------------------------|
| Sales expenses | 2,181,958,549.81 | 2,079,531,174.95 | 4.93% | |
| Administrative expenses | 396,033,243.50 | 393,597,966.82 | 0.62% | |
| Financial expenses | -72,445,787.56 | -67,629,941.36 | -7.12% | |
| R&D expenses | 469,662,999.96 | 431,288,536.29 | 8.90% | |

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 7.31% and 2.09% of net assets and operating income audited in the recent period.

R&D personnel of the Company

| | 2024 | 2023 | Change proportion |
|---|--------|--------|-------------------|
| Quantity of R&D personnel (person) | 1,405 | 1,372 | 2.41% |
| Proportion of R&D personnel | 12.44% | 12.76% | -0.32% |
| Educational background structure of R&D personnel | | | |
| Bachelor's degree | 643 | 605 | 6.28% |
| Master's degree | 76 | 60 | 26.67% |
| Doctor's degree | 2 | 2 | 0.00% |
| Age composition of R&D personnel | | | |
| < 30 years old | 353 | 358 | -1.40% |
| 30-40 years old | 669 | 669 | 0.00% |

R&D investment of the Company

| | 2024 | 2023 | Change proportion |
|---|----------------|----------------|-------------------|
| Amount of R&D input (RMB) | 469,662,999.96 | 431,288,536.29 | 8.90% |
| Proportion of R&D input in total operating income | 2.09% | 2.02% | 0.07% |
| 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% |

Cause and influence of major changes of the Company's R&D personnel composition

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

5. Cash flow

Unit: RMB

| Item | 2024 | 2023 | Increase/decrease YoY (%) |
|---|-------------------|-------------------|------------------------------|
| Subtotal of cash inflows from operating activities | 26,973,707,427.89 | 22,567,791,526.90 | 19.52% |
| Subtotal of cash outflows from operating activities | 24,390,205,289.69 | 20,532,882,190.70 | 18.79% |
| Net cash flows from operating activities | 2,583,502,138.20 | 2,034,909,336.20 | 26.96% |
| Subtotal of cash inflows from investing activities | 4,055,306,480.04 | 2,816,155,174.07 | 44.00% |
| Subtotal of cash outflows from investing activities | 4,060,465,690.80 | 3,060,601,235.74 | 32.67% |
| Net cash flows from investing activities | -5,159,210.76 | -244,446,061.67 | 97.89% |
| Subtotal of cash inflows from financing activities | 198,860,697.83 | 198,583,388.57 | 0.14% |
| Subtotal of cash outflows from financing activities | 2,632,796,589.59 | 2,980,245,622.68 | -11.66% |
| Net cash flows from financing activities | -2,433,935,891.76 | -2,781,662,234.11 | 12.50% |
| Net increase in cash and cash equivalents | 163,366,036.42 | -990,179,816.02 | 116.50% |

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

☒ Applicable ☐ Not applicable

1. The net cash flows from investing activities increased by 97.89% year-on-year, mainly due to the cash inflow increase in investing activities during the reporting period in term deposits and financial products settlement for a period of more than 3 months.
2. The net increase in cash and cash equivalents increased by 116.50% year-on-year, mainly due to the cash inflow increase in operating activities during the reporting period.

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

☐ Applicable ☒ Not applicable

V. Analysis on Non-main Business

☐ Applicable ☒ Not applicable

VI. Analysis on Assets and Liabilities

1. Significant changes in assets

Unit: RMB

| | End of 2024 | | Beginning of 2024 | | Increase/ decrease in proportion | Descriptions of major changes |
|--|------------------|----------------------------------|-------------------|----------------------------------|---|--|
| | Amount | Percentage to total assets | Amount | Percentage to total assets | | |
| Monetary capital | 2,480,007,318.69 | 18.69% | 3,548,277,442.44 | 27.07% | -8.38% | Mainly due to cash outflow increase from the Company's financing activities during the reporting period. |
| Accounts receivable | 2,690,049,028.80 | 20.28% | 2,858,247,356.03 | 21.81% | -1.53% | Mainly due to the domestic sales accounts receivable decrease at the end of the reporting period. |
| Inventories | 2,565,958,108.47 | 19.34% | 2,262,683,387.31 | 17.26% | 2.08% | Mainly due to sales scale growth and increased stock |
| Long-term equity investment | 60,739,389.71 | 0.46% | 61,678,984.35 | 0.47% | -0.01% | No significant change during the reporting period. |
| Fixed assets | 1,265,771,512.34 | 9.54% | 1,243,210,689.64 | 9.49% | 0.05% | No significant change during the reporting period. |
| Construction in progress | 13,026,975.92 | 0.10% | 26,862,380.61 | 0.20% | -0.10% | No significant change during the reporting period. |
| Right-of-use assets | 226,926,299.47 | 1.71% | 223,503,573.14 | 1.71% | 0.00% | No significant change during the reporting period. |
| Short-term borrowings | | | 199,741,167.36 | 1.52% | -1.52% | Mainly due to the maturity of bank acceptance bills discounted by subsidiaries during the reporting period. |
| Contract liabilities | 1,088,405,139.86 | 8.20% | 862,706,076.18 | 6.58% | 1.62% | Mainly due to the increase in advance payments from some distributors by subsidiaries during the reporting period. |
| Lease obligation | 188,428,980.22 | 1.42% | 177,281,125.36 | 1.35% | 0.07% | No significant change during the reporting period. |
| Advance payment | 272,876,022.08 | 2.06% | 193,169,455.51 | 1.47% | 0.59% | No significant change during the reporting period. |
| Non-current assets due within one year | 1,558,446,438.34 | 11.75% | 285,783,958.92 | 2.18% | 9.57% | Mainly due to the increase in negotiable certificates of deposit due within one year at the end of the reporting period. |
| Other current assets | 287,995,915.36 | 2.17% | 142,423,696.22 | 1.09% | 1.08% | Mainly due to an increase in VAT input tax credits awaiting deduction at the end of the reporting period. |
| Other debt investment | 279,210,191.78 | 2.10% | 665,522,383.56 | 5.08% | -2.98% | Mainly due to the decrease in negotiable certificates of deposit due over one year at the end of the reporting period. |

High proportion of overseas assets

☐ Applicable ☒ Not applicable**2. Assets and liabilities measured at the fair value**☒ Applicable ☐ Not applicable

Unit: RMB

| Item | Opening balance | Profit and loss from fair value changes in the current period | Accumulated fair value changes through equity | Impairment loss of the current period | Amount of purchasing of the current period | Amount of selling of the current period | Other changes | Closing balance |
|---|-------------------------|---|---|---------------------------------------|--|---|----------------------|-------------------------|
| Financial assets | | | | | | | | |
| 1. Transactional financial assets (excluding derivative financial assets) | 351,137,787.54 | 4,087,939.16 | | | 380,000,000.00 | 453,991,491.45 | | 281,234,235.25 |
| 2. Receivables financing | 363,532,765.35 | | | | | | 5,243,769.58 | 368,776,534.93 |
| 3. Other debt investments | 951,306,342.48 | | | | 1,199,567,431.43 | 342,626,868.03 | 29,409,724.24 | 1,837,656,630.12 |
| Total | 1,665,976,895.37 | 4,087,939.16 | | | 1,579,567,431.43 | 796,618,359.48 | 34,653,493.82 | 2,487,667,400.30 |
| Financial liabilities | 0.00 | | | | | | | 0.00 |

Content of other changes

Receivables financing: As the demand of daily fund management, the Company will discount or transfer an endorsed bill, the business mode of related bank acceptance bill including not only collect contractual cash flow but sales as the target, so reclass the bank acceptance bill as financial assets at fair value through other comprehensive incomes.

Other debt investment: Supor's business model of managing negotiable large deposit certificates is both to collect the contractual cash flow and to sell the negotiable certificates of deposit, which are classified as financial assets at fair value through other comprehensive incomes. Interest revenue is accrued according to the effective interest rate method during the expected duration.

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

☐ Yes ☒ No

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

See 18. "Assets with title or use right restrictions", VII "Notes to items of consolidated financial statements", SECTION X "FINANCIAL REPORT" for details.

VII. Investment Situation Analysis

1. General condition

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Investments in financial assets

(1) Conditions of the securities investment

☐ Applicable ☒ Not applicable

The Company involves no securities investment during the reporting period.

(2) Derivative investment

☒ Applicable ☐ Not applicable

1) Hedging derivative investment during the reporting period

☒ Applicable ☐ Not applicable

Unit: RMB 10,000

| Derivative investment type | Initial investment amount | Opening balance | Profit and loss from fair value changes in the current period | Accumulated fair value changes through equity | Purchase amount during the reporting period | Sales amount during the reporting period | Closing amount | Proportion of investment amount at the end of the period in the Company's net assets at the end of the reporting period |
|--|---|-----------------|---|---|---|--|----------------|---|
| Foreign exchange derivatives | 17,602.90 | 17,602.90 | -298.61 | 0 | 99,303.46 | 97,677.22 | 19,229.14 | 2.99% |
| Total | 17,602.90 | 17,602.90 | -298.61 | 0 | 99,303.46 | 97,677.22 | 19,229.14 | 2.99% |
| Explanation on whether the Company's accounting policies and specific accounting principles of hedging business have significantly changed during the reporting period compared with the previous reporting period | The Company recognizes, measures, and presents in accordance with <i>Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments</i> , <i>Accounting Standards for Business Enterprises No. 24 - Hedging</i> , and <i>Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments</i> . There are no significant changes compared to the previous reporting period. | | | | | | | |
| Explanation on realized gains and losses during the reporting period | During the reporting period, the Company conducted derivative transactions and fair value hedging in accordance with the variety and duration determined by the Board of Directors. During the reporting period, the amount recognized through current profits and losses was RMB -844,800, and the amount recognized through equity was RMB 0. The amount of profit or loss is entirely derived from the net fair value change formed by the forward settlement of foreign exchange and the hedged item. During the reporting period, the Company did not engage in foreign exchange swap business, with no profit or loss or equity impact. | | | | | | | |
| Explanation on hedging effect | The value of hedging tools of the Company changed inversely to that of hedged foreign exchange accounts receivable and payable, effectively achieving the risk management objectives. During the reporting period, the Company conducted assessment on the fluctuation of the value of foreign exchange accounts receivable and payable, and signed forward exchange contracts with banks in the same currency. Such hedging tool was one of those approved by the Board of Directors. The execution complied with the internal control requirements and operated within the approved quota to ensure that the hedging tools match the hedged items in the scale, term, and currency. | | | | | | | |

| | |
|--|--|
| Capital source of derivative investment | Self-owned capital |
| Risk analysis and control measure explanation for derivative holding a position during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk and law risk) | <p>In order to hedge the foreign exchange risk in operating activities, reduce the impact of exchange rate fluctuations, and give full play to the hedging function of foreign exchange derivative transaction, the Company implemented foreign exchange derivative transaction business consistent with its business scale, term, and currency.</p> <p>(I) Risks of conducting foreign exchange derivative transactions</p> <ol style="list-style-type: none"> 1. Market risks: market risks, such as losses resulted from changes in the price of foreign exchange derivatives due to the fluctuated underlying interest rate, exchange rate or other market price, may arise. 2. Internal control risks: considering the specialty and complexity of foreign exchange derivative transaction business, inadequate internal control mechanisms may lead to risks. 3. Liquidity risks: risk of failure to complete transactions due to lack of market liquidity. 4. Performance risks: foreign exchange derivatives business faces the risk of default due to failed contract fulfillment when the contract expires. 5. Legal risks: changes in relevant laws or violations of the relevant legal system by counterparty, resulting the contract cannot be executed properly, may cause losses to the Company. <p>(II) Risk response measures</p> <ol style="list-style-type: none"> 1. Clarify the principles of foreign exchange derivative transaction: foreign exchange derivative transaction is based on the hedging principle to avoid risks from exchange rate fluctuations to the greatest extent, and based on market conditions, operation strategies shall be adjusted in time to improve hedging effects. 2. System construction: the Company has established the Management Measures for Foreign Exchange Derivative Transactions, in which the scope of authorization, approval procedures, key operation points, risk management and information disclosure concerning foreign exchange derivative transactions are well defined, so that the conduct and risks of foreign exchange derivative transactions can be effectively regulated. 3. Product selection: prior to any foreign exchange derivative transaction, it's necessary to select an FX derivative that suits the Company's business context best, and is highly liquid and risk through a comparative analysis of various counterparties and products, before conducting business. The Company used forward instruments for general hedge and swap contracts for rolling hedge. 4. Counterparty management: be prudent when selecting counterparties for foreign exchange derivatives business. The Company only conducts foreign exchange derivative transaction business with large commercial banks and other foreign exchange organization with legal qualifications, thus avoiding potential default and legal risks. 5. Management by specially-assigned persons: a special working group, set up by the Company's management representatives, Fund Department, Financial Sharing Center, Audit Department, Securities Department and other departments concerned, is responsible for the risk assessment, operation, recording and supervision of foreign exchange derivative transactions. The working group is supposed to decide on emergency mitigations in case of any significant changes in the market. |
| Changes in market prices or product fair values of invested derivatives during the reporting period, specific methods used for analysis of the fair value of derivatives and the setting of related assumptions and parameters | The delivered foreign exchange derivatives were recorded as the profit and loss with instruments by our Company. Changes in the fair value of undelivered foreign exchange derivatives were evaluated by the comparison between the exchange rate of the derivative contract and the corresponding forward foreign exchange quotation provided by the contracting bank at the end of the period. |
| Litigation-related situation (if applicable) | Not applicable |
| As for approval of derivative investment, the Board of Directors will announce disclosure date (if any) | March 30, 2024 |

2) Speculation derivative investment during the reporting period

☐ Applicable ☒ Not applicable

During the reporting period, there was no speculative investment on derivatives.

5. Application of capital raised

☐ Applicable ☒ Not applicable

No capital raised was used in reporting period

VIII. Sales for major assets and equity**1. Sales for major assets**

☐ Applicable ☒ Not applicable

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

2. Sales for major equities

☐ Applicable ☒ Not applicable

IX. Analysis for Main Holding Companies and Joint Stock Companies

☒ Applicable ☐ Not applicable

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

Unit: RMB

| Company name | Company type | Main business | Registered capital | Total assets | Net assets | Operating income | Operating profit | Net profit |
|--|--------------|---|----------------------|------------------|------------------|------------------|------------------|------------------|
| Wuhan Supor Cookware Co., Ltd. | Subsidiary | Cookware | RMB 91.16 million | 1,224,756,403.30 | 488,534,665.47 | 3,577,038,361.81 | 129,737,192.10 | 98,149,022.23 |
| Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd. | Subsidiary | Electrical products | RMB 133.6971 million | 1,501,320,356.40 | 625,750,035.87 | 3,927,194,695.87 | 136,402,725.56 | 101,859,082.40 |
| Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd. | Subsidiary | Small domestic appliances, kitchen appliances | RMB 610 million | 2,995,606,066.86 | 2,025,360,322.84 | 6,843,720,466.83 | 1,216,202,831.45 | 1,063,597,818.38 |

Subsidiary obtaining and disposal details during the reporting period

☐ Applicable ☒ Not applicable

Main controlling and shareholding companies

X. Structural Subject under the Company's Control

☐ Applicable ☒ Not applicable

XI. Prospects for Future Development

1. Future development strategy and operation plan of the Company

With the construction of a new development pattern with the domestic cycle as the main body and the domestic and international double cycle promoting each other, the policy of expanding domestic demand and promoting consumption will continue to take effect, and the strong magnetic attraction of China's large domestic demand market remains unchanged, and the middle class and young people continue to promote the growth of consumption. At the same time, the continuation of the 'trade-in' policy for consumer goods in the field of home appliances and support for the renovation of old houses, partial renovation of kitchens and bathrooms, and ageing of homes and other favorable policies will stimulate the consumption demand of the domestic kitchen appliance market to a certain extent. The Company will unswervingly implement the established strategic routes, take consumer demand as the guide, continuously promote the product innovation strategy and high-quality product strategy, further give full play to the Company's competitive advantages of multi-brands and multi-categories in the field of small domestic appliances and kitchens, cultivate new businesses and new categories, promote the development of sub-categories, and satisfy the diversified consumer demand.

In terms of channels, the Company will strengthen the refined management of online business and continuously improve the precise operation with the help of digitalization. In terms of traditional e-commerce platforms, the Company will actively cooperate with the development strategy of each platform, manage the category and price system among the platforms, and continue to increase the market share and sales scale of traditional e-commerce. In terms of social and live-streaming e-commerce, the Company will focus on short videos and high-quality content output to create core category hits, gain more traffic opportunities, continue to increase the conversion rate and repeat purchase rate, and enhance marketing efficiency. In terms of offline business, on the basis of the original tens of thousands of sales terminals across the country, the Company continues to improve and optimize its sales network, and continues to plough into channels such as Internet sinking, traditional distribution, home decoration market and instant retail. Through the distribution platforms of JD, Alibaba and Suning, the Company has accelerated its penetration in the third- and fourth-tier and even township markets. In addition, the Company makes full use of its good distributor network coverage capacity to seize business opportunities such as instant retail and community; further strengthening its cooperation with major outlets to consolidate the dominant position of SUPOR brand in major retail channels.

In terms of brand building, the Company will further strengthen its brand building and consolidate its brand equity. On the product side, the Company continues to focus on innovation and quality to enhance the product's 'appearance value influence'. On the brand side, the Company uses the consumer scene and lifestyle as an entry point and are taken on by core categories, the Company creates emotional value for consumers and continues to renew the brand impression, consolidating the user's mind. The Company will continue to deepen user insights and enhance the conversion effect of the insights on the ground; optimize the user experience and provide quality products, content and services around the user's whole life cycle journey with the private domain as the main position; deepen the mining of user assets and further enhance the marketing efficiency by relying on the efficient conversion of the private domain to the public domain.

In terms of export business, although there are certain uncertainties in the international situation, the Company relies on the advantages of Groupe SEB's export orders, and continues to promote cooperation with Groupe SEB in research and development, design, manufacturing and other aspects, to expand the scale of the order, to obtain the scale of the cost competitive advantage, and to enhance the core competitiveness of the export business.

In terms of industrial development, the Company will further carry out cost optimization and lean saving projects, strengthen R&D base management, promote the market rapid response capability of the industrial system, and continue to enhance cost competitiveness. On the other hand, under the guidance of the national 'dual-carbon' strategy, the Company practices green production, green procurement, green products and green services. The Company further promotes energy saving and emission reduction through photovoltaic power generation, DSM (Digital Energy Management System), process and procedure improvement, etc. For example, the rooftop photovoltaic of the Yuhuan WMF site and Vietnam site have reduced carbon emissions by more than 4,000 tons per annum, and the Wuhan site has launched the DSM digital energy management system in 2024, which had reduced carbon emissions by 836 tons.

In terms of talent cultivation, the Company will continue to strengthen the construction of talent pipeline, continue to promote and improve the long-term incentive mechanism to stimulate the vitality of talents; build an efficient talent management mechanism to create a positive and efficient working atmosphere for employees, and further promote the high degree of compatibility between talent strategy and corporate strategy.

2. Possible risks and countermeasures

(1) Risk from macroeconomic fluctuation

In 2025, the domestic cookware and small domestic appliance industry coexist with both opportunities and risks. The domestic appliance market has evolved with polarizing of demands. Supor will continuously adhere to established strategies. On one hand, it will stimulate demand for renewing traditional products and to look for new growth point through exploration of new categories and new scenes on the other hand. In addition, the state's continued implementation of the "trade-in" policy is expected to stimulate new demand for home appliances.

In terms of exports, in 2025, the export business is expected to keep growing steadily. The Company will work with foreign trade customers to R&D products, enhance efficiency, cut costs, and boost the competitiveness of its foreign-trade business.

(2) Risk from production element price change

The prices of major bulk raw materials for cooking utensils and small domestic appliance may fluctuate due to geopolitical and economic factors. Supor will continue to implement cost-reduction lean projects to improve the internal labor productivity, so that the cost competitiveness of the Company's internal and external sales business can be enhanced. Besides the Company is actively boosting the automation of production line, improving the per capita labor output, and reduce the impact caused by rise in labor cost.

(3) Risk of intensifying market competitiveness

With the grading of consumption in the cookware and domestic appliance market, on the one hand, high-end brands continue to sink their channels and adjust their product and price strategies in order to take up more market share, and on the other hand, the sales impact brought by competitions between platforms and is expected to intensify the cost performance battle in the coming year.

The Company will continue to adhere to the strategy of product innovation as its core, and launch more high value-added and high margin products through continuous improvement of innovation capacity, in order to gain a leading sales position and a leading market share in the mid to high price range. Meanwhile, the Company will also increase the product marketing through online terminal traffic appropriately, take advantage of its comprehensive competitive advantage in terms of multiple brands and categories, and continuously input marketing resources to obtain incremental sales and improve market shares. In addition, the Company will actively invest in the markets in lower-tier cities in order to reach more consumer groups. The Company will continue to strengthen and expand its core categories, expedite the product layout in emerging categories and segment markets, and to maintain a steady and sustainable growth for the Company in the future.

(4) Product export and exchange loss caused by exchange rate fluctuation

The Company has adopted RMB settlement for main export customer SEB Group with low exchange rate risk.

XII. Investigation & Research, Communication and Interview Activities During the Reporting Period

☒ Applicable ☐ Not applicable

| Reception time | Reception place | Reception manner | Type of reception object | Reception object | Main content talked about and materials provided | Index for basic condition of investigation and survey |
|------------------|-----------------|------------------|--------------------------|--------------------------------------|---|---|
| January 11, 2024 | Company | Field survey | Organization | Analysts and institutional investors | Performance and operating conditions in the first three quarters of | See the <i>Management Information for Investor Relations of Supor on January 12, 2024</i> disclosed by the Company in |

| | | | | | | |
|-------------------|-------------------------------------|---|----------------------------|--------------------------------------|---|--|
| | | | | | 2023 | http://www.cninfo.com.cn on January 12, 2024 for details. |
| January 31, 2024 | Company | Conference call | Organization | Analysts and institutional investors | Annual performance and operating conditions in 2023 | See the <i>Management Information for Investor Relations of Supor on January 31, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on January 31, 2024 for details. |
| February 23, 2024 | Company | Conference call | Organization | Analysts and institutional investors | Annual performance and operating conditions in 2023 | See the <i>Management Information for Investor Relations of Supor on February 23, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on February 23, 2024 for details. |
| April 1, 2024 | Company | Online communication on network platforms | Individuals, organizations | Investors of the Company | Annual performance presentation session | See the <i>Management Information for Investor Relations of Supor on April 1, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on April 1, 2024 for details. |
| April 1, 2024 | Company | Conference call | Organization | Analysts and institutional investors | Annual performance and operating conditions in 2023 | See the <i>Management Information for Investor Relations of Supor on April 2, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on April 2, 2024 for details. |
| April 3, 2024 | The Company's Shaoxing Base | Field survey | Organization | Analysts and institutional investors | Annual performance and operating conditions in 2023 | See the <i>Management Information for Investor Relations of Supor on April 7, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on April 7, 2024 for details. |
| April 26, 2024 | Company | Conference call | Organization | Analysts and institutional investors | Performance and operating conditions in the Q1 of 2024 | See the <i>Management Information for Investor Relations of Supor on April 28, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on April 28, 2024 for details. |
| July 25, 2024 | Company | Conference call | Organization | Analysts and institutional investors | Semiannual performance and operating conditions in 2024 | See the <i>Management Information for Investor Relations of Supor on July 25, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on July 25, 2024 for details. |
| August 30, 2024 | Company | Conference call | Organization | Analysts and institutional investors | Semiannual performance and operating conditions in 2024 | See the <i>Management Information for Investor Relations of Supor on September 2, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on September 2, 2024 for details. |
| October 25, 2024 | Company | Conference call | Organization | Analysts and institutional investors | Performance and operating conditions in Q3 of 2024 | See the <i>Management Information for Investor Relations of Supor on October 28, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on October 28, 2024 for details. |
| November 15, 2024 | The Company's Yuhuan Base, WMF Base | Field survey | Organization | Analysts and institutional investors | Performance and operating conditions in Q3 of 2024 | See the <i>Management Information for Investor Relations of Supor on November 18, 2024</i> disclosed by the Company in http://www.cninfo.com.cn on November 18, 2024 for details. |

XIII . Implementation of the Formulation of the Market Value Management System and the Valuation Improvement Plan

Has the Company formulated a market value management system?

☐ Yes ☒ No

Has the Company disclosed a plan for improving its valuation?

☐ Yes ☒ No

XIV. Implementation of the Action Plan for "Double Improvement of Quality and Return"

Has the Company disclosed an action plan for "Dual Improvement of Quality and Return"?

☐ Yes ☒ No

SECTION IV CORPORATION GOVERNANCE

I. Basic Situation

During 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*, *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange* and the *Shenzhen Stock Exchange Regulatory Guidelines for Listed Companies No. 1-Standardized Operation of Listed Companies* as well as other regulations of CSRC. By the end of the reporting period, the actual governance of the Company was basically in compliance with the relevant regulations of corporate governance of listed companies issued by the CSRC and Shenzhen Stock Exchange, and with the rules of established systems of the Company. No administrative regulation measures were taken by regulatory department upon the Company.

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

During the reporting period, the Company has convened and held the general meetings of shareholders strictly according to the Rules for the General Meetings of Shareholders of Listed Companies, Rules and Procedures for the 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 the reporting period, six General Meetings of Shareholders were held. The convening and holding procedures, qualifications of attended persons, voting procedures, voting results and resolution contents of the meeting conformed to laws and regulations and Articles of Association.

(II) Relating to the Company and the Controlling Shareholder

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

(III) Relating to Directors and the Board of Directors

The Company elected directors strictly according to the procedures stipulated in the *Company Law* and the *Articles of Association*, and ensured the open, fair, equitable and independent appointment and election of directors, and the number and composition of the Board of Directors follow relevant laws and regulations. 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 *Shenzhen Stock Exchange Regulatory Guidelines for Listed Companies No. 1-Standardized Operation of Listed Companies*, the *Articles of Association* and the *Rules and Procedures for the Board of Directors*. The Board of Directors consists of Strategy Committee, Audit Committee, Compensation 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, seven Board of Directors meetings 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.

(IV) Regarding Independent Directors and Their Special Meetings

The Company currently has three independent directors, representing 1/3 of its directors. All independent directors of the Company strictly abide by relevant laws and regulations, such as the *Company Law*, the *Corporate Governance of Listed Companies*, and the *Measures for the Administration of Independent Directors of Listed Companies*, as well as the provisions of the Company's *Articles of Association*. They are loyal to their duties, give full play to the role of independent directors, and safeguard the legitimate rights and interests of the Company and all shareholders, especially the rights and interests of minority shareholders.

During the reporting period, the Company convened four Special Meetings of Independent Directors, focusing on and deliberating key matters such as connected transaction to disclosed, periodic reports, continuing engagement of the accounting firm, and the equity incentive plan. During on-site attendance at the Company's board of directors, independent directors visited Hangzhou and Shaoxing bases, communicated with management and business heads to gain a deeper understanding of operating condition. Aside from attending the Board of Directors, Shareholders' Meetings, and Special Meetings of Independent Directors, independent directors also closely connect with other directors, executives, and staff via calls, emails, and WeChat groups. They stay updated on the Company's operations and market trends by reading materials from the Securities Department of the Company, including legal updates, violation cases, internal rule changes, analyst reports, and compliance training content. This approach enhances their legal and regulatory awareness and improves their ability to perform their duties.

(V) Relating to Supervisors and the Board of Supervisors

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

During the reporting period, seven Board of Supervisors meetings 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.

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

The Company established and constantly improved the performance appraisal system and the incentive restraining mechanism for supervisors, directors and senior executives who work in the Company and receive remuneration. The appointment and remuneration for directors, supervisors and senior executives of the Company are open, clear and in line with relevant laws and regulations. During the reporting period, the Company successfully completed several key tasks. First, it facilitated the listing and circulation of unrestricted shares for the first releasing period of both the *2021 Restricted Stock Incentive Plan (Draft)* and the *2022 Restricted Stock Incentive Plan (Draft)*. Second, it finished the registration of stock options granted under the *2024 Stock Option Incentive Plan (Draft)*. Furthermore, the Company reviewed and approved the *Administration Measures for the Second Performance Incentive Fund*, which is aimed at effectively incentivizing senior executive management.

(VII) Relating to Information Disclosure and Transparency

The Securities Department of the Company is responsible for information disclosure. Abiding by requirements of the CSRC and Shenzhen Stock Exchange and provisions on compilation of periodic reports in good faith, the department, in association with the Financial Department of the Company, has timely and accurately compiled and submitted the 2023 Annual Report, 2024 First Quarterly Report, 2024 Semiannual Report and 2024 Third Quarterly Report, based on the strict compliance with the non-disclosure rules before the disclosure of the reports.

In accordance with the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*, 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 meetings of Board of Supervisors), fatal information (external investments, related transactions), and significant events truly, accurately, completely, timely and fairly. During the reporting period, the Company disclosed 130 announcements and documents and fulfilled the filing management of information disclosure documents and compliance with the non-disclosure rules before the disclosure of the reports. In particular, the Company prepared process memorandums of important matter and management files of insider personnel before planned and implemented important matters, which made the information disclosure timely, true, accurate, complete and fair. There was no irregular or untimely information disclosure, and the Company has not been penalized by regulatory authorities.

(VIII) Relating to investor relationship management

The Securities Department of the Company carries out investor relations management as required by the *Investor Relations Management System*. It standardizes the reception process for investors and maintains a transparent, two-way communication mechanism. And it also offers investors diverse communication channels, such as a hotline and email. In investor relations activities, the Company is dedicated to enhancing communication efficiency and quality with both domestic and foreign investors, and interacting through more diverse channels and means. In the reporting period, the Company hosted 20 periodic report conference calls and on-site performance presentations, with over 1,500 participants in investor activities throughout the year. Additionally, a total of 11 Investor Relations Activity Records of Zhejiang Supor Co., Ltd. were disclosed on the Interactive platform. In 2024, the Company organized a variety of investor relation activities, including periodic report conference calls, annual performance presentations, site visits, channel research, broker strategy meetings, one-on-one investor meetings, and larger scaled investor meeting, ensuring ongoing interaction with investors and timely information updates. On April 3 and November 15, 2024, the Company organized investor meetings at its Shaoxing and Yuhuan bases. The management team participated in both events, engaging in thorough communication with investors and bolstering trust with them. The Company remains dedicated to improving communication efficiency with investors and continuously providing them with opportunities to gain deeper insights into its operations and strategic direction.

In 2024, the Company was honored with the “26th Listed Company Golden Bull Award - Most Valuable Investment Award” and the “18th China Listed Company Value Evaluation – Top 100 Main Board Listed Companies by Value.”

(IX) Relating to the progress of revisions to the Company's internal control system

In August 2023, the CSRC issued the *Measures for the Administration of Independent Directors of Listed Companies* and, in December 2023, revised and issued the *Guidelines for Articles of Association of Listed Companies*. In order to further enhance the Company's internal governance, the Company, upon approval at the 7th Session of the Eighth Board of Directors and the Annual General Meeting of Shareholders for 2023 Fiscal Year, revised the *Articles of Association*, the *Rules and Procedures for the Board of Directors of Zhejiang Supor Co., Ltd.* and the *Working System for Independent Directors of Zhejiang Supor Co., Ltd.*, and redrafted both the *Working Rules for the Audit Committee of the Board of Directors of Zhejiang Supor Co., Ltd.* and the *Working Rules for the Compensation and Appraisal Committee of the Board of Directors of Zhejiang Supor Co., Ltd.* Furthermore, to further improve the Company's governance structure, standardize the procedures for selecting accounting firms, and enhance the quality of financial information, the Company, in accordance with the *Company Law*, the *Administration Measures for the Selection and Engagement of Accounting Firms by State-owned Enterprises and Listed Companies*, and other regulatory documents, formulated the *Selection and Engagement System of Accounting Firm of Zhejiang Supor Co., Ltd.* based on its actual circumstances.

Subsequently, the Company will sort out and update the internal control systems issued by the Company in a timely manner in accordance with the current laws and regulations, and will continuously establish and improve the internal control systems, to make them work more efficiently.

Is there any major variation between the actual situation of the Company's corporate governance, and laws, administrative regulations, and stipulations issued by the CSRC concerning the governance of listed companies?

☐ Yes ☒ No

There is no major variation between the actual situation of the Company's corporate governance, and laws, administrative regulations, and stipulations issued by the CSRC concerning the governance of listed companies.

II. Independence of the Company Relative to the Controlling Shareholders and the Actual Controllers in Ensuring the Company's Assets, Personnel, Finance, Organization, Business, etc.

(I) Independent and complete assets structure

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

(II) Independence of personnel

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

(III) Independence of finance

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

(IV) Independence of organizations

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, small domestic appliances and large kitchen appliances) and high-end business modules. Neither controlling shareholder nor any other company or individual has intervened with the organization structuring of the Company. No "superior and subordinate relationship" exists between the controlling shareholder and its functional departments on the one hand, and the Company and its functional departments on the other hand.

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

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

III. Horizontal Competition

☐ Applicable ☒ Not applicable

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

1. General meetings of shareholders during the reporting period

| Session | Meeting type | Proportion of participated | Convening date | Date of disclosure | Meeting resolution |
|---------|--------------|----------------------------|----------------|--------------------|--------------------|
|---------|--------------|----------------------------|----------------|--------------------|--------------------|

| | | investors | | | |
|---|---|-----------|--------------------|--------------------|---|
| The First Interim General Meeting of Shareholders 2024 | Interim General Meeting of Shareholders | 7.71% | January 10, 2024 | January 11, 2024 | See <i>Announcement on Resolutions of the First Interim General Meeting of Shareholders 2024 Fiscal Year</i> (Announcement No.: 2024-002) disclosed on http://www.cninfo.com.cn for details |
| Annual General Meeting of Shareholders for 2023 Fiscal Year | Annual General Meeting of Shareholders | 7.10% | April 25, 2024 | April 26, 2024 | See <i>Announcement on Resolutions of the Annual General Meeting of Shareholders for 2023 Fiscal Year</i> (Announcement No.: 2024-026) disclosed on http://www.cninfo.com.cn for details |
| The Second Interim General Meeting of Shareholders 2024 | Interim General Meeting of Shareholders | 6.76% | May 13, 2024 | May 14, 2024 | See <i>Announcement on Resolutions of the Second Interim General Meeting of Shareholders 2024 Fiscal Year</i> (Announcement No.: 2024-032) disclosed on http://www.cninfo.com.cn for details |
| The Third Interim General Meeting of Shareholders 2024 | Interim General Meeting of Shareholders | 6.85% | September 20, 2024 | September 21, 2024 | See <i>Announcement on Resolutions of the Third Interim General Meeting of Shareholders 2024 Fiscal Year</i> (Announcement No.: 2024-046) disclosed on http://www.cninfo.com.cn for details |
| The Fourth Interim General Meeting of Shareholders 2024 | Interim General Meeting of Shareholders | 7.23% | November 11, 2024 | November 12, 2024 | See <i>Announcement on Resolutions of the Fourth Interim General Meeting of Shareholders 2024 Fiscal Year</i> (Announcement No.: 2024-060) disclosed on http://www.cninfo.com.cn for details |
| The Fifth Interim General Meeting of Shareholders 2024 | Interim General Meeting of Shareholders | 5.47% | December 30, 2024 | December 31, 2024 | See <i>Announcement on Resolutions of the Fifth Interim General Meeting of Shareholders 2024 Fiscal Year</i> (Announcement No.: 2024-067) disclosed on http://www.cninfo.com.cn for details |

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

☐ Applicable ☒ Not applicable

V. Directors, supervisors and senior executives

1. Basic information

| Name | Gender | Age | Position | Position status | Commencement date of | Expiry date of term of | Number of shares held | Quantity of increased | Quantity of decreased | Quantity of other shares | Number of shares held | Reasons for the increase |
|------|--------|-----|----------|-----------------|----------------------|------------------------|-----------------------|-----------------------|-----------------------|--------------------------|-----------------------|--------------------------|
|------|--------|-----|----------|-----------------|----------------------|------------------------|-----------------------|-----------------------|-----------------------|--------------------------|-----------------------|--------------------------|

| | | | | | term of office | office | at the beginning of the period | shares in this period | shares in this period | increased or reduced | at the end of the period | or decrease of shares |
|---------------------------------|--------|----|--|----------|----------------------|----------------------|--------------------------------------|--------------------------|--------------------------|-------------------------|--------------------------------|--|
| Thierry de LA TOUR D'ARTAISE | Male | 70 | Chairman | Present | January 28, 2008 | April 24, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Su Xianze | Male | 57 | Director | Present | October 25, 2000 | April 24, 2026 | 273,451 | 0 | 68,363 | 0 | 205,088 | Reducing shareholding is the legal shareholding reduction of 25% of the annual shareholding quantity |
| Stanislas de GRAMONT | Male | 60 | Director | Present | January 3, 2019 | April 24, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Olivier CASANOVA | Male | 59 | Director | Present | November 14, 2023 | April 24, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Delphine SEGURA VAYLET | Female | 55 | Director | Resigned | April 22, 2021 | February 28, 2025 | 0 | 0 | 0 | 0 | 0 | None |
| Tai Wai Chung | Male | 65 | Director | Present | April 19, 2018 | April 24, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Chen Jun | Male | 48 | Independent director | Present | May 20, 2020 | April 24, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Hervé MACHENAUD | Male | 78 | Independent director | Present | April 19, 2019 | April 24, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Jean-Michel PIVETEAU | Male | 78 | Independent director | Present | April 19, 2019 | April 24, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Philippe SUMEIRE | Male | 65 | Chairman of Board of Supervisors | Present | April 1, 2009 | April 24, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Zhang Junfa | Male | 48 | Supervisor | Present | April 20, 2011 | April 16, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Lu Lanhua | Female | 47 | Supervisor | Present | March 17, 2016 | April 16, 2026 | 0 | 0 | 0 | 0 | 0 | None |
| Cheung Kwok Wah | Male | 59 | General Manager | Resigned | March 31, 2021 | January 23, 2025 | 142,000 | 0 | 0 | 0 | 142,000 | None |
| Xu Bo | Male | 57 | Chief Financial Officer | Present | October 20, 2009 | April 24, 2026 | 189,615 | 0 | 47,404 | 0 | 142,211 | Reducing shareholding is the legal shareholding reduction of 25% of the annual shareholding quantity |
| Ye Jide | Male | 49 | Vice General Manager, Board Secretary | Present | October 25, 2000 | April 24, 2026 | 65,357 | 0 | 16,339 | 0 | 49,018 | Reducing shareholding is the legal shareholding reduction of 25% of the annual shareholding quantity |
| Total | -- | -- | -- | -- | -- | -- | 670,423 | 0 | 132,106 | 0 | 538,317 | -- |

If there is any separation of directors and supervisors and dismissal of senior executives during the reporting period

☐ Yes ☒ No

Change of Directors, Supervisors and Senior Executives

☒ Applicable ☐ Not applicable

| Name | Position | Type | Date | Reason |
|------------------------|-----------------|----------|-------------------|----------------------------------|
| Cheung Kwok Wah | General Manager | Resigned | January 23, 2025 | Resignation for personal reasons |
| Delphine SEGURA VAYLET | Director | Resigned | February 28, 2025 | Resignation for personal reasons |

2. Position information

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

1. Directors

Mr. Thierry de LA TOUR D ARTAISE: Chairman, Master of Management of Paris ESCP; Chartered Accountant; Chairman of SEB Group; former CEO and Vice President of SEB Group, Chairman of CALOR, CFO and CEO of CROISIERES PAQUET, audit manager of Coopers & Lybrand.

Mr. Stanislas de GRAMONT: Director, graduated from ESSEC Business School (Paris); CEO of SEB Group, and former Chief Operating Officer of SEB Group, executive management positions at Danone and CEO of Suntory Beverage & Food Europe.

Mr. Olivier CASANOVA: Director, graduated from HEC Paris. Chief Financial Officer of SEB S.A.. He formerly served as Deputy CFO of CMA CGM, CEO of CMA CGM Air Cargo and CFO of CEVA Logistics, CFO of Tereos, Head of Financing & Treasury and Corporate Finance for PSA Peugeot Citroën, and Head of Group Strategy, Marketing and M&A for Thomson, etc..

Ms. Delphine SEGURA VAYLET (resigned on February 28, 2025): Director, holds Master degree in International Labor Law of University Paris 1 Panthéon Sorbonne; Senior Executive Vice President of Human Resources of SEB Group, and held various executive management positions at TOTAL Group as Vice-President of Group Human Resources and Zodiac Aerospace as Group Human Resources Director and COMEX member and STMicroelectronics as Group Human Resources Director at Digital Consumer Division.

Mr. Su Xianze: Director, CEIBS EMBA, Senior Economist; Chairman and General Manager of Supor Group Co., Ltd., Chairman of Taizhou Supor Real Estate Development Co., Ltd. and Chairman of Zhejiang Supor Water Heater Co., Ltd.. He has served as Chairman of the Company from 2001 to April 2014, and General Manager from 2001 to March 2010.

Mr. Tai Wai Chung: Director, graduated from the Industrial Engineering Major of University of Hong Kong; President of Asian Division of SEB S.A., had served as Executive Vice-President of Asian Division of SEB S.A., the director and general manager of Apple (Great China) Company, marketing director of Electrolux Appliances Company, director and general manager of Shanghai SEB Electric Appliances Co., Ltd and general manager of the Company before.

Mr. Hervé MACHENAUD: independent director, graduated from École Polytechnique; President of Hong Ma Consulting Services (Beijing) Co., Ltd.. He formerly served as Leader of EDF Group Delegation to China, Senior Executive Vice President of EDF Group, Director in charge of EDF Generation and Engineering (DPI) and Asia-Pacific Director.

Mr. Jean-Michel PIVETEAU: independent director, doctor of business administration and master of political science. He is Senior Consultant of CFI Financial Consultant, Chairman of the Board of Supervisors of MicroCred China, Vice-Chairman of the Board of Supervisors of BAOBAB, and member of the Board of Directors of French Foreign Trade Advisors. He formerly served as Adviser for China to BNP Paribas Chairman, Senior Adviser to BNP Paribas for China, Country Head of Paribas Bank in numerous Asian countries and Middle East countries.

Mr. Chen Jun: independent director, doctor of accounting of Xiamen University, post-doctor of business administration (accounting) of Zhejiang University. He is now the Chairman, Professor, Doctoral Tutor of the Department of Finance and

Accounting of Zhejiang University. He is the Director of the Institute of Finance and Accounting of Zhejiang University, Deputy Director of the Global Entrepreneurship Research Center of Zhejiang University, Director of the Research Center of Listed Companies of Zhejiang Business Research Institute of Zhejiang University. He also serves as Vice President of Zhejiang Association of Chief Accountants and independent director of the listing company.

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 Affairs of Groupe SEB and Board Secretary. He has worked first for PEUGEOT S.A and ATOCHEM (chemical industry) and then held the position of General Counsel and Company Secretary for CLUB MED, GIAT INDUSTRIES and MOULINEX S.A.

Mr. Zhang Junfa: Supervisor, graduated from Northwestern Polytechnical University; Chairman of the Trade Union of the Company and deputy director of Administration Department of Yuhuan Site, he was working for Security Department and then worked in Legal Affairs Department and office.

Ms. Lu Lanhua: Supervisor, graduated from Shanghai University of Finance and Economics and MBA of University of Manchester, member of ACCA. Currently the financial director of Cookware Business Unit of the Company; she previously worked as the Company's Financial planning & analysis manager, worked for Greif Flexible Products & Service (China) as accounting manager, UNSA (Hangzhou) Packaging Manufacturing Ltd. as financial manager.

3. Senior executives

Mr. Cheung Kwok Wah: General Manager of the Company (resigned on January 23, 2025), Bachelor of Economics, Chinese University of Hong Kong, MBA of Kelly School of Business, Indiana University, former Chairman and President of the International Business Department of China Feihe Co., Ltd., and former Chairman and CEO of Nestlé Greater China.

Mr. Xu Bo: Chief Financial Officer, graduated from Central University of Finance and Economics; member of CICPA and ACCA; former Senior Auditing Manager of Shenzhen Zhonghua Certified Public Accountants, Chief Financial Officer of Yue Sai Kan Cosmetics Limited, Chief Financial Officer of Molex Interconnect (Shanghai) Co., Ltd., Chief Financial Officer of Microsoft China.

Mr. Ye Jide: Board Secretary, Vice General Manager, and Director of Securities Department, CEIBS EMBA. He is Independent Director of Beijing DeepZero Intelligent Technology Co., Ltd., has worked successively as the chief of equipment sector, office head and assistant to the general manager of the Company.

Position information in shareholders' companies

☒ Applicable ☐ Not applicable

| Name | Shareholding company | Positions in shareholders' companies | 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 | May 1, 2000 | | Yes |
| Philippe SUMEIRE | SEB Group | Vice President Legal Affairs of Groupe SEB and Board Secretary | December 10, 2001 | | Yes |
| Stanislas de GRAMONT | SEB Group | CEO | December 3, 2018 | | Yes |
| Olivier CASANOVA | SEB Group | Chief Financial Officer | September 15, 2023 | | Yes |
| Delphine SEGURA VAYLET | SEB Group | Senior Executive Vice President of HR | January 1, 2021 | February 28, 2025 | Yes |
| Tai Wai Chung | SEB Group | Chairman of Asian Division | January 18, 2024 | | Yes |

| | |
|--|------|
| Description of the position in shareholders' companies | None |
|--|------|

Position information in other companies

☒ Applicable ☐ Not applicable

| Name | Name of other unit | Positions in other companies | Commencement date of term of office | Expiry date of term of office | Payment or allowance from other companies |
|---|---|---|-------------------------------------|-------------------------------|---|
| Su Xianze | Supor Group Co., Ltd. | Chairman and General Manager | March 8, 2018 | | Yes |
| Su Xianze | Taizhou Supor Real Estate Development Co., Ltd. | Chairman | May 16, 2018 | | No |
| Su Xianze | Zhejiang Supor Water Heater Co., Ltd. | Chairman | November 15, 2019 | | No |
| Chen Jun | Zhejiang University | Dean of the Department of Finance and Accounting, Professor and Doctoral Supervisor | March 01, 2019 | | Yes |
| Chen Jun | Hangzhou EZVIZ Network Co., Ltd. | Independent director | June 23, 2021 | May 08, 2027 | Yes |
| Hervé MACHENAUD | Hongma Consulting Services (Beijing) Co., Ltd. | President | January 1, 2017 | | Yes |
| Ye Jide | Beijing DeepZero Intelligent Technology Co., Ltd. | Independent director | October 20, 2021 | October 19, 2027 | No |
| Description of the position in other entities | None | | | | |

Penalties imposed by securities regulatory authorities on the Company's current and former directors, supervisors, and senior executives in the past three years

☐ Applicable ☒ Not applicable

3. Remuneration of directors, supervisors and senior executives

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

| | |
|---|---|
| Decision-making procedures of remuneration for directors, supervisors and senior executives | The remuneration for the Company's directors, supervisors, and senior executives is strictly implemented in accordance with the <i>Working Rules for the Compensation and Appraisal Committee of the Board of Directors</i> , the <i>Rules and Procedures for the Board of Directors</i> , and the <i>Rules and Procedures for the General Meeting of Shareholders</i> . This ensures full compliance with the relevant provisions of the <i>Articles of Association</i> and the <i>Company Law</i> . |
| Remuneration basis for directors, supervisors and senior executives | The directors, supervisors and senior executives of Company are paid according to their positions and corresponding responsibilities and the Company's salary system, with an annual bonus based on the performance evaluated. |

Remuneration for Directors, Supervisors and Senior Executives during the reporting period

Unit: RMB 10,000

| Name | Gender | Age | Position | Position status | Remuneration receivable from the Company | Whether the remuneration is gained from the related party of the Company |
|------------------------------|--------|-----|---------------------------------------|-----------------|--|--|
| Thierry de LA TOUR D'ARTAISE | Male | 70 | Chairman | Present | | Yes |
| Su Xianze | Male | 57 | Director | Present | | Yes |
| Stanislas de GRAMONT | Male | 60 | Director | Present | | Yes |
| Olivier CASANOVA | Male | 59 | Director | Present | | Yes |
| Delphine SEGURA VAYLET | Female | 55 | Director | Resigned | | Yes |
| Tai Wai Chung | Male | 65 | Director | Present | | Yes |
| Chen Jun | Male | 48 | Independent director | Present | 25 | No |
| Herv éMACHENAUD | Male | 78 | Independent director | Present | 25 | No |
| Jean-Michel PIVETEAU | Male | 78 | Independent director | Present | 25 | No |
| Philippe SUMEIRE | Male | 65 | Chairman of Board of Supervisors | Present | | Yes |
| Zhang Junfa | Male | 48 | Supervisor | Present | 55.61 | No |
| Lu Lanhua | Female | 47 | Supervisor | Present | 124.73 | No |
| Cheung Kwok Wah | Male | 59 | General Manager | Resigned | 907.17 | No |
| Xu Bo | Male | 57 | Chief Financial Officer | Present | 324.27 | No |
| Ye Jide | Male | 49 | Vice General Manager, Board Secretary | Present | 122.92 | No |
| Total | -- | -- | -- | -- | 1,609.70 | -- |

Description of other situations

☐ Applicable ☒ Not applicable

VI. Duty Performance of Directors during the Reporting Period

1. Board of Directors during the reporting period

| Session | Convening date | Date of disclosure | Meeting resolution |
|--|------------------|--------------------|--|
| The 6 th Session of the Eighth Board of Directors | January 26, 2024 | January 27, 2024 | See <i>Announcement of Resolution of the 6th Session of the Eighth Board of Directors</i> (Announcement No.: 2024-003) disclosed on http://www.cninfo.com.cn for details |
| The 7 th Session of the Eighth Board of Directors | March 29, 2024 | March 30, 2024 | See <i>Announcement of Resolution of the 7th Session of the Eighth Board of Directors</i> (Announcement No.: 2024-011) disclosed on http://www.cninfo.com.cn for details |
| The 8 th Session of the Eighth Board of Directors | April 25, 2024 | April 26, 2024 | See <i>Announcement of Resolution of the 8th Session of the Eighth Board of Directors</i> (Announcement No.: 2024-027) disclosed on http://www.cninfo.com.cn for details |

| | | | |
|---|--------------------|--------------------|---|
| The 9 th Session of the Eighth Board of Directors | August 29, 2024 | August 30, 2024 | See <i>Announcement of Resolution of the 9th Session of the Eighth Board of Directors</i> (Announcement No.: 2024-041) disclosed on http://www.cninfo.com.cn for details |
| The 10 th Session of the Eighth Board of Directors | September 27, 2024 | September 28, 2024 | See <i>Announcement of Resolution of the 10th Session of the Eighth Board of Directors</i> (Announcement No.: 2024-048) disclosed on http://www.cninfo.com.cn for details |
| The 11 th Session of the Eighth Board of Directors | October 24, 2024 | October 25, 2024 | See <i>Announcement of Resolution of the 11th Session of the Eighth Board of Directors</i> (Announcement No.: 2024-053) disclosed on http://www.cninfo.com.cn for details |
| The 12 th Session of the Eighth Board of Directors | December 13, 2024 | December 14, 2024 | See <i>Announcement of Resolution of the 12th Session of the Eighth Board of Directors</i> (Announcement No.: 2024-063) disclosed on http://www.cninfo.com.cn for details |

2. Attendance of board meeting and general meeting of shareholders by directors

| Attendance of board meeting and general meeting of shareholders by directors | | | | | | | |
|--|--|--|--|--|-----------------------------------|--|---|
| Name of directors | Due attendance of board meetings during the reporting period (times) | Presence in on-site board meetings (times) | Presence via communication on board meetings (times) | Entrusted presence in board meetings (times) | Absence on board meetings (times) | Absent for twice continuously on board meetings? | Attendance of general meeting of shareholders |
| Thierry de LA TOUR D'ARTAISE | 7 | 2 | 5 | 0 | 0 | No | 0 |
| Stanislas de GRAMONT | 7 | 2 | 5 | 0 | 0 | No | 0 |
| Olivier CASANOVA | 7 | 2 | 5 | 0 | 0 | No | 0 |
| Delphine SEGURA VAYLET | 7 | 2 | 5 | 0 | 0 | No | 0 |
| Su Xianze | 7 | 2 | 5 | 0 | 0 | No | 1 |
| Tai Wai Chung | 7 | 2 | 5 | 0 | 0 | No | 0 |
| Hervé MACHENAUD | 7 | 2 | 5 | 0 | 0 | No | 4 |
| Jean-Michel PIVETEAU | 7 | 2 | 5 | 0 | 0 | No | 3 |
| Chen Jun | 7 | 1 | 6 | 0 | 0 | No | 5 |

Explanation on absence for twice continuously

None

3. Objections by directors to company issue

Were there any objections raised by directors to company issues?

☐ Yes ☒ No

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

4. Other explanations of duty performance of directors

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

☒ Yes ☐ No

Explanation on adoption or non-adoption of the advice from directors

During the reporting period, all directors of the Company were responsible and diligent. They paid close attention to the reports about Company news by press and on the Internet and understood progress of the Company's important matters timely. They reviewed the information reports provided by the Company periodically, and gave relevant comments and advices. They exerted their specialties fully, performed the duties as directors actively and maintained the legitimate rights and interests of the Company and minority shareholders.

VII. Situation of Special Committees under the Board of Directors during the Reporting Period

| Name of the Committee | Members | Meeting times | Convening date | Content of the meeting | Important opinions and suggestions put forward | Other circumstances relating to the performance of duties | Specific circumstances of disputed matters (if any) |
|--------------------------------------|--|---------------|------------------|---|--|---|---|
| Compensation and Appraisal Committee | Herv é MACHENAUD, Jean-Michel PIVETEAU, Delphine SEGURA VAYLET | 5 | January 26, 2024 | Deliberate the <i>Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2021 Restricted Stock Incentive Plan</i> | The Compensation and Appraisal Committee agreed to the proposal. | None | None |
| | | | March 28, 2024 | The Compensation and Appraisal Committee reviewed and discussed 1. The Company's employment conditions for 2023; 2. Annual labor cost and remuneration of senior executives and employee supervisors in 2023; 3. The <i>Proposal on Accrual and Allocation Scheme of Performance Incentive Fund in 2023</i> ; 4. Performance of corporate social responsibilities; 5. Organization and talent development and position information of core executives. | The Compensation and Appraisal Committee agreed to the proposal and recognized the Company's efforts in employment management, organizational talent strategy and remuneration strategy. | None | None |
| | | | August 28, 2024 | The Compensation and Appraisal Committee reviewed and discussed 1. Employment situation of the Company in the first six months of 1.2024; 2. Labor costs in the first six months of 2024; 3. The <i>Proposal on 2024 Stock Option Incentive Plan (Draft) and its Abstract</i> ; the <i>Proposal on Assessment Measures for the Implementation of the 2024 Stock Option Incentive Plan</i> ; the <i>Proposal on Administration</i> | The Compensation and Appraisal Committee agreed to the proposal and recognized the Company's efforts in employment management, organizational talent strategy and remuneration strategy. | None | None |

| | | | | | | | |
|-----------------|--|---|--------------------|---|---|------|------|
| | | | | Measures for the Second Performance Incentive Fund; 4. Performance of corporate social responsibilities; 5. Organization and talent development and position information of core executives. | | | |
| | | | September 27, 2024 | Deliberating the <i>Proposal on Grant of Stock Options to Incentive Employees</i> | The Compensation and Appraisal Committee agreed to the proposal. | None | None |
| | | | October 24, 2024 | Deliberate the <i>Unlocking of Restricted Stock within the First Unlock Period of 2022 Restricted Stock Incentive Plan</i> | The Compensation and Appraisal Committee agreed to the proposal. | None | None |
| Audit Committee | Chen Jun Jean-Michel PIVETEAU, CASANOVA Olivier | 4 | March 28, 2024 | The Audit Committee reviewed and discussed 1. External audit opinions; 2. Key data of the 2023 financial statement; 3. 2023 internal control outcomes, and 2024 internal control plan; 4. Performance of internal audit projects in 2023, and 2024 audit plan and key audit findings rectification and follow-up plan; 5. Main conclusions of external audit; 6. The performance of the external auditor in 2023 and matters of audit organization renewal in 2024. | 1. The Audit Committee approved the 2024 audit plan. 2. The Audit Committee advised to strengthen risk management in key risk areas and for the corresponding risks. 3. The Audit Committee reviewed the performance of the external auditor's audit work in 2023. 4. The Audit Committee reviewed and discussed the qualifications of the external auditor and proposed the Board of Directors to review and approve KPMG as the audit service provider of the Company in 2024. | None | None |
| | | | June 28, 2024 | The Audit Committee reviewed and discussed 1. Progress of internal control projects in 2024; 2. Progress of the implementation of internal audit projects and rectification of key audit findings in 2024; 3. Results of external audit and review. | | None | None |
| | | | August 28, 2024 | The Audit Committee reviewed and discussed 1. External audit opinions; 2. Key data in the semiannual financial statement of 2023; 3. Progress of internal control projects in 2024; | 1. The Audit Committee recommends defining clear audit objectives for each audit project and prioritizing the | None | None |

| | | | | | | | |
|--|--|--|-------------------|--|--|------|------|
| | | | | 4. Progress of the implementation of internal audit projects and rectification of key audit findings in 2024; 5. Progress of external audit; 6. The Audit Committee consulted with the external auditor regarding the impact of changes in International Accounting Standards on the audit of Supor's financial statement. | identification of significant risks in business operations to allocate more audit resources to key issues and high-risk areas. 2. The Audit Committee recommends conducting a systematic analysis of the trend in the number of reported cases since the establishment of the supervision system. | | |
| | | | December 19, 2024 | The Audit Committee reviewed and discussed 1. Progress of internal control projects in 2024; 2. Progress of the implementation of internal audit projects and rectification of key audit findings in 2024; 3. Results of external audit and review. | | None | None |

VIII. Work of the Board of Supervisors

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

☐ Yes ☒ No

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

IX. Employees of the Company

1. Number of Employees, professional and education conditions

| | |
|---|-------------------|
| Number of in-service employees of the parent company at the end of the reporting period (person) | 2,001 |
| Number of in-service employees of the main subsidiaries at the end of the reporting period (person) | 9,297 |
| Total number of in-service employees at the end of the reporting period (person) | 11,298 |
| Total number of employees paid during current period (person) | 11,298 |
| Retired employees for whom the parent company and major subsidiaries should cover expenses (person) | 10 |
| Profession composition | |
| Job description | Quantity (person) |
| Production personnel | 6,884 |

| | |
|---|-------------------|
| Sales personnel | 1,505 |
| Technician | 1,933 |
| Financial personnel | 182 |
| Administrative personnel | 794 |
| Total | 11,298 |
| Education | |
| Education category | Quantity (person) |
| Postgraduate and above | 205 |
| Junior college or university | 3,919 |
| Technical secondary school or high school | 3,295 |
| Others | 3,879 |
| Total | 11,298 |

2. Remuneration policy

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

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

3. Training plan

1) Training system:

Guided by strategic planning and business development needs, Supor is committed to expanding employees' career path and professional ability. The Company actively organizes diverse training on professional and technical sequences and management sequences, aiming to comprehensively improve employee skills. According to the Company's planning of talent development strategy and coordinating with talent echelon construction, the Supor designs learning projects systematically and at different levels to ensure the continuity and effectiveness of talent cultivation.

| Training type | Training hours | Actual Number of Trainees | Average (H) |
|---------------------------|----------------|---------------------------|-------------|
| Online trainings in 2024 | 36,188.4 | 3,609 | 10.03 |
| Offline trainings in 2024 | 263,249.1 | 10,315 | 25.52 |

The detailed offline training data in 2024 are as follows:

| Position level | Training hours (H) |
|-------------------|--------------------|
| Senior management | 2,083.6 |
| Middle level | 15,503.3 |

| | |
|------------------------------------|---------------------------|
| General employees | 73,891.3 |
| Front-line employees | 171,770.9 |
| Total training hours | 263,249.1 |
| Type | Actual Number of Trainees |
| Number of male employees trained | 6,719 |
| Number of female employees trained | 3,596 |
| Total number of participants | 10,315 |

2) Various forms

Supor lays emphasis on the innovation of employee training adopts a diverse range of training models; including online learning platforms, live streaming courses, offline learning, project workshops, internal and external thematic exchange sessions, and benchmark visits. These innovative learning approaches not only enhance engagement and the overall training experience but also significantly improve the efficiency of knowledge transfer and skill application.

3) Internal inheritance

According to the planning of talent development strategy and coordinating with talent echelon construction, the Company irregularly organizes professional personnel in relevant fields to extract knowledge, develop courses and impart their organizational and personal experience. We also provide instructor and tutor resources which are mainly from internal managers to employees to improve the competence and speed up the growth of employees and practice our talent building and development policies.

4. Labor outsourcing

☒ Applicable ☐ Not applicable

| | |
|---|----------------|
| Total hours of labor outsourcing (Hours) | 12,205,624.45 |
| Total remuneration paid for labor outsourcing (RMB) | 280,062,624.97 |

X. Profit distribution and conversion from capital reserves to share capital

Formulation, implementation or adjustment of profit distribution policies, especially cash dividend policies during the reporting period

☒ Applicable ☐ Not applicable

During the reporting period, the Company implemented the profit distribution plan in strict accordance with the Articles of Association and other relevant provisions, where the dividend distribution standard and proportion were clear and definite and the relevant decision-making procedures and mechanisms were complete. The Company held the 7th Session of the Eighth Board of Directors and the 7th Session of the Eighth Board of Supervisors on March 29, 2024, and held the Annual General Meeting of Shareholders for 2023 Fiscal Year on April 25, 2024, which reviewed and approved the *Proposal on Profit Distribution Plan 2023*. The Company's Profit Distribution Plan 2023 is: based on 796,891,157 shares at the end of 2023 (total capital stock of 806,708,657 shares at the end of 2023 deducted by 9,817,500 shares of repurchased shares in the Company's special stock repurchase account), the Company will distribute all shareholders cash dividends of CNY27.30 per 10 shares (tax included), and total amount of cash dividends is CNY2,175,512,858.61. No bonus share will be distributed or conversion from capital reserves to share capital is made this year. On May 28, 2024, the profit distribution plan of the Company for 2023 Fiscal Year was completed.

| Special description of cash dividend policy | |
|--|-----|
| Whether it meets the requirements in Articles of Associations or resolutions of the Shareholders' Meeting: | Yes |
| Whether the dividend standard and proportion are definite and clear: | Yes |

| | |
|---|-----|
| Whether the relevant decision procedure and mechanism are complete: | Yes |
| Whether the independent director performs obligations and plays roles: | Yes |
| If without distribution of cash dividends, the Company shall disclose the specific reasons of non-distribution, as well as the subsequent measures to be taken to enhance investor returns: | Yes |
| Whether the minority shareholders have opportunity in giving opinions and claims, and whether the legal interests of minority shareholders are protected sufficiently: | Yes |
| Where the cash dividend policy is adjusted or changed, and whether the conditions and procedures are compliant and transparent: | Yes |

Information on profit-making during the reporting period and positive undistributed profit of parent company for shareholders but without cash dividend distribution plan

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

| | |
|---|------------------|
| Number of bonus stock per 10 shares (shares) | 0 |
| Amount of dividend (RMB) per 10 shares (tax-inclusive) | 28.10 |
| Equity base in distribution plan (shares) | 796,692,233 |
| Amount of cash dividends (tax-inclusive) | 2,238,705,174.73 |
| Amount of cash dividends realized in other modes (e.g repurchased shares) (RMB) | 0 |
| Total cash dividends (including other modes) (RMB) | 2,238,705,174.73 |
| Distributable profits (RMB) | 3,278,810,132.94 |
| Proportion of total cash dividends (including other modes) in total distribution of profits | 100% |
| Cash Dividends of This Time | |
| Others | |
| Detailed information on profit distribution and conversion of capital reserve to capital pre-proposal | |
| <p>In accordance with the standard unqualified audit report provided by KPMG Huazhen LLP (Special General Partnership), the parent company of Zhejiang Supor Co., Ltd. realized the net profits of RMB 1,857,515,056.12 in 2024 (note: including subsidiary dividends of RMB 1,644,040,517.75), and could distribute profits of RMB 3,278,810,132.94 to shareholders at the end of the year based on relevant provisions of <i>Company Law</i> and the <i>Articles of Association</i>, after allocating RMB 185,751,505.61 as legal surplus reserve, plus the undistributed profit of RMB 3,782,559,441.04 at the beginning of this reporting period, deducting the annual cash dividends for 2023 fiscal year of RMB 2,175,512,858.61 distributed on May 28, 2024.</p> <p>The profit distribution plan 2024 is detailed as follows: based on 796,692,233 shares at the end of 2024 (total capital stock of 801,359,733 shares at the end of 2024 (after deducted by 178,674 shares of Restricted Stock repurchased and canceled on January 17, 2025), deducted by 4,667,500 shares of repurchased shares in the Company's special stock repurchase account), the Company will distribute all shareholders cash dividends of RMB 28.10 per 10 shares (tax-inclusive), and the total cash dividend was RMB 2,238,705,174.73. No bonus share will be distributed or conversion from capital reserves to share capital is made this year.</p> <p>During the period from the disclosure of this profit distribution plan to the actual implementation date, if the Company's share capital changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed share capital, and the above distribution ratio remains unchanged.</p> | |

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

☒ Applicable ☐ Not applicable

1. Equity incentive

(I) 2021 Equity Incentive Plan

1. On January 26, 2024, the 6th Session of the Eighth Board of Directors and 6th Session of the Eighth Board of Supervisors reviewed and adopted the *Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2021 Restricted Stock Incentive Plan*, agreeing to unlock the Restricted Stock for 270 qualified Incentive Employees in the first unlock period. The number of Restricted Stock unlocked is 555,750 shares. The date of circulation of the Restricted Stock unlockable during the first unlock period is February 2, 2024.

For detailed contents, see *Announcement of Unlocking of Restricted Stock within the First Unlock Period of 2021 Restricted Stock Incentive Plan* and the *Suggestive Announcement on Listing of Restricted Stock Unlockable during the First Unlock Period of 2021 Restricted Stock Incentive Plan* disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on January 27 and 31, 2024 (Announcement No.: 2024-005, 2024-007).

2. On August 30, 2023, the 2nd Session of the Eighth Board of Directors and the 2nd Session of the Eighth Board of Supervisors reviewed and adopted *Proposal on Repurchasing and Canceling a Part of Restricted Stock*. For disqualification of 2 incentive employees due to their resignation, the Company decided to repurchase and cancel 2,000 shares of restricted stock. In addition, on March 29, 2024, the 7th Session of the Eighth Board of Directors and the 7th Session of the Eighth Board of Supervisors reviewed and adopted *Proposal on Repurchasing and Canceling a Part of Restricted Stock*. For the disqualification of 2 incentive employees due to their resignation, the Company decided to repurchase and cancel 5,500 shares of restricted stock. The *Proposal on Repurchasing and Canceling a Part of Restricted Stock* has been adopted by the Annual General Meeting of Shareholders for 2023 Fiscal Year held on April 25, 2024. The Company repurchased and canceled 7,500 shares of restricted stock of 2021 Equity Incentive Plan at the price of RMB 1 per share and paid totally RMB 7,500 to the above resigned incentive employees. After confirmed by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company completed repurchase and cancellation on August 7, 2024.

For detailed contents, see *Announcement of Repurchasing and Canceling a Part of Restricted Stock* and *Announcement of Completion of Repurchase and Cancellation of Restricted Stock* disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on August 31, 2023, March 30, 2024 and August 8, 2024 (Announcement No.: 2023-063, 2024-021 and 2024-039).

3. On January 10, 2025, the 13th Session of the Eighth Board of Directors and the 13th Session of the Eighth Board of Supervisors reviewed and adopted *Proposal on Unlocking of Restricted Stock within the Second Unlock Period of 2021 Restricted Stock Incentive Plan*, agreeing to unlock the Restricted Stock for 266 qualified Incentive Employees in the second unlock period. The number of Restricted Stock unlocked is 548,250 shares. The date of circulation of the Restricted Stock unlockable during the first unlock period is February 11, 2025.

Please refer to the *Announcement of Unlocking of Restricted Stock within the Second Unlock Period of 2021 Restricted Stock Incentive Plan* and the *Suggestive Announcement on Listing of Restricted Stock Unlockable during the Second Unlock Period of 2021 Restricted Stock Incentive Plan* disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on January 11, 2025 and February 10, 2025 (Announcement No.: 2025-004, 2025-010).

(II) 2022 Equity Incentive Plan

1. On August 30, 2023, the 2nd Session of the Eighth Board of Directors and the 2nd Session of the Eighth Board of Supervisors reviewed and adopted *Proposal on Repurchasing and Canceling a Part of Restricted Stock*. For disqualification of 3 incentive employees due to their resignation, the Company decided to repurchase and cancel 3,250 shares of restricted stock. In

addition, on March 29, 2024, the 7th Session of the Eighth Board of Directors and the 7th Session of the Eighth Board of Supervisors reviewed and adopted *Proposal on Repurchasing and Canceling a Part of Restricted Stock*. For the disqualification of 4 incentive employees due to their resignation, the Company decided to repurchase and cancel 9,500 shares of restricted stock. The *Proposal on Repurchasing and Canceling a Part of Restricted Stock* has been adopted by the Annual General Meeting of Shareholders for 2023 Fiscal Year held on April 25, 2024. The Company repurchased and canceled 12,750 shares of restricted stock of 2022 Equity Incentive Plan at the price of RMB 1 per share and paid totally RMB 12,750 to the above resigned incentive employees. After confirmed by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company completed repurchase and cancellation on August 7, 2024.

For detailed contents, see *Announcement of Repurchasing and Canceling a Part of Restricted Stock* and *Announcement of Completion of Repurchase and Cancellation of Restricted Stock* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on August 31, 2023, March 30, 2024 and August 8, 2024 (Announcement No.: 2023-063, 2024-021 and 2024-039).

2. On October 24, 2024, the 11th Session of the Eighth Board of Directors and the 11th Session of the Eighth Board of Supervisors reviewed and adopted *Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2022 Restricted Stock Incentive Plan* and *Proposal on Repurchasing and Canceling a Part of Restricted Stock*, agreeing to unlock the Restricted Stock for 286 qualified Incentive Employees in the first unlock period. The number of Restricted Stock unlocked is 456,201 shares. The date of circulation of the Restricted Stock unlockable during the first unlock period is November 19, 2024. Since the performance assessment of business units that incentive employees serve did not achieve the 100% unlocking target under the first unlock period, the Company decided to repurchase and cancel Restricted Stock amounting to 178,674 shares in accordance with the 2022 Restricted Stock Incentive Plan at the price of RMB 1 per share. The *Proposal on Repurchasing and Canceling a Part of Restricted Stock* has been adopted by the Fourth Interim General Meeting of Shareholders 2024 held on November 11, 2024. The Company repurchased and canceled 178,674 shares of restricted stock of 2022 Equity Incentive Plan at the price of RMB 1 per share and paid totally RMB 178,674 to the above incentive employees. After confirmed by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company completed repurchase and cancellation on January 17, 2025.

For detailed contents, see *Announcement of Unlocking of Restricted Stock within the First Unlock Period of 2022 Restricted Stock Incentive Plan*, *Announcement of Repurchasing and Canceling a Part of Restricted Stock*, *Suggestive Announcement on Listing of Restricted Stock Unlockable during the First Unlock Period of 2022 Restricted Stock Incentive Plan* and *Announcement of Completion of Repurchase and Cancellation of Restricted Stock* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on October 25, 2024, November 14, 2024 and January 21, 2025 (Announcement No.: 2024-057, 2024-058, 2024-062 and 2025-006).

3. On January 10, 2025, the 13th Session of the Eighth Board of Directors and the 13th Session of the Eighth Board of Supervisors reviewed and adopted *Proposal on Unlocking of Postponed Portion of Restricted Stock within the First Unlock Period of 2022 Restricted Stock Incentive Plan*, agreeing to unlock the postponed portion of Restricted Stock for 2 qualified Incentive Employees in the first unlock period. The number of Restricted Stock unlocked is 29,625 shares. The date of circulation of the postponed portion of Restricted Stock unlockable during the first unlock period is March 3, 2025 (since the 2 incentive employees in the postponed portion are top management of the Company, those unlocked shares have been locked as locked stocks of top management).

For detailed contents, see *Announcement of Unlocking of Postponed Portion of Restricted Stock within the First Unlock Period of 2022 Restricted Stock Incentive Plan* and *Suggestive Announcement on Listing of Postponed Portion of Restricted Stock Unlockable during the First Unlock Period of 2022 Restricted Stock Incentive Plan* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on January 11, 2025 and February 28, 2025 (Announcement No.: 2025-005 and 2025-012).

(III) 2023 Equity Incentive Plan

During the reporting period, there were no updates regarding the implementation of the Company's 2023 Equity Incentive Plan.

(IV) 2024 Equity Incentive Plan

1. On August 29, 2024, the 9th Session of the Eighth Board of Directors and the 9th Session of the Eighth Board of Supervisors reviewed and adopted the *Proposal on 2024 Stock Option Incentive Plan (Draft) and its Abstract*. The Board of Supervisors have conducted preliminary verifications on the List of Incentive Employees.

For detailed contents, see *2024 Stock Option Incentive Plan (Draft) and its Abstract of Zhejiang Supor Co., Ltd.* disclosed on Cninfo (<http://www.cninfo.com.cn>) on August 30, 2024.

2. On September 14, 2024, the Company disclosed *Verification Opinions on List of Incentive Employees for 2024 Stock Option Incentive Plan*. The Board of Supervisors has verified the Incentive Employees of 2024 Stock Option Incentive Plan and concluded that the subjective qualifications of the Incentive Employees involved in this plan are legal and valid.

For detailed contents, see *Verification Opinions on List of Incentive Employees for 2024 Stock Option Incentive Plan* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on September 14, 2024 (Announcement No.: 2024-045).

3. On September 20, 2024, the Third Interim General Meeting of Shareholders 2024 reviewed and adopted the *Proposal on 2024 Stock Option Incentive Plan (Draft) and its Abstract*, *Proposal on Assessment Measures for the Implementation of the 2024 Stock Option Incentive Plan* and *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Deal with Issues Related to the Company's 2024 Stock Option Incentive Plan*.

For detailed contents, see *Announcement on Resolutions of the Third Interim General Meeting of Shareholders 2024* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on September 21, 2024 (Announcement No.: 2024-046).

4. On September 21, 2024, the Company disclosed *Self-verification on Buying or Selling the Company's Shares by Insiders and Incentive Employees of 2024 Stock Option Incentive Plan*. The Company's insiders did not trade the Company's shares or involved in insider trading during the process of planning. In addition, the Company's insiders and Incentive Employees did not trade the Company's shares or involved in insider trading within six months before the publication of the Incentive Plan.

For detailed contents, see *Self-verification on Buying or Selling the Company's Shares by Insiders and Incentive Employees of 2024 Stock Option Incentive Plan* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on September 21, 2024 (Announcement No.: 2024-047).

5. On September 27, 2024, the 10th Session of the Eighth Board of Directors and the 10th Session of the Eighth Board of Supervisors reviewed and adopted the *Proposal on Grant of Stock Options to Incentive Employees*. The Company planned to grant 1,131,000 Stock Options to totally 57 Incentive Employees. The Company completed the registration of stock option on October 14, 2024.

For detailed contents, see *Announcement of Grant of Stock Option to Incentive Employees* and the *Announcement of Completion of Registration for Grant of Restricted Stock of 2024* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on September 28, 2024 and October 15, 2024 (Announcement No.: 2024-050, 2024-052).

Equity incentives received by the Company's directors and senior executives

☒ Applicable ☐ Not applicable

Unit: share

| Name | Position | Number of stock options held at the beginning | Number of newly-granted stock options | Shares which can be exercised during the | Shares which have been exercised during the | Exercise price of exercised shares during the | Number of stock options held at the end of the | Market price at the end of reporting period | Restricted stock held at the beginning of the | Shares unlocked in current period | Restricted stock newly granted during the reporting | Granting price of restricted stock (RMB/ | Restricted stock held at the end of the period |
|------|----------|---|---------------------------------------|--|---|---|--|---|---|-----------------------------------|---|--|--|
|------|----------|---|---------------------------------------|--|---|---|--|---|---|-----------------------------------|---|--|--|

| | | of the year | during the reporting period | reporting period | reporting period | reporting period (RMB/share) | period | (RMB/share) | period | | period | share) | |
|------------------|---------------------------------------|--|-----------------------------|------------------|------------------|------------------------------|---------|-------------|---------|--------|--------|--------|---------|
| Cheung Kwok Wah | General Manager | 96,000 | 96,000 | 0 | 0 | 0 | 192,000 | 53.21 | 142,000 | 60,750 | 0 | 1 | 81,250 |
| Xu Bo | Chief Financial Officer | 68,000 | 68,000 | 0 | 0 | 0 | 136,000 | 53.21 | 103,000 | 22,500 | 0 | 1 | 80,500 |
| Ye Jide | Vice General Manager, Board Secretary | 25,000 | 25,000 | 0 | 0 | 0 | 50,000 | 53.21 | 41,000 | 10,000 | 0 | 1 | 31,000 |
| Total | -- | 189,000 | 189,000 | 0 | 0 | -- | 378,000 | -- | 286,000 | 93,250 | 0 | -- | 192,750 |
| Remarks (if any) | | <p>Mr. Cheung Kwok Wah, the General Manager, was granted 60,000 and 82,000 restricted stocks of the 2021 and 2022 Equity Incentive Plans, respectively, for a total of 142,000 shares. The shares unlocked in the current period as shown in the above table include 30,000 shares of restricted stocks from the first unlock period of the 2021 Equity Incentive Plan (listed and circulated on February 2, 2024) and 30,750 shares of restricted stocks from the first unlock period of the 2022 Equity Incentive Plan (listed and circulated on November 19, 2024). During the reporting period, the business unit where these shares were held did not achieve the 100% performance assessment target for the unlocking conditions. The Company repurchased and canceled 10,250 shares of restricted stocks held by him. The repurchase and cancellation were completed on January 17, 2025. In addition, Mr. Cheung Kwok Wah was granted 96,000 stock options under both the 2023 Equity Incentive Plan and the 2024 Equity Incentive Plan, totaling 192,000 stock options.</p> | | | | | | | | | | | |
| | | <p>Mr. Xu Bo, the Chief Financial Officer, was granted 45,000 and 58,000 restricted stocks of the 2021 and 2022 Equity Incentive Plans, respectively, for a total of 103,000 shares. The shares unlocked in the current period as shown in the table include 22,500 shares of restricted stocks from the first unlock period of the 2021 Equity Incentive Plan (listed and circulated on February 2, 2024). During the reporting period, the business unit where these shares were held did not achieve the 100% performance assessment target for the unlocking conditions. The Company repurchased and canceled 7,250 shares of restricted stocks held by him. The repurchase and cancellation were completed on January 17, 2025. In addition, Mr. Xu Bo was granted 68,000 stock options under both the 2023 Equity Incentive Plan and the 2024 Equity Incentive Plan, totaling 136,000 stock options.</p> | | | | | | | | | | | |
| | | <p>Mr. Ye Jide, the Vice General Manager and Board Secretary, was granted 20,000 and 21,000 restricted stocks of the 2021 and 2022 Equity Incentive Plans, respectively, for a total of 41,000 shares. The unlocked shares in the current period in the table above include 10,000 shares of restricted stocks in the first unlock period of the 2021 Equity Incentive Plan had been listed and circulated in the market on February 2, 2024. During the reporting period, the business unit where these shares were held did not achieve the 100% performance assessment target for the unlocking conditions. The Company repurchased and canceled 2,625 shares of restricted stocks held by him. The repurchase and cancellation were completed on January 17, 2025. In addition, Mr. Ye Jide was granted 25,000 stock options under both the 2023 Equity Incentive Plan and the 2024 Equity Incentive Plan, totaling 50,000 stock options.</p> | | | | | | | | | | | |
| | | | | | | | | | | | | | |

Evaluation mechanism and incentive of senior executives

The Company has established a perfect performance appraisal system and salary system for senior executives, which directly connects the work performance of senior executives with their salary. Based on the indicators of the KPI system established at the beginning of 2024, the Company has conducted the year-end appraisal in January 2025 of senior executives of their working abilities, duty performance and target fulfillment, meanwhile, distributed annual performance salary. During the reporting period, the Company implemented the *2024 Stock Option Incentive Plan (Draft)*, and reviewed and approved the *Administration Measures for the Second Performance Incentive Fund*, with a view to achieving effective motivation of the senior executives. The Company held the 11th Session of the Eighth Board of Directors on October 24, 2024, and agreed to unlock the restricted stocks granted to the senior executives in the first unlock period of the *2022 Restricted Stock Incentive Plan (Draft)*. The 13th Session of the Eighth Board of Directors of the Company was held on January 10, 2025, the Company agreed to unlock the restricted stocks granted to the senior executives in the second unlock period of the *2021 Restricted Stock Incentive Plan (Draft)* and the postponed portion of restricted stocks granted to the senior executives in the first unlock period of the *2022 Restricted Stock Incentive Plan (Draft)*. The Compensation and Appraisal Committee of the Board of Directors reviewed the appraisal result.

2. Implementation of the employee stock ownership plan

☐ Applicable ☒ Not applicable

3. Other employee incentive measures

☒ Applicable ☐ Not applicable

(I) Administration Measures for the Performance Incentive Fund

On March 29, 2024, the 7th Session of the Eighth Board of Directors and the 7th Session of the Eighth Board of Supervisors reviewed and adopted the *Proposal on Accrual and Allocation Scheme of Performance Incentive Fund in 2023*. According to the Administration Measures for the Performance Incentive Fund, the accrual condition of the Performance Incentive Fund in 2023 is satisfied, the Company plans to accrue RMB22,903,379 incentive funds and distribute to 285 eligible reward employees.

For detailed contents, see *Announcement of Accrual and Allocation Scheme of Performance Incentive Fund in 2023* disclosed on Securities Times, China Securities Journal, Securities Daily, and <http://www.cninfo.com.cn> on March 30, 2024 (Announcement No.:2024-020).

(II) Administration Measures for the Second Performance Incentive Fund

On August 29, 2024, the 9th Session of the Eighth Board of Directors and the 9th Session of the Eighth Board of Supervisors reviewed and adopted *Proposal on the Administration Measures for the Second Performance Incentive Fund*.

For detailed contents, see the *Administration Measures for the Second Performance Incentive Fund* disclosed on Cninfo (<http://www.cninfo.com.cn>) on August 30, 2024.

XII. Development and implementation of internal control systems during the reporting period**1. Development and implementation of internal controls**

In accordance with the requirements of the *Basic Standards for Internal Control of Enterprises*, its supporting guidelines, as well as other requirements for internal control supervision and based on the principles of comprehensiveness, significance, balance, adaptability and cost-effectiveness, the Company establishes and improves the internal control system implemented by the Board of Directors, Board of Supervisors, managers and all employees to achieve the Company's strategic development goals, with a view to reasonably ensuring the legal compliance of the Company's operation and management, asset security, and authenticity and integrity of financial statements and related information, and to improving business efficiency and effectiveness.

1. Control environment**(1) Governance structure**

In accordance with the provisions of national laws and regulations, resolutions of the General Meeting of Shareholders, and the Articles of Association, the Company defines the duties and authorities, rules of procedure, and working procedures of the General Meeting of Shareholders, Board of Directors, Board of Supervisors and managers, so as to form a governance mechanism for the separation of decision-making, implementation, and supervision. The Board of Directors is accountable for the General Meeting of Shareholders, and exercises the business decision-making power of the Company according to law, and shall be accountable for the establishment, improvement and effective implementation of internal control. The special committees pertaining to strategy, audit and remuneration set up under the Board of Directors provide support for scientific decision-making, in which the Audit Committee is responsible for reviewing and supervising the effective implementation of internal controls and the self-evaluation on internal controls. The Board of Supervisors is accountable for the General Meeting of Shareholders and supervises the Board of Directors and senior executives of the Company to perform their duties according to law. The senior

management composed of the President and the Chief Financial Officer are accountable for the Board of Directors, and take charge of the daily operation and management activities of the Company.

(2) Organizational structure and division of authorities and responsibilities

In view of the business characteristics and internal control requirements, the Company reasonably sets up internal organizations at all levels, such as the functional departments of the headquarters, business departments, production bases, marketing centers and other internal institutions, and defines the division of authorities and responsibilities in the organization structure chart, job descriptions, business flow charts, authorization system documents and other internal management documents, so as to form a working mechanism that allows performance of corresponding duties with mutual restriction and coordination.

(3) Internal audit

The Company has set up an audit department, which reports to the Audit Committee of the Board of Directors. The audit department evaluates the level of internal control and the efficiency of process control and organization by means of internal audit, internal control consultation and organizational risk assessment, and timely reports to the management and the Audit Committee for the internal control defects and potential risks detected in the process of supervision and inspection, and promotes relevant departments to formulate action plans and follow up the corresponding rectification performance to ensure the effective implementation of internal controls.

(4) Human resource policies

In accordance with the development strategy, current situation of human resources, and future demand forecast, the Company formulates and implements human resources policies conducive to the sustainable development of the Company. The *Personnel Management System*, *Recruitment Management System*, *Remuneration Management System*, *Training Management System*, *Attendance Management System*, and *Employee Manual* formulated by the Company clearly define the principles and processes for the employees in aspects of selection and appointment, dismissal and transfer, remuneration assessment, training, rewards and punishments, labor disciplines, information confidentiality, etc.

(5) Enterprise culture

The Company adheres to the enterprise spirit of "With Pressure, Face Pressure, Overcome pressure", sets up the enterprise style of "Patriotism, Integrity, Modesty, Pragmatism, Innovation and Transcendence, and devotes to improving the living quality of thousands upon thousands of families in their kitchens and homes, so that "Where there is a home, there is Supor" can become the consensus of more and more consumers. Through the establishment of a series of internal norms such as the *Basic Law of Supor*, the *Code of Professional Ethics of Employees* and the *Rules for Anti-spam* the Company integrates the efficient and pragmatic corporate culture into all aspects of daily production and operating activities, and enhances the employees' sense of responsibility and sense of mission, normalizes employee behaviors, enhances corporate cohesion and coagulation, and constantly improves the overall image of the Company.

2. Risk assessment

According to the established control objectives and the characteristics of business development in different stages, the Company introduces different forms of measures, such as risk self-assessment, risk mapping, and tax risk matrix, to carry out comprehensive, systematic and continuous collection of relevant information, with the method combining both quantitative and qualitative measures, in order to timely identify and systematically analyze the internal risks in the production and operating processes in terms of human resources, management, innovation, finance, assets, health, safety, environmental protection, data confidentiality, business loss, and continuing operation, and the external risks in the production and operating processes in terms of politics, economy, law, taxation, science and technology, natural environment, social environment, etc., and to determine the risk response strategy that matches the Company's risk bearing capacity and take appropriate control measures to achieve effective risk control, on the basis of weighing the principle of cost-benefit.

3. Control activity

In the course of daily operation, the Company continuously establishes and improves various management systems, covering financial accounting, internal control, human resources, material procurement, inventory management, asset management,

technological R&D, production process, quality control, product sales and after-sales service, health, safety and environment, information system management and security comprehensive management, etc., to ensure the compliance of all work aspects. Under the various institutional frameworks, the Company reasonably ensures the realization of business objectives through the implementation of key control measures and procedures.

Key controls must include: separated control for incompatible posts, approval control for authorization, accounting system control, property protection and control, budget control, operational analysis control, performance assessment control and other controls.

(1) Approval control for authorization: the Company defines the scope, authority, procedure, responsibility and other relevant aspects of authorization and approval, and the management staff at all levels of the Company must exercise the corresponding functions and powers within the scope of authorization, and the handling personnel must also handle economic transactions within the scope of authorization and bear corresponding liabilities.

(2) Separated control for incompatible posts: the Company sets up a reasonable division of labor, scientifically divides responsibilities and powers, and formulates the System of Separation of Responsibilities and Powers in accordance with the principle of separation of incompatible duties, so as to form a mechanism of mutual checks and balances. Incompatible duties mainly include: feasibility study and decision approval, decision approval and implementation, implementation and supervision & inspection.

(3) Accounting system control: in strict accordance with the provisions of the Accounting Standards for Business Enterprises, the Company formulates the financial policies and processes such as the Accounting Preconditions and Basic Principles, Accounting System of Accounting Subjects, Revenue Recognition System, Consolidated Statement System, and Account Settlement Process, clearly defines the handling procedures for accounting vouchers, accounting books and financial statements, so as to ensure the authenticity and integrity of accounting data.

(4) Property protection and control: the Company strictly restricts unauthorized personnel from accessing and disposing assets, and adopts measures such as regular stock-taking, asset records, account verification, and property insurance, to ensure the safety of all kinds of assets in accordance with the requirements of the Inventory Taking and Regulation System, and Fixed Assets Management System formulated by the Company.

(5) Budget control: the Company implements comprehensive budget management in accordance with the Budget System, and the responsible departments at all levels prepare their budgets in accordance with their responsibilities and powers, and regularly follow up the implementation of their budgets after being reviewed and approved by the management.

(6) Operational analysis control: the Company has established a regular operation analysis mechanism, with which the management can utilize the data and information acquired in the production, procurement, sales, finance and other systems to comprehensively analyze and evaluate the Company's operating risks and market situations, timely detect any problems, identify the causes and formulate effective rectification plans for improvement.

(7) Performance assessment control: according to the requirements of the Company's Remuneration Management System, the Company's organizations at all levels have established and implemented a comprehensive and systematic performance assessment system, to scientifically set up performance assessment indicators of various individuals/groups, regularly organize assessment and objective evaluation, and take the assessment results as the basis for employee remuneration adjustment, job promotion, reward and punishment, post transfer, dismissal, etc.

4. Information and communication

According to the requirements of development strategy, risk control and performance assessment, the Company has established different levels of internal reporting indicator systems, in order to enable the management at all levels to timely and comprehensively access all kinds of internal and external information pertaining to production and management and promptly formulate business principles and policies adaptive to business and environmental changes. The internal reporting systems make full use of information technology to build a scientific internal reporting network based on reliable information systems such as SAP, BI, CRM, SRM, consolidated statements, and management statements.

The Company has established a special anti-fraud mechanism, clearly defined the key areas and key links of anti-fraud efforts and the anti-fraud responsibilities and powers of relevant departments, and set up the solely-designated supervision channel to standardize the whistleblowing, investigation, handling, reporting and follow-up processes of fraud cases. Besides, through e-mail, official website, WeChat official account, contracts, training, meetings and other forms of measures, the Company publicizes the anti-fraud policies and supervision channels to employees, suppliers, distributors and other stakeholders from time to time, so as to form an anti-fraud atmosphere which emphasizes on prevention and combines both punishment and prevention.

5. Supervision on control

The Company has established an internal control and supervision mechanism, with which the independent directors and the Board of Supervisors can fully and independently perform supervisory duties for the management of the Company, and carry out independent evaluation and provide independent suggestions. The Company has formulated the Internal Audit System, and the special internal audit department under the leadership of the Audit Committee of the Board of Directors can independently carry out internal audit, implement effective supervision over the management and promote the effective implementation of internal controls. In the light of the situation of internal supervision, the Company regularly carries out self-evaluation on the effectiveness of internal controls and issues Self-Evaluation Report on Internal Control System.

2. Significant internal control defects of internal control found during the reporting period

☐ Yes ☒ No

XIII. Company's Management and Control of Subsidiaries during the Reporting Period

The headquarters of listed companies effectively monitors the subsidiaries through the following measures:

(1) Delegate and appoint senior executives of subordinate subsidiaries at the beginning of each year, and clearly define their terms of reference and report objects.

(2) Supervise subordinate subsidiaries to formulate detailed management processes and risk control procedures for various business sectors and functional areas under the principle frameworks of management systems of the headquarters and business divisions.

(3) Convene a monthly operating and financial meeting to review and follow up the implementation of the subsidiaries' business plans and the completion of various performance evaluation indicators in a timely manner, in accordance with the Company's development and business objectives specified in the annual budget planning meeting. Besides, various functional committees, such as product committee, and procurement committee, also carry out effective monitoring over the daily operation and operating activities of the subsidiaries.

(4) The main financial and business information systems, including SAP, CRM, SRM, BI, OMS and BPM, are centrally managed in the headquarters of listed companies, which is convenient for the headquarters to access and manage the production, sales and procurement of the subsidiaries through system reports in real time. In addition, all subsidiaries are also required to submit management reports in respect of operation, finance, industry, human resources, etc., to the headquarters on a monthly basis.

(5) The receipts and payments of major subsidiaries are subject to centralized allocation and disbursement of the Financial Sharing Center of the headquarters of the listed companies, and the Financial Sharing Center is responsible for the preparation and reporting of the monthly balance sheets, profit statements and cash flow statements of the subordinate subsidiaries, and convening regular meetings with subordinate subsidiaries to analyze and follow up the changes of various financial data.

(6) In accordance with the requirements of the Company's Management System for Information Disclosure Affairs, each subsidiary shall promptly report to the headquarters of the listed companies relevant information pertaining to major business/financial and other matters, and provide timely feedback on the progress or changes of major matters, and if necessary, go through the review and approval procedures of the Board of Directors and General Meeting of Shareholders.

(7) Timely identify the potential risks and major issues inside and outside the subsidiaries by means of internal audit, risk self-assessment, anti-corruption questionnaire, management statement and anti-fraud investigation, etc., draw the management's attention to key areas and vulnerable links, and promptly take measures to reduce relevant risks.

XIV. Evaluation Report of Internal Control or Internal Control Audit Report

1. Evaluation Report of Internal Control

| | | |
|---|---|--|
| Date of disclosure of full text of Evaluation Report of Internal Control | March 28, 2025 | |
| Reference for disclosure of full text of Evaluation Report of Internal Control | Reference can be made to <i>Evaluation Report on Internal Control 2024</i> disclosed on <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , and http://www.cninfo.com.cn . | |
| The proportion of total unit assets involved in evaluation scope in total assets of the consolidated financial statement | 100.00% | |
| The proportion of operating income involved in evaluation scope in operating income of the consolidated financial statement | 100.00% | |
| Defect Identification Standard | | |
| Category | Financial statement | Non-financial statement |
| Qualitative standard | <p>1) Identification standard of significant defects: fraud of directors, supervisors and senior executives of the Company; modification of financial statement having been published; any material misstatement of the current period financial statement found by CPA but having not been found during internal control; and invalid supervision by the Audit Committee, the Board of Supervisors and internal audit organization for internal control.</p> <p>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.</p> <p>3) General defects refer to other internal control defects not constituting the standards of significant defects and important defects.</p> | <p>1) Identification standard of significant defects: unscientific decision procedure of the Company, such as significant decision-making mistakes which cause the M&A of significant enterprise project to fail in reaching expected objectives; violation of national laws and regulations, such as heavy losses of enterprise caused by non-conforming products; significant adverse influence existing in the production and operation of enterprise caused by severe loss of medium and senior management persons and senior technicians; and lack of system control or systematic invalidation for important business.</p> <p>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.</p> <p>3) Identification standard of general defects:</p> |

| | | |
|--|--|---|
| | | defects on general business systems; failure of rectification for general defects found during internal control and internal supervision; and severe loss of business persons on general posts. |
| Quantitative standard | <p>1) Identification standard of significant defects: potential misstatement of total profit $\geq 5\%$ of total profit; potential misstatement of total operating income $\geq 2\%$ of total operating income; and potential misstatement of total assets $\geq 2\%$ of total assets.</p> <p>2) Identification standard of important defects: 3% of total profit \leq potential misstatement of total profit $< 5\%$ of total profit; 1% of total operating income \leq potential misstatement of total operating income $< 2\%$ of total operating income; and 1% of total assets \leq potential misstatement of total assets $< 2\%$ of total assets.</p> <p>3) Identification standard of general defects: potential misstatement of total profit $< 3\%$ of total profit; potential misstatement of total operating income $< 1\%$ of total operating income; and potential misstatement of total assets $< 1\%$ of total assets.</p> | <p>1) Identification standard of significant defects: direct property loss amount taking above (inclusive) 0.5% in total assets, and causing significant adverse influence on the Company.</p> <p>2) Identification standard of important defects: direct property loss amount taking above (inclusive) 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, and causing significant adverse influence on the Company.</p> |
| Quantity of significant defects in financial statement (pcs) | | 0 |
| Quantity of significant defects in non-financial statement (pcs) | | 0 |
| Quantity of important defects in financial statement (pcs) | | 0 |
| Quantity of important defects in non-financial statement (pcs) | | 0 |

2. Audit report of internal control

☒ Applicable ☐ Not applicable

| Deliberations in the audit report of internal control | |
|---|--|
| We believe that your company has maintained effective internal control over financial reporting in all major aspects in accordance with the <i>Basic Standards for Internal Control of Enterprises</i> and relevant regulations on December 31, 2024. | |
| Disclosure of audit report of internal control | Disclosed |
| Date of disclosure of full text of Audit Report of Internal Control | March 28, 2025 |
| Reference for disclosure of full text of Audit Report of Internal Control | Reference can be made to <i>Audit Report on Internal Control 2024</i> disclosed on <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , and http://www.cninfo.com.cn . |
| Type of audit report opinion of internal control | Standard opinions with no reservation |
| Significant defect in non-financial statements | No |

Did the accounting firm issue the audit report of internal control with non-standard opinions?

☐ Yes ☒ No

Is the audit report of internal control issued by the accounting firm consistent with the opinions in self-evaluation report of the

Board of Directors?

☒ Yes ☐ No

XV. Rectification of Self-inspected Problems in the Special Action on Governance of Listed Companies

Not applicable

SECTION V SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

I. Major Environmental Issues

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

☒ Yes ☐ No

Policies and industrial standards related to environmental protection

The Company strictly adheres to relevant laws, administrative regulations, and normative documents, including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Noise Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Environmental Impact Assessment Law of the People's Republic of China*. It systematically establishes an environmental management system, comprehensively implements pollution prevention measures, improves environmental risk control mechanisms, prioritizes public health, and fulfills corporate responsibilities in ecological and environmental protection.

The Company adheres to the following laws, regulations, and standards in implementing pollution control measures:

Wastewater treatment: Comply with the following standards for pollutant treatment: *Emission Limitation of Nitrogen and Phosphorus for Indirect Discharge of Industrial Wastewater (DB 33/887-2013)*, *Emission Standard of Water Pollutants for Electroplating (DB 33/2260-2020)*, *Integrated Wastewater Discharge Standard (GB 8978-1996)*, and *Emission Standard of Pollutants for Electroplating (GB 21900-2008)*.

Exhaust gas treatment: Standards of *Emission Standard of Air Pollutants for Industrial Surface Coating (DB 33/ 2146-2018)*, *Integrated Emission Standard of Air Pollutants (GB 16297-1996)*, *Emission Standard of Pollutants for Electroplating (GB 21900-2008)*, *Emission Standard for Odor Pollutants (GB 14554-93)*, *Standard for Fugitive Emission of Volatile Organic Compounds (GB 37822-2019)*, *Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB 9078-1996)*, and *Emission Standard of Air Pollutants for Boiler (GB 13271-2014)*, etc. shall be adhered to in implementation.

Solid waste treatment: strict adherence to the relevant stipulations of the *Law of the People's Republic of China on Prevention and Control of Environment Pollution Caused by Solid Wastes* is required.

Noise control: subject to *Emission Standard for Industrial Enterprises Noise at Boundary GB 12348-2008*.

Administrative permissions for environmental protection

The Company and its subsidiaries have obtained the following administrative permits for environmental protection:

| Name of the related companies | Validity period |
|-------------------------------|---------------------------------------|
| The Company | June 30, 2023 - June 29, 2028 |
| Zhejiang Supor Electrical | April 3, 2024 - April 2, 2029 |
| Shaoxing Supor | July 10, 2023 - July 9, 2028 |
| Wuhan Supor Cookware | November 29, 2024 - November 28, 2029 |

Industrial emission standard and pollutant discharge in production and operating activities

| Name of the Company or subsidiary | Type of main pollutant or specific pollutant | Name of main pollutant or specific pollutant | Discharge mode | Number of discharge ports | Distribution of discharge ports | Discharge concentration/intensity | Executive pollutant discharge standard | Total discharge amount | Total discharge amount checked | Excessive discharge |
|-----------------------------------|--|--|---|---------------------------|---|-----------------------------------|---|------------------------|--------------------------------|---------------------|
| The Company | Water pollutants | Chemical oxygen demand | Entering the urban sewage treatment plant | 1 | Wastewater discharge port of the wastewater station in plant area | 30mg/L | Integrated Wastewater Discharge Standard (GB8978-1996) | 5.67579t | 8.662t/a | None |
| | | Ammoniacal nitrogen | Entering the urban sewage treatment plant | 1 | | 1.5mg/L | Emission Limitation of Nitrogen and Phosphorus for Indirect Discharge of Industrial Wastewater (DB33/887-2013) | 0.282663t | 0.433t/a | None |
| | Air pollutants | Sulfur dioxide | Organized emission | 39 | No.1, No.2 and No.6 plants | <200 mg/m ³ | Emission Standard of Air Pollutants for Industrial Surface Coating (DB33/2146-2018), Integrated Emission Standard of Air Pollutants (GB16297-1996), and Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996) | 0.993t | 3.06t/a | None |
| | | Oxynitride | Organized emission | 39 | | <300 mg/m ³ | Emission Standard of Air Pollutants for Industrial Surface Coating (DB33/2146-2018), Integrated Emission Standard of Air Pollutants (GB16297-1996), and Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996) | 9.282t | 14.66t/a | None |
| Zhejiang Supor Electrical | Water pollutants | Chemical oxygen demand | Indirect discharge | 1 | General outlets of wastewater (DW001) | 118.175mg/l | Integrated Wastewater Discharge Standard (GB8978-1996) | 10.89t | 111.1348t/a | None |
| | | Ammoniacal nitrogen | Indirect discharge | 1 | | 10.841 mg/l | Emission Limitation of Nitrogen and Phosphorus for Indirect Discharge of Industrial Wastewater (DB33/887-2013) | 0.91t | 7.7794t/a | None |
| | | Total nitrogen (calculated in N) | Indirect discharge | 1 | | 13.748mg/l | Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015) | 1.1315t | 15.5589t/a | None |
| Shaoxing Supor | Water pollutants | Chemical oxygen demand | Indirect discharge | 1 | Comprehensive sewage discharge port | <150mg/L | Integrated Wastewater Discharge Standard (GB8978-1996) | 90.409t | 224.657t/a | None |
| | | Ammoniacal nitrogen | Indirect discharge | 1 | | <15mg/L | Emission Limitation of Nitrogen and Phosphorus for Indirect Discharge of Industrial Wastewater (DB33/887-2013) | 6.977t | 9.363t/a | None |
| | | Total nitrogen (calculated in N) | Indirect discharge | 1 | | <15mg/L | Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015) | 10.034t | 33.447t/a | None |
| Wuhan Supor Cookware | Water pollutants | Chemical oxygen demand | Indirect discharge | 1 | General discharge port of the sewage treatment station to the north of the plant area | <500mg/L | Integrated Wastewater Discharge Standard (GB8978-1996) | 10.212t | 19.38t/a | None |
| | | Ammoniacal nitrogen | Indirect discharge | 1 | | <45mg/L | Wastewater Quality Standards for Discharge to Municipal | 0.667t | 1.94t/a | None |

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--------------------------|--|--|--|
| | | | | | | | Sewers (GB/T 31962-2015) | | | |
|--|--|--|--|--|--|--|--------------------------|--|--|--|

Treatment of pollutants

Upholding the concept of sustainable development, the Company has established and continuously improved its environmental protection system, fully committed to establishing a green factory, and actively adopted advanced processes for pollution prevention and control to achieve whole process management and resource utilization of pollutants.

In the field of water pollution prevention and control, the Company is equipped with specialized wastewater treatment facilities. Industrial wastewater is treated through processes such as chemical precipitation and contact oxidation, ensuring it meets quality standards before being discharged into the municipal pipe network. Meanwhile, the Company has established the reclaimed water system, implementing a tiered utilization scheme based on water quality characteristics to ensure that treated wastewater is effectively reused.

In terms of atmospheric pollution prevention and control, the Company has implemented a differentiated treatment process based on waste gas characteristics. The Company has adhered to the cleaner production, and fully implemented a water-based coating substitution project, significantly improving the status of air pollutant control.

In terms of solid waste management, the Company has strictly adhered to the principles of "reduction, resource utilization, and harmless disposal", establishing a full-process management system for classified collection, regulated storage, and compliant disposal. The non-cyclable waste shall be entrusted to qualified third-party organizations for harmless disposal.

During the reporting period, if the Company does not exceed the standard discharge, it will meet the relevant requirements of the competent department for ecological environment.

Environmental monitoring scheme

The Company has formulated an environmental monitoring scheme in accordance with relevant national laws and regulations, and entrusted a qualified third party to carry out environmental monitoring.

Environmental emergency plan

The Company has completed the emergency plan for environmental emergencies and conducted regular emergency drills.

Environmental governance and protection input and payment of environmental protection tax

During the reporting period, the Company's total investment in environmental governance and protection was RMB 31.44 million, including RMB 0.078 million of environmental protection tax.

Measures and effects taken to reduce carbon emissions during the reporting period

☒ Applicable ☐ Not applicable

Supor actively responds to China's "carbon peaking and carbon neutrality" goals by consistently implementing the new development philosophy, striving to deploy distributed photovoltaic projects across its production bases, and accelerating the adoption of clean energy and smart energy management systems in production activities. By fully supporting market-oriented reforms in environmental resource elements such as carbon trading and leveraging green finance initiatives, the Company has embraced a low-carbon economy and empowered green development.

The Company adheres to the corporate value of sustainable operations, closely monitors climate and environmental changes, and continuously promotes carbon reduction across all business areas, including green design, regenerative procurement, cleaner production, paperless office operations, eco-friendly packaging, and trade-in recycling programs. To reduce carbon emissions throughout the value chain of primary mineral resource exploration, mining, transportation, and smelting, Supor advocates and encourages its customers to use recycled raw materials such as recycled aluminium and recycled stainless steel, achieving carbon

footprint reduction at the source. In the future, the Company will recommend the use of recycled materials and other environmentally friendly products to more customers and consumers.

Additionally, following the photovoltaic power generation project at Longshan plant in the Yuhuan Base, the Company's second distributed photovoltaic power station at the Vietnam Base achieved grid connection and power generation during the reporting period. Currently, the Company's projects, including recycled raw material initiative, clean energy self-generation project, and smart energy management systems, have all entered normalized operation.

During the reporting period, the Company implemented 82 technological upgrade and carbon reduction projects, with production bases actively promoting the replacement of high-efficiency motors and the renovation of high-energy-consuming equipment. Projects including the transformation of high-efficiency variable-frequency air compressors, the renovation of internal and external single coating equipment, and the upgrade of pure electric energy-saving injection molding machines resulted in a total carbon reduction of 8,250 tons.

Administrative penalties for environmental problems during the reporting period

None

Other environmental information that shall be made public

None

Other environmental protection related information

None

II. Social Responsibilities

For details, please refer to the *Environmental, Social and Governance Report 2024* released by the Company.

III. Consolidate and expand the achievement of poverty alleviation and the implementation of rural revitalization

During the reporting period, the Company actively supported the national policy of rural revitalization and common prosperity, adhered to the vision and mission of the enterprise, supporting community services around enterprises and rural revitalization work in remote areas in central and western China, and donating funds to improve the conditions of basic education in the mountainous areas of central and western China, to support the urban and rural schools to promote the education of life literacy and to cultivate future-oriented, life-loving and healthy children and teenagers of the new era.

By the end of the reporting period, the Company has donated for the construction of 29 Supor Primary Schools in remote mountainous areas of central and western China as well as in the Company's birthplace, with cumulative donations close to RMB 40 million. Following the completion of poverty alleviation and the development of urban and rural societies, the Company adjusted its project strategy to focus on enhancing the living and educational functions of town boarding schools, while continuing to deepen its support for rural education. In 2024, in collaboration with its public welfare partners, Supor continued to provide online livestreaming courses in art, foreign languages, and science to 16 Supor Primary Schools. It also supplied volunteer teachers to 4 rural schools facing faculty shortages, ensuring that children in remote villages have access to quality educational resources. The Company has long been committed to broadening the educational horizons of teachers in mountainous areas through training and incentive programs. In 2024, with Supor's support, 25 teachers from rural areas participated in study tours and training programs in cities such as Wuhan and Shanghai, enhancing their educational perspectives.

In the first half of 2024, Supor signed a strategic cooperation agreement with the Zhejiang Youth Development Foundation, pledging to donate no less than RMB 3 million in funds and materials from 2024 to 2027. Together, they implemented the "Hope Project - Little Artists of Life ", supporting urban and rural schools in building living and educational spaces, conducting life skill classes, and enhancing life literacy education, enabling children to grow through practical experiences. By the end of the reporting

period, totally 50 urban and rural schools, including schools in cities such as Hangzhou, Shaoxing, Huzhou, Lishui, Wuhan, Changsha, Enshi, Xingyi, Zunyi, Ji'an, and Qinhuangdao have received support. In 2024, the Company donated funds and materials worth over RMB 1.6 million to the project. On the occasion of its 30th anniversary, Supor, through the Zhejiang Youth Development Foundation, donated 10,000 thermo bottles for children (valued at RMB 1.29 million). These bottles were distributed to children in over 60 rural schools across more than 10 provinces at the start of the new term in September 2024. In addition, the Company also actively donated useful supplies for rural revitalization and earthquake rescue, bringing warmth to rural children and victims. In January 2025, the Company urgently coordinated 1,300 electric heaters (valued more than RMB 500,000), which were donated to earthquake-affected residents in Xiqin Township, Lazi County, Xigaze, Xizang Autonomous Region, through the Xizang rescue team formed by the Zhejiang Youth Development Foundation and Hangzhou Dishui Charity.

While fulfilling its social responsibilities, Supor employees enthusiastically participated in the Company's public welfare projects through volunteer services, contributing a total of over 800 volunteer hours. Product engineers from Supor's Shaoxing Base leveraged their professional expertise to visit surrounding community schools, educating children on the scientific principles and proper usage of small domestic appliances. During Public Welfare Week, Supor employee volunteers visited rural schools in Honghe, Yunnan, bringing companionship and innovative knowledge to the children.

In the future, the Company will continue to actively respond to the national policy of rural revitalization and common prosperity, give full play to the advantages of Supor's business capabilities and resources, actively promote various charity programs and activities in terms of literacy education for children in rural villages and broadening their horizons, and work with more like-minded charity partners to contribute to a better life and better society in rural areas.

| Indicator | Measurement unit | Quantity/fulfillment |
|---|------------------|----------------------|
| Rural revitalization and common prosperity | —— | —— |
| Including: Investment amounts for funding poor students | RMB 10,000 | |
| Number of benefited rural students | Person | 30,000 |
| Amount invested to improve the education resources in rural areas (material value) | RMB 10,000 | 339 |
| Awards received (content, grade) | —— | —— |
| Ranked 39 th in the Zhejiang Province Listed Companies ESG Strategic Charitable Impact List in 2024 | | |
| Ranked 45 th in the Top 100 Zhejiang Listed Companies for Best Social Responsibility Performance in 2024 | | |
| Awarded the CSR Impact Award of 8 th CSR China Education List in 2024 | | |

SECTION VI SIGNIFICANT EVENTS

I. Fulfillment of Commitments

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

II. Occupied Non-business Capital of Listed Company for Controlling Shareholders and Related Parties

☐ Applicable ☒ Not applicable

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

III. Illegal External Guarantee

☐ Applicable ☒ Not applicable

There was no illegal external guarantee of the Company during the reporting period.

IV. Explanation on the Board of Directors on the Latest "Non-standard Audit Report"

☐ Applicable ☒ Not applicable

V. Explanation on the Board of Directors, the Board of Supervisors and Independent Directors (If Any) on the "Non-standard Audit Report" during the Reporting Period

☐ Applicable ☒ Not applicable

VI. Representation of Changes in Accounting Policies and Accounting Estimates or Correction of Important Accounting Errors, Compared with the Financial Statements of the Previous Year

☐ Applicable ☒ Not applicable

During the reporting period, there was no change in accounting policies, accounting estimates or correction of important accounting errors.

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

☐ Applicable ☒ Not applicable

There was no change in the scope of consolidated statements during the reporting period.

VIII. Employment and Disengagement of Certified Public Accountants

Certified public accountants engaged at the moment

| | |
|---|--|
| Name of the Chinese Certified Public Accountants | KPMG Huazhen LLP (Special General Partnership) |
| Reward for domestic certified public accountants (RMB 10,000) | 301.00 |
| Service years of audit services provided by domestic accounting firms | 4 |
| Names of CPAs from domestic certified public accountants | Huang Feng, Jin Yang |
| Service years of audit of Chinese CPAs | Huang Feng (four years), Jin Yang (four years) |

Intension of changing certified public accountants

☐ Yes ☒ No

Employment of internal control counting firm, financial consultant or sponsor

☒ Applicable ☐ Not applicable

Same accounting firm for internal control audit

IX. Delisting after Disclosure of Annual Report

☐ Applicable ☒ Not applicable

X. Bankruptcy or Reorganization

☐ Applicable ☒ Not applicable

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

XI. Important Matters of Lawsuit and Arbitration

☐ Applicable ☒ Not applicable

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

XII. Punishment and Rectification

☐ Applicable ☒ Not applicable

There was no punishment and rectification during the reporting period.

XIII. Integrity of the Company, Its Controlling Shareholders and Actual Controllers

☐ Applicable ☒ Not applicable

XIV. Major Related Transactions

1. Related transaction related to daily business

☒ Applicable ☐ Not applicable

| Related party | Association relationships | Type of related transaction | Contents of related transaction | Pricing principle of related transaction | Price of related transaction | Amount of related transaction (RMB 10,000) | Percentage to amount of same transaction | Approved transaction limit (RMB 10,000) | Exceeding approved limit or not | Means of payments of related transaction | Market price of available same transaction | Date of disclosure | Reference for disclosure |
|----------------------------------|---|-----------------------------|---------------------------------|--|------------------------------|--|--|---|---------------------------------|--|--|--------------------|--------------------------|
| Wuhan Anzai Cookware Co., Ltd. | Associated enterprise | Purchase of commodity | Finished products | Contract price | - | 15,404.34 | 1.05% | | No | Bank transfer or notes | - | | |
| Wuhan Anzai Cookware Co., Ltd. | Associated enterprise | Purchase of commodity | Accessories | Market price | - | 3,097.25 | 0.21% | | No | Bank transfer or notes | - | | |
| GROUPE SEB EXPORT | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 28.99 | 0.00% | | No | Bank transfer or notes | - | | |
| GROUPE SEB EXPORT | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Accessories | Market price | - | 14.76 | 0.00% | | No | Bank transfer or notes | - | | |
| GROUPE SEB MOULINEX | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Accessories | Market price | - | 87.81 | 0.01% | | No | Bank transfer or notes | - | | |
| LAGOSTINA S.P.A. | Same controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 249.56 | 0.02% | | No | Bank transfer or notes | - | | |
| TEFAL S.A.S. | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Accessories | Market price | - | 2,646.33 | 0.18% | | No | Bank transfer or notes | - | | |
| SEB ASIA LTD. | Same controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 104.32 | 0.01% | | No | Bank transfer or notes | - | | |
| Heshan Demei Tableware Co., Ltd. | Same controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 7.90 | 0.00% | | No | Bank transfer or notes | - | | |

| | | | | | | | | | | | | | |
|--|---|-----------------------|-------------------|----------------|---|------------|--------|--|----|------------------------|---|--|--|
| WMF GROUPE GMBH | Same controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 5,544.61 | 0.38% | | No | Bank transfer or notes | - | | |
| WMF Consumer Goods (Shanghai) Co, Ltd. | Same controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 9.72 | 0.00% | | No | Bank transfer or notes | - | | |
| SEB INTERNATIONAL SERVICE S.A.S. | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 25.97 | 0.00% | | No | Bank transfer or notes | - | | |
| SEB INTERNATIONAL SERVICE S.A.S. | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Accessories | Market price | - | 11.56 | 0.00% | | No | Bank transfer or notes | - | | |
| ETHERA | Same controlling shareholder with the controlling shareholder | Purchase of commodity | Accessories | Market price | - | 8.53 | 0.00% | | No | Bank transfer or notes | - | | |
| GROUPE SEB KOREA LTD. | Same controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 6.39 | 0.00% | | No | Bank transfer or notes | - | | |
| GROUPE SEB VIETNAM JOINT STOCK COMPANY | Same controlling shareholder | Purchase of commodity | Finished products | Contract price | - | 16.06 | 0.00% | | No | Bank transfer or notes | - | | |
| SEB ASIA LTD. | Same controlling shareholder | Sale of commodities | Finished products | Contract price | - | 693,300.63 | 30.91% | | No | Bank transfer or notes | - | | |
| SEB ASIA LTD. | Same controlling shareholder | Sale of commodities | Accessories | Contract price | - | 456.97 | 0.02% | | No | Bank transfer or notes | - | | |
| S.A.S. SEB | Same controlling shareholder with the controlling shareholder | Sale of commodities | Finished products | Contract price | - | 177.97 | 0.01% | | No | Bank transfer or notes | - | | |
| S.A.S. SEB | Same controlling shareholder with the controlling shareholder | Sale of commodities | Accessories | Contract price | - | 75.93 | 0.00% | | No | Bank transfer or notes | - | | |
| TEFAL S.A.S. | Same controlling shareholder | Sale of commodities | Finished products | Contract price | - | 377.1 | 0.02% | | No | Bank transfer or notes | - | | |

| | | | | | | | | | | | | | |
|--|---|---------------------|-------------------|---|----|------------|-------|--|----|------------------------|----|----|----|
| | with the controlling shareholder | | | | | | | | | | | | |
| TEFAL S.A.S. | Same controlling shareholder with the controlling shareholder | Sale of commodities | Accessories | Contract price | - | 1,882.96 | 0.08% | | No | Bank transfer or notes | - | | |
| GROUPE SEB MOULINEX | Same controlling shareholder with the controlling shareholder | Sale of commodities | Finished products | Contract price | - | 1,714.85 | 0.08% | | No | Bank transfer or notes | - | | |
| Supor Group Co., Ltd. | Company controlled by related natural person | Sale of commodities | Finished products | Market price | - | 361.69 | 0.02% | | No | Bank transfer or notes | - | | |
| SEB INTERNATIONAL SERVICE S.A.S. | Same controlling shareholder with the controlling shareholder | Sale of commodities | Accessories | Contract price | - | 2,545.05 | 0.11% | | No | Bank transfer or notes | - | | |
| LAGOSTINA S.P.A. | Same controlling shareholder | Sale of commodities | Accessories | Contract price | - | 78.50 | 0.00% | | No | Bank transfer or notes | - | | |
| GROUPE SEB CANADA | Same controlling shareholder | Sale of commodities | Finished products | Contract price | - | 1,277.60 | 0.06% | | No | Bank transfer or notes | - | | |
| IMUSA USA LLC | Same controlling shareholder | Sale of commodities | Finished products | Contract price | - | 357.51 | 0.02% | | No | Bank transfer or notes | - | | |
| IMUSA USA LLC | Same controlling shareholder | Sale of commodities | Accessories | Contract price | - | 1.95 | 0.00% | | No | Bank transfer or notes | - | | |
| WMF Consumer Goods (Shanghai) Co, Ltd. | Same controlling shareholder | Sale of commodities | Finished products | Contract price | - | 22.41 | 0.00% | | No | Bank transfer or notes | - | | |
| GROUPE SEB VIETNAM JOINT STOCK COMPANY | Same controlling shareholder | Sale of commodities | Finished products | Contract price | - | 1,512.97 | 0.07% | | No | Bank transfer or notes | - | | |
| GROUPE SEB ANDEAN S.A. | Same controlling shareholder | Sale of commodities | Accessories | Contract price | - | 779.18 | 0.03% | | No | Bank transfer or notes | - | | |
| Total | | | | -- | -- | 732,187.37 | -- | | -- | -- | -- | -- | -- |
| Details of large sales return | | | | Not applicable | | | | | | | | | |
| Actual implementation of estimated total amount of related transaction by category incurred during the period in the reporting period (if any) | | | | In 2024, the estimated amount of daily connected transactions between the Company and SEB Group and its related parties was RMB 7,135.66 million, while the actual amount of daily connected transactions was RMB 7,133.24 million, which is RMB 2.42 million less compared | | | | | | | | | |

| | |
|---|---|
| | with the estimated amount announced. (See details in the <i>Announcement of the Additional Amount Increase of Daily Connected Transactions in 2024</i> (No.: 2025-003) disclosed by the Company on January 11, 2025 on http://www.cninfo.com.cn). |
| Reason for the big difference between transacted price and market reference price (if applicable) | Not applicable |

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

☐ Applicable ☒ Not applicable

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

3. Related transaction for co-investment abroad

☐ Applicable ☒ Not applicable

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

4. Connected creditor's rights and debts

☐ Applicable ☒ Not applicable

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

5. Dealings with associated financial companies

☐ Applicable ☒ Not applicable

There was no deposit, loan, credit or other financial business between the Company and associated financial companies and their related parties.

6. Dealings between the financial companies controlled by the Company and their related parties

☐ Applicable ☒ Not applicable

There was no deposit, loan, credit or other financial business between the Company and holding financial companies and their related parties.

7. Other important related transactions

☐ Applicable ☒ Not applicable

There were no significant related transactions during the reporting period.

XV. Significant Contracts and Performance

1. Custody, contracting, and leasing

(1) Custody

☐ Applicable ☒ Not applicable

No custody was made during the reporting period.

(2) Contracting

☐ Applicable ☒ Not applicable

No contracting was made during the reporting period.

(3) Leasing

☒ Applicable ☐ Not applicable

Circumstances of leasing

Please refer to 15 "Right-of-use assets" and 28 "lease obligation" in Section X "Financial Statement" - VII. "Notes to items of consolidated financial statements".

The profit and loss brought to the Company reaches more than 10% of the total profit of the Company during the reporting period.

☐ Applicable ☒ Not applicable

During the reporting period, there are no leasing items that bring profits and losses of the Company to more than 10% of the total profits of the Company during the reporting period.

2. Major guarantee

☒ Applicable ☐ Not applicable

Unit: RMB 10,000

| External guarantee of the Company and its subsidiaries (excluding the guarantee to subsidiaries) | | | | | | | | | | |
|--|--|-------------------|---------------------------|---|---------------------------|---------------------|----------------------------|--------------------------|------------------|---|
| Name of guaranteed object | Disclosure date of announcement related to the guaranteed amount | Guaranteed amount | Actual occurring date | Actual guaranteed amount | Guarantee type | Collateral (if any) | Counter-guarantee (if any) | Guarantee period | Fulfilled or not | Whether it is guaranteed by related parties |
| Supor's distributors who meet certain conditions | March 31, 2023 | 140,000.00 | July 2023 - April 2024 | 75,318.01 | General guarantee, pledge | Cash | Yes | July 2023 - October 2024 | Yes | No |
| Supor's distributors who meet certain conditions | March 30, 2024 | 140,000.00 | May 2024 - June 2024 | 8,193.19 | General guarantee, pledge | Cash | Yes | May 2024 - December 2024 | Yes | No |
| Supor's distributors who meet certain conditions | March 30, 2024 | 140,000.00 | July 2024 - December 2024 | 49,930.10 | General guarantee, pledge | Cash | Yes | July 2024 - June 2025 | No | No |
| Total external guaranteed amount approved during the reporting period (A1) | | 140,000.00 | | Total actual amount of external guarantee during the reporting period (A2) | | | | | | 133,441.30 |
| Total external guaranteed amount approved at the end of the reporting period (A3) | | 280,000.00 | | Total actual external guarantee balance at the end of the reporting period (A4) | | | | | | 36,551.64 |

| Guarantee of the Company to subsidiaries | | | | | | | | | | |
|--|--|-------------------|---------------------------|---|---------------------------|---------------------|----------------------------|-------------------------------|------------------|---|
| Name of guaranteed object | Disclosure date of announcement related to the guaranteed amount | Guaranteed amount | Actual occurring date | Actual guaranteed amount | Guarantee type | Collateral (if any) | Counter-guarantee (if any) | Guarantee period | Fulfilled or not | Whether it is guaranteed by related parties |
| Zhejiang Shaoxing Supor Household Products Co., Ltd. | March 31, 2023 | 260,000.00 | July 2023 - December 2023 | 85,627.50 | Joint liability guarantee | None | None | July 2023 - June 2024 | Yes | No |
| Wuhan Supor Cookware Co., Ltd. | March 31, 2023 | 30,000.00 | July 2023 - December 2023 | 4,885.00 | General guarantee | None | None | July 2023 - June 2024 | Yes | No |
| Zhejiang Shaoxing Supor Household Products Co., Ltd. | March 31, 2023 | 260,000.00 | January 2024 - March 2024 | 29,103.20 | Joint liability guarantee | None | None | January 2024 - September 2024 | Yes | No |
| Wuhan Supor Cookware Co., Ltd. | March 31, 2023 | 30,000.00 | January 2024 - March 2024 | 2,245.00 | General guarantee | None | None | January 2024-September 2024 | Yes | No |
| Zhejiang Shaoxing Supor Household Products Co., Ltd. | March 30 2024 | 260,000.00 | April 2024-June 2024 | 88,810.00 | Joint liability guarantee | None | None | April 2024-December 2024 | Yes | No |
| Zhejiang Shaoxing Supor Household Products Co., Ltd. | March 30, 2024 | 260,000.00 | July 2024 - December 2024 | 109,307.20 | Joint liability guarantee | None | None | July 2024 - June 2025 | No | No |
| Approved total guaranteed amount towards the subsidiaries during the reporting period (B1) | | 400,000.00 | | Total actual amount of guarantee to subsidiaries during the reporting period (B2) | | 319,977.90 | | | | |
| Total guaranteed amounts to subsidiaries approved at the end of the reporting period (B3) | | 700,000.00 | | Total actual guarantee balance for subsidiaries at the end of the reporting period (B4) | | 109,307.20 | | | | |
| Guarantee of the subsidiaries to subsidiaries | | | | | | | | | | |
| Name of guaranteed object | Disclosure date of announcement related to the guaranteed | Guaranteed amount | Actual occurring date | Actual guaranteed amount | Guarantee type | Collateral (if any) | Counter-guarantee (if any) | Guarantee period | Fulfilled or not | Whether it is guaranteed by related parties |

| | amount | | | | | | | | | |
|---|----------------|------------|---------------------------|---|-------------------|------|------|------------------------------|-----|------------|
| Zhejiang Shaoxing Supor Household Products Co., Ltd. | March 31, 2023 | 260,000.00 | July 2023 - December 2023 | 16,306.50 | General guarantee | None | None | July 2023 - June 2024 | Yes | No |
| Zhejiang Shaoxing Supor Household Products Co., Ltd. | March 31, 2023 | 260,000.00 | January 2024- March 2024 | 13,650.00 | General guarantee | None | None | January 2024- September 2024 | Yes | No |
| Zhejiang Shaoxing Supor Household Products Co., Ltd. | March 30, 2024 | 260,000.00 | April 2024- June 2024 | 6,349.00 | General guarantee | None | None | April 2024- December 2024 | Yes | No |
| Approved total guaranteed amount towards the subsidiaries during the reporting period (C1) | | | 0 | Total actual amount of guarantee to subsidiaries during the reporting period (C2) | | | | | | 36,305.50 |
| Total guaranteed amounts to subsidiaries approved at the end of the reporting period (C3) | | | 0 | Total actual guarantee balance for subsidiaries at the end of the reporting period (C4) | | | | | | 0 |
| Total guaranteed amount of the Company (namely the total of the first three items) | | | | | | | | | | |
| Total approved guaranteed amount during the reporting period (A1+B1+C1) | | 540,000.00 | | Total guaranteed actual amount during the reporting period (A2+B2+C2) | | | | | | 489,724.70 |
| Total approved guaranteed amount at the end of the reporting period (A3+B3+C3) | | 980,000.00 | | Total actual guarantee balance at the end of the reporting period (A4+B4+C4) | | | | | | 145,858.84 |
| Proportion of the total amount of actual guarantee (i.e. A4+B4+C4) to the net assets of the Company | | | | | | | | | | 22.70% |
| Including: | | | | | | | | | | |
| Total guaranteed amount towards shareholders, actual controllers and related parties (D) | | | | | | | | | | 0 |
| Balance of debt guarantee directly or indirectly provided to the guaranteed object with an asset-liability ratio exceeding 70% (E) | | | | | | | | | | 0 |
| Amount of the total guarantee exceeding 50% of the net assets (F) | | | | | | | | | | 0 |
| Total amount of the above three guarantees (D+E+F) | | | | | | | | | | 0 |
| Description of the guarantee liability occurred during the reporting period or there is evidence that it is possible to bear joint and several liability for settlement for the unexpired guarantee contract (if any) | | | | Not applicable | | | | | | |

| | |
|--|----------------|
| Descriptions for external guarantee provided against the established procedures (if any) | Not applicable |
|--|----------------|

Note: The 7th Session of the Eighth Board of Directors and the Annual General Meeting of Shareholders for 2023 Fiscal Year of the Company reviewed and approved the *Guarantee for Wholly-owned Subsidiaries and Mutual Guarantee among Wholly-owned Subsidiaries*, and agreed that the Company and its wholly-owned subsidiaries would provide guarantees up to RMB 4 billion for the wholly-owned subsidiaries in the year of 2024. Among them, the guaranteed amount for companies with 70% (inclusive) asset-liability ratio or over is RMB2.65 billion, and RMB 1.35 billion for companies with a asset-liability ratio below 70%.

Specific description for using the composite guarantee situation

None

3. Entrusting others for cash asset management

(1) Entrustment for financial management

☒ Applicable ☐ Not applicable

Overview of entrusted financing during the reporting period

Unit: RMB 10,000

| Specific type | Source of fund for entrusted financing | Amount incurred of entrusted financing | Undue balance | Overdue amount unclaimed | The amount of impairment accrued from overdue financial investment products |
|---|--|--|---------------|--------------------------|---|
| Bank financial products | Self-owned capital | 30,000 | 20,000 | 0 | 0 |
| Financial products of securities trader | Self-owned capital | 5,000 | 0 | 0 | 0 |
| Other categories | Self-owned capital | 8,000 | 8,000 | 0 | 0 |
| Total | | 43,000 | 28,000 | 0 | 0 |

Note: Details about the short-term financial products newly-purchased within first half year of 2024 can be found in the *Announcement of Short-term Investment Using Excessive Cash* (Announcement No.: 2024-016) and *Announcement of Progress of Using Excessive Cash to Purchase Financial Products* (Announcement No.: 2024-036) disclosed on the <http://www.cninfo.com.cn>.

Specific situation of high-risk entrusted finance with significant single amount, low security and poor liquidity

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(2) Entrustment for loan

☐ Applicable ☒ Not applicable

No entrustment for loan was made during the reporting period.

4. Other significant contracts

☐ Applicable ☒ Not applicable

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

XVI. Instructions for Other Important Matters

☐ Applicable ☒ Not applicable

The Company has no other important matters to be explained during the reporting period.

XVII. Important Matters of Subsidiaries

☐ Applicable ☒ Not applicable

SECTION VII CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS

I. Changes of Shares

1. Changes of shares

Unit: share

| | Before change | | Increase/decrease in the period (+, -) | | | | | After change | |
|---|---------------|------------|--|--------------|-------------------|------------|------------|--------------|------------|
| | Share number | Proportion | New shares | Shares bonus | Converted capital | Others | Subtotal | Share number | Proportion |
| I. Restricted Shares | 2,826,535 | 0.35% | | | | -1,106,419 | -1,106,419 | 1,720,116 | 0.21% |
| 1. Shares held by the state | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| 2. Stated-owned legal person shares | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| 3. Other domestic shareholdings | 2,826,535 | 0.35% | | | | -1,106,419 | -1,106,419 | 1,720,116 | 0.21% |
| Including: Shares held by domestic legal entities | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| Shares held by domestic natural persons | 2,826,535 | 0.35% | | | | -1,106,419 | -1,106,419 | 1,720,116 | 0.21% |
| 4. Shares held by foreign capitals | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| Including: Shares held by foreign legal entities | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| Shares held by foreign natural persons | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| II. Non-restricted Shares | 803,882,122 | 99.65% | | | | -4,063,831 | -4,063,831 | 799,818,291 | 99.79% |
| 1. Common shares in RMB | 803,882,122 | 99.65% | | | | -4,063,831 | -4,063,831 | 799,818,291 | 99.79% |
| 2. Domestically listed foreign shares | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| 3. Overseas listed foreign shares | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| 4. Others | 0 | 0.00% | | | | 0 | 0 | 0 | 0.00% |
| III. Sum of Shares | 806,708,657 | 100.00% | | | | -5,170,250 | -5,170,250 | 801,538,407 | 100.00% |

Reasons for the change of shares

☒ Applicable ☐ Not applicable

- Top management of the Company unlocked 25% of the shares registered under their names based on holding shares at last transaction date of the last year.
- On February 2, 2024, totally 555,750 shares of Restricted Stock in the first unlock period under the 2021 Restricted Stock Incentive Plan were unlocked and circulated on the market.

3. On April 30, 2024, totally 5,150,000 shares of repurchased shares held in the Company's special stock repurchase account were canceled. Following the completion of cancellation, the Company's total capital stock was reduced from 806,708,657 shares to 801,558,657 shares.

4. On August 7, 2024, totally 20,250 shares of restricted stock granted to the resigned incentive employees under Restricted Stock Incentive Plan 2021 and 2022 were repurchased and canceled by the Company. Following the completion of repurchase and cancellation, the Company's total capital stock was reduced from 801,558,657 shares to 801,538,407 shares.

5. On November 19, 2024, totally 456,201 shares of Restricted Stock in the first unlock period under the 2022 Restricted Stock Incentive Plan were unlocked and circulated on the market. Since the performance assessment of business units that incentive employees serve did not achieve the 100% unlocking target under the first unlock period, the Company repurchased and canceled a total of 178,674 shares of restricted stock that did not satisfy the unlocking conditions on January 17, 2025. Following the completion of repurchase and cancellation, the Company's total capital stock was reduced from 801,538,407 shares to 801,359,733 shares.

Approval of change in share

☒ Applicable ☐ Not applicable

1. The *Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2021 Restricted Stock Incentive Plan* was reviewed and adopted by the 6th Session of the Eighth Board of Directors and 6th Session of the Eighth Board of Supervisors held on January 26, 2024, agreeing to unlock the Restricted Stock for 270 qualified Incentive Employees in the first unlock period. The number of Restricted Stock unlocked is 555,750 shares. The date of circulation of the Restricted Stock unlockable during the first unlock period is February 2, 2024.

2. The *Proposal on Public Shares Repurchase Plan* was reviewed and adopted by the 19th Session of the Seventh Board of Directors held on March 29, 2023 and the Annual General Meeting of Shareholders for 2022 Fiscal Year held on April 25, 2023. The above share repurchase plan was completed on April 24, 2024 and then the Company canceled 5,150,000 shares held in the Company's special stock repurchase account to reduce registered capital as authorized by the Annual General Meeting of Shareholders for 2022 Fiscal Year. The Company completed the cancellation of repurchased stock on April 30, 2024, after it was reviewed and confirmed by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

3. The *Proposal on Repurchasing and Canceling a Part of Restricted Stock* was reviewed and adopted by the 2nd Session of the Eighth Board of Directors and the 2nd Session of the Eighth Board of Supervisors held on August 30, 2023, and the 7th Session of the Eighth Board of Directors and the 7th Session of the Eighth Board of Supervisors held on March 29, 2024, totally seven incentive employees did not meet the incentive requirements due to resignation. The Company plans to repurchase and cancel 20,250 shares of Restricted Stock not meeting the unlocking condition at the price of RMB1.00 per share. The above proposal was reviewed and adopted by the Annual General Meeting of Shareholders for 2023 Fiscal Year on April 25, 2024. The Company completed repurchase and cancellation on August 7, 2024.

4. The *Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2022 Restricted Stock Incentive Plan* and *Proposal on Repurchasing and Canceling a Part of Restricted Stock* was reviewed and adopted by the 11th Session of the Eighth Board of Directors and the 11th Session of the Eighth Board of Supervisors, the Company agreed to unlock the Restricted Stock granted to 286 qualified Incentive Employees in the first unlock period. The number of Restricted Stock unlocked is 456,201 shares. The date of circulation of the Restricted Stock unlockable during the first unlock period is November 19, 2024. Since the performance assessment of business units that incentive employees serve did not achieve the 100% unlocking target under the first unlock period, the Company decided to repurchase and cancel Restricted Stock amounting to 178,674 shares in accordance with the 2022 Restricted Stock Incentive Plan at the price of RMB 1 per share. The *Proposal on Repurchasing and Canceling a Part of Restricted Stock* has been adopted by the Fourth Interim General Meeting of Shareholders 2024 held on November 11, 2024. The Company completed the cancellation of repurchased stock on April 30, 2024, after it was reviewed and confirmed by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Transfer of shares changed

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

There are 5,150,000 public shares repurchased and cancelled and 20,250 restricted stocks repurchased and cancelled in the period in total, which creates a minor impact on the earnings per share and dilution of earnings per share, and creates no impact on other financial indicators such as the net asset per share attributable to common share shareholders of the Company.

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

☐ Applicable ☒ Not applicable

2. Changes of restricted shares

☒ Applicable ☐ Not applicable

Unit: share

| Shareholder name | Restricted outstanding stocks at the beginning of the period | Restricted outstanding stocks increased in current period | Restricted outstanding stocks released in current period | Restricted outstanding stocks at the end of the year | Restriction reason | Date of unlocking restriction |
|---|--|---|--|--|---|---|
| Su Xianze | 273,451 | 0 | 68,363 | 205,088 | Locked stocks of top management | Unlock 25% of the shares registered under their names on the last transaction date of the last year. |
| Cheung Kwok Wah | 0 | 25,250 | 0 | 25,250 | Locked stocks of top management | Unlock 25% of the shares registered under their names on the last transaction date of the last year. During the reporting period, the quota of restricted stocks was readjusted based on the latest total shareholding amount. |
| Xu Bo | 86,477 | 22,500 | 47,266 | 61,711 | Locked stocks of top management | Unlock 25% of the shares registered under their names on the last transaction date of the last year. During the reporting period, the quota of restricted stocks was readjusted based on the latest total shareholding amount. |
| Ye Jide | 24,357 | 10,000 | 16,339 | 18,018 | Locked stocks of top management | Unlock 25% of the shares registered under their names on the last transaction date of the last year. During the reporting period, the quota of restricted stocks was readjusted based on the latest total shareholding amount. |
| Incentive Employees of 2021 Equity Incentive Plan | 1,111,500 | 0 | 563,250 | 548,250 | Regarding the restricted shares under the equity incentive plan, the Company repurchased and canceled 7,500 shares of restricted stock during the year, as these shares were held by resigned | A total of 1,209,500 shares of restricted stocks under 2021 Restricted Stock Incentive Plan were transferred to 293 incentive employees on January 27, 2022. The above restricted stocks were unlocked in two periods, each with a 50% unlocking ratio, 24 months after the completion of the grant registration. The first period was unlocked and circulated on February 2, 2024; The second period was unlocked and circulated on February 10, 2025. |

| | | | | | | |
|---|-----------|--------|-----------|-----------|---|--|
| | | | | | incentive employees who had not met the conditions for lifting the restrictions. | |
| Incentive Employees of 2022 Equity Incentive Plan | 1,330,750 | 0 | 468,951 | 861,799 | Regarding the restricted shares under the equity incentive plan, the Company repurchased and canceled 12,750 shares of restricted stock during the year, as these shares were held by resigned incentive employees who had not met the conditions for lifting the restrictions. | A total of 1,253,500 restricted shares under the Company's 2022 Restricted Stock Incentive Plan were transferred to 288 incentive employees on November 10, 2022, while the postponed portion of 79,000 shares was transferred to 2 incentive employees on February 24, 2023. The above restricted stocks were unlocked in two periods, each with a 50% unlocking ratio, 24 months after the completion of the grant registration. The first period was unlocked and circulated on November 19, 2024, while the first period of the postponed portion was unlocked and circulated on March 3, 2025. The second period is expected to be unlocked after November 10, 2025, and the second period of the postponed portion is expected to be unlocked after February 24, 2026. |
| Total | 2,826,535 | 57,750 | 1,164,169 | 1,720,116 | -- | -- |

II. Security Offering and Listing Information

1. Security offering (excluding preferred share) during 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

During the reporting period, the Company cancelled 5,150,000 public shares repurchased, and 20,250 restricted stocks granted to resigned incentive employees under the 2021 Restricted Stock Incentive Plan and 2022 Restricted Stock Incentive Plan but not unlocked, which in combination are 5,170,250 shares in total. Upon the cancellation, the Company's total share capital decreased from 806,708,657 shares to 801,538,407 shares.

3. Staff shares

☐ Applicable ☒ Not applicable

III. Shareholders and the Actual Controllers

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

Unit: share

| Total number of common shareholders at the end of the reporting period | 16,774 | Number of common shareholders at the end of last month before the disclosure date of the annual report | 17,206 | Total number of preferred shareholder whose voting right is recovered at the end of reporting period (if any) (refer to Note 8) | 0 | Total number of preferred shareholders with restored voting right at the end of last month before the disclosure date of the annual report (if any) (see Note 8) | 0 | |
|--|--------------------------|--|--|---|-----------------------------|--|-----------------------------|--------------|
| Shareholding of shareholders holding more than 5% shares or top 10 shareholders (excluding shares lent out through securities financing) | | | | | | | | |
| Shareholder name | Nature | Shareholding ratio | Number of shares held at the end of the reporting period | Increase/ decrease during the reporting period | Number of restricted shares | Number of non-restricted shares | Pledge, marking or freezing | |
| | | | | | | | Status of share | Share number |
| SEB INTERNATIONAL S.A.S | Foreign legal entity | 83.18% | 666,681,904 | 0 | 0 | 666,681,904 | Not applicable | 0 |
| Hong Kong Securities Clearing Company Ltd. | Foreign legal entity | 5.67% | 45,462,211 | -23,266,721 | 0 | 45,462,211 | Not applicable | 0 |
| Ningbo Bank-Zhongtai Xingyuan Value-selected Flexible Complex Securities Investment Funds | Others | 0.78% | 6,264,378 | -649,262 | 0 | 6,264,378 | Not applicable | 0 |
| China Construction Bank — Huatai-Pinebridge CSI Dividend Low Volatility Traded Open-end Securities Investment Funds | Others | 0.70% | 5,578,114 | 5,578,114 | 0 | 5,578,114 | Not applicable | 0 |
| China Merchants Securities Co., Ltd. | State-owned legal entity | 0.32% | 2,549,695 | 2,507,995 | 0 | 2,549,695 | Not applicable | 0 |
| ABC-Southern Asset Management S&P China A-Share Large-Cap Dividend Low Volatility | Others | 0.31% | 2,521,176 | 2,521,176 | 0 | 2,521,176 | Not applicable | 0 |

| | | | | | | | | |
|---|--|-------|-----------|-----------|---|-----------|----------------|---|
| 50 Index Traded Open-end Securities Investment Funds | | | | | | | | |
| China Merchants Bank-Zhongtai Yuheng Value-selected Flexible Complex Securities Investment Funds | Others | 0.27% | 2,125,197 | -265,751 | 0 | 2,125,197 | Not applicable | 0 |
| Bank of Communications-Invesco Great Wall CSI Dividend Low Volatility 100 Index Traded Open-end Securities Investment Funds | Others | 0.21% | 1,708,326 | 1,708,326 | 0 | 1,708,326 | Not applicable | 0 |
| China Construction Bank- Yinhua Fund Wealth-Themed Complex Securities Investment Funds | Others | 0.20% | 1,599,986 | 1,599,986 | 0 | 1,599,986 | Not applicable | 0 |
| Industrial Bank-Zhongtai Xingwei Value-selected Complex Securities Investment Funds | Others | 0.18% | 1,404,727 | -198,000 | 0 | 1,404,727 | Not applicable | 0 |
| Strategic investor or general corporate investor who becomes top 10 shareholder as a result of rights issue (if any) (see Note 3) | None | | | | | | | |
| Explanation on the above-mentioned shareholder relationships or concerted actions | Ningbo Bank-Zhongtai Xingyuan Value-selected Flexible Complex Securities Investment Funds, China Merchants Bank-Zhongtai Yuheng Value-selected Flexible Complex Securities Investment Funds, and Industrial Bank-Zhongtai Xingwei Value-selected Complex Securities Investment Funds belong to Zhongtai Fund. It is unknown whether other shareholders are associated with each other, and whether they are persons acting in concert as stipulated in the Measures for the Administration of the Acquisition of Listed Companies. | | | | | | | |
| Explanation on the above shareholders on entrusting/entrusted voting | None | | | | | | | |

| rights and abstaining from voting rights | | | |
|---|---|----------------------|--------------|
| Special instructions on the existence of repurchase special accounts of the top 10 shareholders (if any) (see Note 10) | At the end of the reporting period, the Company held a total of 4,667,500 shares in the Company's special stock repurchase account. | | |
| Shareholdings of top 10 shareholders holding non-restricted shares (excluding those borrowing shares through securities lending and shares held by senior management) | | | |
| Name | Number of non-restricted outstanding shares held at the end of the reporting period | Type of share | |
| | | Type of share | Share number |
| SEB INTERNATIONALE S.A.S | 666,681,904 | Common shares in RMB | 666,681,904 |
| Hong Kong Securities Clearing Company Ltd. | 45,462,211 | Common shares in RMB | 45,462,211 |
| Ningbo Bank-Zhongtai Xingyuan Value-selected Flexible Complex Securities Investment Funds | 6,264,378 | Common shares in RMB | 6,264,378 |
| China Construction Bank—Huatai-Pinebridge CSI Dividend Low Volatility Traded Open-end Securities Investment Funds | 5,578,114 | Common shares in RMB | 5,578,114 |
| China Merchants Securities Co., Ltd. | 2,549,695 | Common shares in RMB | 2,549,695 |
| ABC-Southern Asset Management S&P China A-Share Large-Cap Dividend Low Volatility 50 Index Traded Open-end Securities Investment Funds | 2,521,176 | Common shares in RMB | 2,521,176 |
| China Merchants Bank-Zhongtai Yuheng Value-selected Flexible Complex Securities Investment Funds | 2,125,197 | Common shares in RMB | 2,125,197 |
| Bank of Communications-Invesco Great Wall CSI Dividend Low Volatility 100 Index Traded Open-end Securities Investment Funds | 1,708,326 | Common shares in RMB | 1,708,326 |
| China Construction Bank- Yinhua Fund Wealth-Themed Complex Securities Investment Funds | 1,599,986 | Common shares in RMB | 1,599,986 |
| Industrial Bank-Zhongtai Xingwei Value-selected Complex Securities Investment Funds | 1,404,727 | Common shares in RMB | 1,404,727 |
| Explanation on connected relationship or concerted parties among the top 10 shareholders holding non-restricted outstanding shares, and between the top 10 shareholders holding non-restricted outstanding shares and top 10 shareholders | Same as above | | |
| Information on top 10 common shareholders involved in securities margin trading business (if any) (see Note 4) | None | | |

Shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders with unrestricted shares participating in the refinancing business to lend shares

☐ Applicable ☒ Not applicable

Top 10 shareholders and the top 10 shareholders with non-restricted shares changed from the previous period due to lending/returning of refinancing

☐ Applicable ☒ Not applicable

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

☐ Yes ☒ No

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

2. Controlling shareholders

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

Change of controlling shareholder during the reporting period

☐ Applicable ☒ Not applicable

No change of controlling shareholder occurred during the reporting period.

3. Actual controller and persons acting in concert

Nature 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 operation |
|---|---------------------------------------|-----------------------|-------------------|--|
| SEB S.A. | Thierry de LA TOUR D'ARTAISE | December 28, 1973 | None | Holding or equity participation and management for various enterprises |
| Holding of other overseas listed companies by the Company's actual controller during the reporting period | None | | | |

Change of actual controller during the reporting period

☐ Applicable ☒ Not applicable

No change of actual controller occurred during 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. The number of shares accumulatively pledged by the controlling shareholder or first majority shareholder of the Company and its persons acting in concert account for 80% of the total number of shares held by it or them.

☐ Applicable ☒ Not applicable

5. Other corporate shareholders holding more than 10% shares

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

IV. Specific Implementation of Share Repurchase during the Reporting Period

Progress in the implementation of share repurchase

☒ Applicable ☐ Not applicable

(I) Repurchase scheme of some public shares in 2023

The 19th Session of the Seventh Board of Directors held on March 29, 2023 and the Annual General Meeting of Shareholders for 2022 Fiscal Year held on April 25, 2023 reviewed and adopted the *Proposal on Public Shares Repurchase Plan*, according to which the Company shall repurchase its own shares from the secondary market through concentrated bidding at the maximum price of no more than RMB 60.93 per share, and the top limitation of shares to be repurchased shall not exceed 16,134,174 shares and the bottom limitation of shares shall not lower than 8,067,087 shares. The time limit for shares repurchase shall not be more than 12 months from the date of the adoption of the plan by the general meeting of shareholders. The Company first implemented this shares repurchase plan on June 2, 2023, and completed it on April 24, 2024. The number of shares actually repurchased by the Company was 8,150,000 shares, accounting for 1.01% of the total shares of the Company (total capital stock before the cancellation). In specific, the highest price is RMB 53.14 yuan per share and the lowest price is RMB 44.37 yuan per share with total payment of RMB 400,080,700 (excluding the transaction fee). The Company canceled 5,150,000 shares held in the Company's special stock repurchase account to reduce registered capital as authorized by the Annual General Meeting of Shareholders for 2022 Fiscal Year on April 30, 2024. Following the completion of cancellation, the Company's total capital stock was reduced from 806,708,657 shares to 801,558,657 shares. There are 4,667,500 shares remaining in the Company's special

stock repurchase account upon completion of the repurchased shares cancellation, which include the 3,000,000 repurchased shares remained from the above-mentioned Public Shares Repurchase Plan and the 1,667,500 repurchased shares remained from previous Public Shares Repurchase Plan, and these remaining repurchased shares will be used for implementing future equity incentive plans, and if the Company fails to do so within three years after the completion of the Public Shares Repurchase Plan, those repurchased shares will be canceled accordingly. Before completion of cancellations and implementation of equity incentive plans, the repurchased shares are deposited in the Company's special stock repurchase account. Above repurchased shares are not entitled to profit distribution, capitalization of provident fund, issuance of new shares and allotment of shares, pledge, voting rights at shareholders' meetings and other related rights.

For detailed contents, see *Announcement on Completion of Cancellation of Repurchased Shares from Public Shares Repurchase Plan* disclosed on *Securities Times*, *China Securities Journal*, *Securities Daily*, and <http://www.cninfo.com.cn> on May 7, 2024 (Announcement No.: 2024-031).

Progress in the reduction of shareholding of repurchased shares through auction

☐ Applicable ☒ Not applicable

SECTION VIII INFORMATION ON PREFERRED SHARE

☐ Applicable ☒ Not applicable

No preferred share existed during the reporting period.

SECTION IX BONDS

☐ Applicable ☒ Not applicable

SECTION X FINANCIAL STATEMENT

I. Audit Report

| | |
|-----------------------------------|--|
| Type of audit opinion | Standard opinions with no reservation |
| Date of signature of audit report | March 27, 2025 |
| Name of audit organization | KPMG Huazhen LLP (Special General Partnership) |
| Audit report document No. | BMWHZS Zi No. 2507063 |
| Names of CPAs | Huang Feng, Jin Yang |

Main Text of Audit Report

All shareholders of Zhejiang Supor Co., Ltd.,

I. Opinions

We audited the attached financial statements of Zhejiang Supor Co., Ltd (hereinafter referred to as "Supor"), including the consolidated and parent company balance sheet as of December 31, 2024, and the consolidated and parent company profit statement, consolidated and parent company cash flow statement, consolidated and parent company statement of changes in shareholders' equities and notes to relevant financial statements in 2024.

We think that the attached financial statements have been prepared in accordance with the provisions of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as "Accounting Standards for Business Enterprises") in all major aspects, and fairly reflect Supor's consolidated and parent company financial condition as of December 31, 2024, as well as the consolidated and parent company operating results and cash flows in 2024.

II. Basis of Forming Audit Opinions

We implemented our audit work strictly according to the stipulations of Auditing Standard for Chinese Certified Public Accountants (hereinafter referred to as "Auditing Standard"). The content of "Responsibility of CPA for financial statement audit" in the Audit Report further describes our responsibility under these standards. According to the Codes of Professional Ethics for Certified Public Accountants in China, we are independent of Supor, and we have fulfilled the other responsibilities on the aspects of professional ethics. We believe the audit evidences acquired by us are sufficient and appropriate, and provide a basis for expressing our audit opinions.

III. Key Audit Matters

The key audit items are from our professional judgment; from our perspective, the key audit items are most important to the financial statement audit in the current period. 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.

Revenue recognition

| | |
|--|-----------------|
| Please refer to the accounting policies described in Note 27 to "V. Important Accounting Policies and Estimates" and Note 37 to "VII. Notes to items of consolidated financial statements" (Notes to the financial statements) | |
| Key Audit Matters | Countermeasures |

| Please refer to the accounting policies described in Note 27 to "V. Important Accounting Policies and Estimates" and Note 37 to "VII. Notes to items of consolidated financial statements" (Notes to the financial statements) | |
|---|---|
| Key Audit Matters | Countermeasures |
| <p>Supor and its subsidiaries (hereinafter referred to as "Supor") are mainly engaged in the R&D, production and distribution of kitchen tools, stainless steel products, daily hardware, small domestic appliances and cookware; its products are cookware and small domestic appliances. In 2024, Supor's operating income reached RMB 22,427,337,986.38.</p> <p>Supor recognizes the revenue when the control right of relevant commodity is transferred to the customer. Supor assesses the contract and business arrangement of the customer, and recognizes the commodity sales revenue after such commodity has left Supor's own warehouse or its specified warehouse, or such commodity has been delivered to the customer with the acceptance receipt issued, or such commodity has been delivered on board to the sea transport carrier with the customs declaration for export and bill of lading obtained.</p> <p>Revenue is one of the key performance indicators (KPIs), and Supor has implemented incentive plans in recent years, including restricted stock incentive plans in 2021 and 2022, as well as stock option incentive plans and performance incentive fund plans in 2023 and 2024. Since the achievement of performance targets is a prerequisite for these incentive plans, there exists a risk that management may manipulate revenue to meet these targets. We include the conformation and recognition of Supor's revenue as key auditing items.</p> | <p>The audit procedures related to revenue recognition include the following:</p> <ul style="list-style-type: none"> • Understand and evaluate the design and operation effectiveness of key internal control related to the revenue recognition made by the management; • Select sales contracts, check major terms governing the transfer of commodity control right, and review if the accounting policies for Supor revenue recognition is in conformity with the requirements in Accounting Standards for Business Enterprises; Check if there are abnormal trading terms and conditions that indicate potential undisclosed relations or transactions with related parties; • Use data analysis tools on Supor's transaction information to identify those with abnormal revenues and check if there are any potential undisclosed relations or major transactions with related parties; • Select major third-party customers and use enterprise information query tool on their background information to identify if they have any relation with Supor; • For offline revenue, verify the consistency between the revenue records in the financial system and the order and shipping information in the business system, identify and investigate any abnormal transaction records (if any); at the same time, on a sampling basis, check the consistency between the order and shipping information in the business system and original documents such as sales orders, acceptance confirmation vouchers, export customs declarations, and freight bills; • For online revenue, verify the consistency between the revenue records in the financial system and the transaction records on third-party platforms, identify and investigate any abnormal transaction records (if any); • Based on audit sampling, carry out the external confirmation procedure for the balance of accounts receivable of relevant customers on the balance sheet date and the amount of sales transactions in the current year; • Select transactions of which the revenue is accrued around the balance sheet date, and refer to supporting documents such as the delivery notices, bills of lading or receipts of the goods to check if the revenue is included in the right accounting period; • Check whether there are sales returns following the balance sheet date, and check the relevant supporting documents (if any) for significant sales returns, so as to evaluate whether the revenue is recorded in the appropriate accounting period; and • Select revenue-related entries in the current year that meet specific risk criteria, inquire the management about the reasons for making these entries, and review relevant supporting documents. |

IV. Other Information

The management of Supor is responsible for other information. Other information includes the information covered by the 2024 Supor Annual Report, but excludes the financial statement and our audit report.

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

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

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

V. Responsibilities of Management and Governance on Financial Statement

The management of Supor (hereinafter referred to as the "management") is responsible for preparing financial statement according to the stipulations of Accounting Standards for Business Enterprises to enable fair presentation, and 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 management is responsible for evaluating the continuing operation ability of Supor, disclosing the items related to continuing operation (if any), and using going-concern assumption. Unless otherwise that Supor plans to liquidate, terminates its operation or has no other realistic choice.

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

VI. Responsibility of CPA for Financial Statement Audit

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

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

(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, and obtain sufficient and appropriate audit evidence as the basis for issuing 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) Learn internal control related to the audit for the purpose of designing proper audit procedures.

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

(4) Make conclusion for the appropriateness of the continuing operation assumption used by 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 continuing 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 discontinuing operation to Supor.

(5) Evaluate the overall presentation (including disclosure), structure and contents of financial statement, and 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, and express opinions on audit financial statement. We are responsible for guiding, supervising and executing the audit of the Group, and bear full responsibility for audit opinions.

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

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

In the issue we communicated with the governance, we determined which issues are most important to the financial statement audit in the current period, 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.

KPMG Huazhen LLP (Special General Partnership)

Chinese CPA:

(Project partner): _____

Huang Feng

Beijing, China

Chinese CPA: _____

Jin Yang

Date: March 27, 2025

II. Financial Statements

Unit of statement in notes to financial statement: RMB

1. Consolidated balance sheet

Compiled by: Zhejiang Supor Co., Ltd.

December 31, 2024

Unit: RMB

| Item | Closing balance | Opening balance |
|---|-------------------|-------------------|
| Current assets: | | |
| Monetary capital | 2,480,007,318.69 | 3,548,277,442.44 |
| Settlement reserve | | |
| Loans to other banks | | |
| Transactional financial assets | 281,234,235.25 | 351,137,787.54 |
| Derivative financial assets | | |
| Notes receivable | 4,036,734.84 | 15,311,935.98 |
| Accounts receivable | 2,690,049,028.80 | 2,858,247,356.03 |
| Receivables financing | 368,776,534.93 | 363,532,765.35 |
| Advance payment | 272,876,022.08 | 193,169,455.51 |
| Premiums receivable | | |
| Reinsurance accounts receivable | | |
| Reinsurance contract reserve receivable | | |
| Other receivables | 94,546,924.00 | 16,126,721.38 |
| Including: Interest receivable | | |
| Dividend receivable | | |
| Reverse-REPO financial assets | | |
| Inventories | 2,565,958,108.47 | 2,262,683,387.31 |
| Including: Data resource | | |
| Contract assets | | |
| Held-for-sale assets | | |
| Non-current assets due within one year | 1,558,446,438.34 | 285,783,958.92 |
| Other current assets | 287,995,915.36 | 142,423,696.22 |
| Total current assets | 10,603,927,260.76 | 10,036,694,506.68 |
| Non-current assets: | | |
| Loans and advances granted | | |
| Debt investment | | |

| | | |
|---|-------------------|-------------------|
| Other debt investment | 279,210,191.78 | 665,522,383.56 |
| Long-term receivables | | |
| Long-term equity investment | 60,739,389.71 | 61,678,984.35 |
| Other equity instrument investments | | |
| Other non-current financial assets | | |
| Investment properties | | |
| Fixed assets | 1,265,771,512.34 | 1,243,210,689.64 |
| Construction in progress | 13,026,975.92 | 26,862,380.61 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | 226,926,299.47 | 223,503,573.14 |
| Intangible assets | 408,007,646.66 | 428,978,842.72 |
| Including: Data resource | | |
| Development expenditures | | |
| Including: Data resource | | |
| Goodwill | | |
| Long-term unamortized expenses | | |
| Deferred income tax assets | 408,247,447.88 | 420,252,246.30 |
| Other non-current assets | | |
| Total non-current assets | 2,661,929,463.76 | 3,070,009,100.32 |
| Total assets | 13,265,856,724.52 | 13,106,703,607.00 |
| Current liabilities: | | |
| Short-term borrowings | | 199,741,167.36 |
| Central bank loan | | |
| Borrowing fund | | |
| Transactional financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | 1,282,200,000.00 | 1,235,000,000.00 |
| Accounts payable | 3,161,736,072.40 | 3,165,691,101.96 |
| Advance receipt | | |
| Contract liabilities | 1,088,405,139.86 | 862,706,076.18 |
| Proceeds from sale of repurchase financial assets | | |
| Deposit taken and interbank deposit | | |
| Proceeds from security transaction agency | | |

| | | |
|---|------------------|------------------|
| Proceeds from security underwriting agency | | |
| Employee remuneration payable | 357,563,855.07 | 332,138,705.28 |
| Taxes payable | 284,299,883.91 | 346,462,733.51 |
| Other payables | 135,584,472.49 | 147,617,550.27 |
| Including: Interest payable | | |
| Dividend payable | | |
| Handling fee and commission payable | | |
| Reinsurance accounts payable | | |
| Held-for-sale liabilities | | |
| Non-current liabilities due within one year | 41,987,421.60 | 47,568,255.43 |
| Other current liabilities | 172,075,402.77 | 147,652,214.40 |
| Total current liabilities | 6,523,852,248.10 | 6,484,577,804.39 |
| Non-current liabilities: | | |
| Insurance contract reserve | | |
| Long-term borrowings | | |
| Bonds payable | | |
| Including: Preferred share | | |
| Perpetual bond | | |
| Lease obligation | 188,428,980.22 | 177,281,125.36 |
| Long-term payables | | |
| Long-term employee remuneration payable | 39,199,438.59 | 15,836,573.16 |
| Estimated liabilities | 52,848,734.33 | 47,175,046.72 |
| Deferred incomes | | |
| Deferred income tax liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities | 280,477,153.14 | 240,292,745.24 |
| Total liabilities | 6,804,329,401.24 | 6,724,870,549.63 |
| Owners' equities: | | |
| Share capital | 801,359,733.00 | 806,708,657.00 |
| Other equity instruments | | |
| Including: Preferred share | | |
| Perpetual bond | | |
| Capital reserves | 191,294,609.67 | 173,110,627.02 |
| Minus: Treasury share | 234,497,705.25 | 488,057,333.76 |

| | | |
|--|-------------------|-------------------|
| Other comprehensive incomes | -28,222,735.40 | -19,176,454.59 |
| Special reserve | | |
| Surplus reserve | 294,492,653.92 | 355,939,901.82 |
| General risk reserve | | |
| Undistributed profit | 5,399,987,787.75 | 5,516,807,622.62 |
| Total owners' equities belonging to parent company | 6,424,414,343.69 | 6,345,333,020.11 |
| Minority shareholders' equities | 37,112,979.59 | 36,500,037.26 |
| Total owners' equities | 6,461,527,323.28 | 6,381,833,057.37 |
| Total liabilities and owners' equities | 13,265,856,724.52 | 13,106,703,607.00 |

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

2. Balance sheet of parent company

Unit: RMB

| Item | Closing balance | Opening balance |
|--|------------------|------------------|
| Current assets: | | |
| Monetary capital | 748,311,712.70 | 1,992,971,901.60 |
| Transactional financial assets | | 250,544,611.01 |
| Derivative financial assets | | |
| Notes receivable | | 400,000.00 |
| Accounts receivable | 682,534,678.42 | 624,130,389.56 |
| Receivables financing | | |
| Advance payment | 16,122,846.23 | 16,615,946.99 |
| Other receivables | 505,784,147.11 | 674,127,502.50 |
| Including: Interest receivable | | |
| Dividend receivable | | |
| Inventories | 128,970,803.25 | 145,018,340.32 |
| Including: Data resource | | |
| Contract assets | | |
| Held-for-sale assets | | |
| Non-current assets due within one year | 111,824,575.34 | 208,315,863.02 |
| Other current assets | 37,656,555.24 | 19,163,058.36 |
| Total current assets | 2,231,205,318.29 | 3,931,287,613.36 |
| Non-current assets: | | |
| Debt investment | | |

| | | |
|-------------------------------------|------------------|------------------|
| Other debt investment | 217,857,260.27 | |
| Long-term receivables | | |
| Long-term equity investment | 2,860,985,202.54 | 2,848,631,066.61 |
| Other equity instrument investments | | |
| Other non-current financial assets | | |
| Investment properties | | |
| Fixed assets | 128,714,726.20 | 142,355,870.24 |
| Construction in progress | 2,574,841.73 | 973,451.33 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | 1,948,264.71 | 3,583,014.87 |
| Intangible assets | 63,599,380.61 | 72,474,395.25 |
| Including: Data resource | | |
| Development expenditures | | |
| Including: Data resource | | |
| Goodwill | | |
| Long-term unamortized expenses | | |
| Deferred income tax assets | 27,648,932.96 | 25,592,220.27 |
| Other non-current assets | | |
| Total non-current assets | 3,303,328,609.02 | 3,093,610,018.57 |
| Total assets | 5,534,533,927.31 | 7,024,897,631.93 |
| Current liabilities: | | |
| Short-term borrowings | | |
| Transactional financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | | 33,950,000.00 |
| Accounts payable | 211,251,634.27 | 211,009,320.51 |
| Advance receipt | | |
| Contract liabilities | 2,321,881.15 | 1,702,589.31 |
| Employee remuneration payable | 63,078,502.91 | 52,532,428.56 |
| Taxes payable | 31,210,194.65 | 54,783,273.55 |
| Other payables | 751,756,230.39 | 1,905,723,034.41 |
| Including: Interest payable | | |
| Dividend payable | | |

| | | |
|---|------------------|------------------|
| Held-for-sale liabilities | | |
| Non-current liabilities due within one year | 586,811.04 | 965,476.36 |
| Other current liabilities | 62,056.02 | 462,826.72 |
| Total current liabilities | 1,060,267,310.43 | 2,261,128,949.42 |
| Non-current liabilities: | | |
| Long-term borrowings | | |
| Bonds payable | | |
| Including: Preferred share | | |
| Perpetual bond | | |
| Lease obligation | 1,336,858.43 | 2,369,608.01 |
| Long-term payables | | |
| Long-term employee remuneration payable | 17,745,958.51 | 7,212,613.48 |
| Estimated liabilities | | |
| Deferred incomes | | |
| Deferred income tax liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities | 19,082,816.94 | 9,582,221.49 |
| Total liabilities | 1,079,350,127.37 | 2,270,711,170.91 |
| Owners' equities: | | |
| Share capital | 801,359,733.00 | 806,708,657.00 |
| Other equity instruments | | |
| Including: Preferred share | | |
| Perpetual bond | | |
| Capital reserves | 267,604,558.65 | 249,621,368.24 |
| Minus: Treasury share | 234,497,705.25 | 488,057,333.76 |
| Other comprehensive incomes | | |
| Special reserve | | |
| Surplus reserve | 341,907,080.60 | 403,354,328.50 |
| Undistributed profit | 3,278,810,132.94 | 3,782,559,441.04 |
| Total owners' equities | 4,455,183,799.94 | 4,754,186,461.02 |
| Total liabilities and owners' equities | 5,534,533,927.31 | 7,024,897,631.93 |

3. Consolidated profit statement

Unit: RMB

| Item | 2024 | 2023 |
|--|-------------------|-------------------|
| I. Total Operating Income | 22,427,337,986.38 | 21,303,948,642.66 |
| Including: Operating income | 22,427,337,986.38 | 21,303,948,642.66 |
| Interest revenues | | |
| Premium earned | | |
| Revenue from handling fees and commission | | |
| II. Total Operating Costs | 20,021,689,781.47 | 18,897,483,488.23 |
| Including: Operating cost | 16,898,273,538.62 | 15,918,445,100.10 |
| Interest expense | | |
| Expense of handling fees and commission | | |
| Surrender value | | |
| Net payments for insurance claims | | |
| Net amount of withdrawn reserve fund for insured liability | | |
| Policy dividend expenditures | | |
| Reinsurance expenses | | |
| Taxes and surcharges | 148,207,237.14 | 142,250,651.43 |
| Sales expenses | 2,181,958,549.81 | 2,079,531,174.95 |
| Administrative expenses | 396,033,243.50 | 393,597,966.82 |
| R&D expenses | 469,662,999.96 | 431,288,536.29 |
| Financial expenses | -72,445,787.56 | -67,629,941.36 |
| Including: interest expenses | 12,026,213.39 | 14,343,311.85 |
| Interest revenues | 70,813,837.27 | 80,404,233.22 |
| Plus: Other incomes | 285,670,854.20 | 248,917,540.31 |
| Investment income ("-" for loss) | 31,326,489.87 | 48,812,244.43 |
| Including: investment income on associated enterprise and joint venture | -936,938.07 | -529,681.40 |
| Income from derecognition of financial assets measured by amortized cost | | |
| Exchange gain ("-" for loss) | | |
| Net exposure hedging gains ("-" for loss) | | |
| Gains from changes in fair value ("-" for loss) | 1,234,235.25 | 1,137,787.54 |
| Credit impairment loss ("-" for loss) | 17,018,202.32 | -26,219,380.58 |
| Asset impairment loss ("-" for loss) | -7,948,487.46 | 6,271,490.06 |
| Assets disposal income ("-" for loss) | -678,882.74 | -4,061,512.01 |
| III. Operating Profit ("-" for loss) | 2,732,270,616.35 | 2,681,323,324.18 |

| | | |
|---|------------------|------------------|
| Plus: Non-operating income | 10,277,695.66 | 15,268,837.43 |
| Minus: non-operating expense | 10,191,216.15 | 11,873,706.91 |
| IV. Total Profit ("-" for total loss) | 2,732,357,095.86 | 2,684,718,454.70 |
| Minus: income tax expenses | 487,113,115.06 | 505,298,017.49 |
| V. Net Profit ("-" for net loss) | 2,245,243,980.80 | 2,179,420,437.21 |
| (I) By business continuity | | |
| 1. Net profit under continuing operation ("-" for net loss) | 2,245,243,980.80 | 2,179,420,437.21 |
| 2. Net profit under discontinuing operation ("-" for net loss) | | |
| (II) By ownership | | |
| 1. Net profit belonging to the shareholders of parent company | 2,244,444,529.35 | 2,179,798,147.27 |
| 2. Minority shareholders' profit and loss | 799,451.45 | -377,710.06 |
| VI. After-tax Net Amount of Other Comprehensive Income | -9,232,789.93 | 1,550,791.25 |
| After-tax net amount of other comprehensive income belonging to the owners of parent company | -9,046,280.81 | 1,278,368.67 |
| (I) Other comprehensive incomes that can not be reclassified into profit and loss | | |
| 1. Remeasured amount of changes in defined benefit plan | | |
| 2. Other comprehensive income that cannot be transferred to gain and loss under the equity method | | |
| 3. Changes in the fair value of other equity instrument investments | | |
| 4. Changes in the fair value of the Company's own credit risk | | |
| 5. Others | | |
| (II) Other comprehensive incomes that can be reclassified into profit and loss | -9,046,280.81 | 1,278,368.67 |
| 1. Other comprehensive income that cannot be transferred to gain and loss under the equity method | | |
| 2. Changes in the fair value of other debt investments | | |
| 3. Amount of financial assets reclassified into other comprehensive income | | |
| 4. Credit impairment provision for other debt investments | | |
| 5. Cash flow hedging reserve | | |
| 6. Conversion difference in foreign currency financial statement | -9,046,280.81 | 1,278,368.67 |
| 7. Others | | |
| After-tax net amount of other comprehensive income belonging to minority shareholder | -186,509.12 | 272,422.58 |
| VII. Total Comprehensive Income | 2,236,011,190.87 | 2,180,971,228.46 |
| Total comprehensive income attributed to owners of parent company | 2,235,398,248.54 | 2,181,076,515.94 |
| Total comprehensive income attributed to minority shareholders | 612,942.33 | -105,287.48 |
| VIII. Earnings per Share | | |
| (I) Basic earnings per share (EPS) | 2.820 | 2.719 |

| | | |
|---------------------------------------|-------|-------|
| (II) Diluted earnings per share (EPS) | 2.819 | 2.719 |
|---------------------------------------|-------|-------|

If the enterprise under the same control is merged, the net profit realized by the merged party before merger was RMB 0, and the net profit realized by the merged party during the prior period was RMB 0.

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

4. Profit statement of the parent company

Unit: RMB

| Item | 2024 | 2023 |
|--|------------------|------------------|
| I. Operating Income | 3,253,171,571.70 | 2,800,805,334.77 |
| Minus: Operating cost | 2,846,477,034.58 | 2,370,968,026.25 |
| Taxes and surcharges | 10,087,501.19 | 11,856,409.25 |
| Sales expenses | 46,553,822.08 | 38,814,845.01 |
| Administrative expenses | 152,261,869.45 | 142,007,126.23 |
| R&D expenses | 9,708,491.51 | 8,598,131.92 |
| Financial expenses | -44,142,026.65 | -51,724,651.97 |
| Including: interest expenses | 11,510,373.27 | 14,377,169.62 |
| Interest revenues | 53,168,689.48 | 70,180,881.22 |
| Plus: Other incomes | 20,915,942.18 | 19,729,508.39 |
| Investment income ("- " for loss) | 1,649,806,411.87 | 1,766,607,997.40 |
| Including: investment income on associated enterprise and joint venture | -936,938.07 | -529,681.40 |
| Income from derecognition of financial assets measured by amortized cost ("- " for loss) | | |
| Net exposure hedging gains ("- " for loss) | | |
| Gains from changes in fair value ("- " for loss) | | 544,611.01 |
| Credit impairment loss ("- " for loss) | 2,190,808.49 | -5,681,450.92 |
| Asset impairment loss ("- " for loss) | -317,664.22 | 682,560.59 |
| Assets disposal income ("- " for loss) | 290,347.30 | -33,004.39 |
| II. Operating Profit ("- " for loss) | 1,905,110,725.16 | 2,062,135,670.16 |
| Plus: Non-operating income | 2,215,504.47 | 5,940,618.29 |
| Minus: non-operating expense | 3,117,718.78 | 5,350,542.11 |
| III. Total Profit ("- " for total loss) | 1,904,208,510.85 | 2,062,725,746.34 |
| Minus: income tax expenses | 46,693,454.73 | 83,072,248.78 |
| IV. Net Profit ("- " for net loss) | 1,857,515,056.12 | 1,979,653,497.56 |
| (I) Net profit under continuing operation ("- " for net loss) | 1,857,515,056.12 | 1,979,653,497.56 |
| (II) Net profit under discontinuing operation ("- " for net loss) | | |

| | | |
|---|------------------|------------------|
| V. After-tax Net Amount of Other Comprehensive Income | | |
| (I) Other comprehensive incomes that can not be reclassified into profit and loss | | |
| 1. Remeasured amount of changes in defined benefit plan | | |
| 2. Other comprehensive income that cannot be transferred to gain and loss under the equity method | | |
| 3. Changes in the fair value of other equity instrument investments | | |
| 4. Changes in the fair value of the Company's own credit risk | | |
| 5. Others | | |
| (II) Other comprehensive incomes that can be reclassified into profit and loss | | |
| 1. Other comprehensive income that cannot be transferred to gain and loss under the equity method | | |
| 2. Changes in the fair value of other debt investments | | |
| 3. Amount of financial assets reclassified into other comprehensive income | | |
| 4. Credit impairment provision for other debt investments | | |
| 5. Cash flow hedging reserve | | |
| 6. Conversion difference in foreign currency financial statement | | |
| 7. Others | | |
| VI. Total Comprehensive Income | 1,857,515,056.12 | 1,979,653,497.56 |
| VII. Earnings per Share | | |
| (I) Basic earnings per share (EPS) | | |
| (II) Diluted earnings per share (EPS) | | |

5. Consolidated cash flow statement

Unit: RMB

| Item | 2024 | 2023 |
|--|-------------------|-------------------|
| I. Cash Flows from Operating Activities: | | |
| Cash received from sales of commodities or rendering of services | 26,230,527,558.74 | 21,943,107,463.51 |
| Net increase of customer deposit and interbank deposit | | |
| Net increase of central bank loans | | |
| Net increase of loans from other financial institutions | | |
| Cash received from original insurance contract premium | | |
| Net cash received from reinsurance | | |
| Net increase of policy-holder deposit and investment | | |
| Cash receipts from interest, handling fees and commission | | |
| Net increase of loans from others | | |

| | | |
|--|-------------------|-------------------|
| Net increment of repurchase capital | | |
| Net cash from security transaction agency | | |
| Tax refund received | 480,075,936.29 | 356,790,351.15 |
| Other cash received relating to operating activities | 263,103,932.86 | 267,893,712.24 |
| Subtotal of cash inflows from operating activities | 26,973,707,427.89 | 22,567,791,526.90 |
| Cash payments for purchasing commodities and receiving services | 19,042,418,299.48 | 15,769,508,361.73 |
| Net increment of customer loans and advances | | |
| Net increase of central bank deposit and interbank deposit | | |
| Cash payment for insurance indemnities of original insurance contracts | | |
| Net increase of loans to other banks | | |
| Cash for interest, handling fees and commission | | |
| Cash payment of policy dividend | | |
| Cash paid to and for employees | 1,990,490,337.49 | 1,779,509,629.09 |
| Taxes paid | 1,247,877,282.05 | 1,028,954,311.82 |
| Other cash expenses related to operating activities | 2,109,419,370.67 | 1,954,909,888.06 |
| Subtotal of cash outflows from operating activities | 24,390,205,289.69 | 20,532,882,190.70 |
| Net cash flows from operating activities | 2,583,502,138.20 | 2,034,909,336.20 |
| II. Net Cash Flows from Investing Activities: | | |
| Cash received from return of investments | | |
| Cash received from investment income | 63,798,416.92 | 75,313,420.68 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 9,372,792.03 | 2,626,672.37 |
| Net cash receipts from disposal of subsidiaries and other business units | | |
| Other cash received relating to investing activities | 3,982,135,271.09 | 2,738,215,081.02 |
| Subtotal of cash inflows from investing activities | 4,055,306,480.04 | 2,816,155,174.07 |
| Net cash paid for the construction of fixed assets, intangible assets and other long-term assets | 208,214,259.37 | 137,477,524.11 |
| Cash paid for investment | | |
| Net increase of pledge loans | | |
| Net cash paid for acquiring subsidiaries and other business units | | |
| Other cash expenses related to investing activities | 3,852,251,431.43 | 2,923,123,711.63 |
| Subtotal of cash outflows from investing activities | 4,060,465,690.80 | 3,060,601,235.74 |
| Net cash flows from investing activities | -5,159,210.76 | -244,446,061.67 |
| III. Net Cash Flows from Financing Activities: | | |
| Cash from absorbing investments | | |

| | | |
|---|-------------------|-------------------|
| Including: cash received by subsidiaries from minority shareholder investment | | |
| Cash received from obtaining borrowings | 198,860,697.83 | 198,504,388.57 |
| Other cash receipts related to financing activities | | 79,000.00 |
| Subtotal of cash inflows from financing activities | 198,860,697.83 | 198,583,388.57 |
| Cash paid for debt repayment | 400,000,000.00 | |
| Cash paid for distribution of dividends or profits or for payment of interest | 2,175,512,858.61 | 2,439,504,228.21 |
| Including: dividends or profits paid by subsidiaries to minority shareholders | | |
| Other cash payments related to financing activities | 57,283,730.98 | 540,741,394.47 |
| Subtotal of cash outflows from financing activities | 2,632,796,589.59 | 2,980,245,622.68 |
| Net cash flows from financing activities | -2,433,935,891.76 | -2,781,662,234.11 |
| IV. Impact of Exchange Rate Changes on Cash and Cash Equivalents | 18,959,000.74 | 1,019,143.56 |
| V. Net Increase in Cash and Cash Equivalents | 163,366,036.42 | -990,179,816.02 |
| Plus: Balance of cash and cash equivalents at the beginning of the period | 1,405,752,936.36 | 2,395,932,752.38 |
| VI. Balance of Cash and Cash Equivalents at the End of the Period | 1,569,118,972.78 | 1,405,752,936.36 |

6. Cash flow statement of parent company

Unit: RMB

| Item | 2024 | 2023 |
|---|------------------|------------------|
| I. Cash Flows from Operating Activities: | | |
| Cash received from sales of commodities or rendering of services | 3,308,998,535.67 | 2,675,975,306.62 |
| Tax refund received | 216,396,412.91 | 154,933,316.86 |
| Other cash received relating to operating activities | 61,040,653.24 | 70,788,457.00 |
| Subtotal of cash inflows from operating activities | 3,586,435,601.82 | 2,901,697,080.48 |
| Cash payments for purchasing commodities and receiving services | 3,052,086,770.67 | 2,448,288,210.73 |
| Cash paid to and for employees | 224,773,494.44 | 170,100,393.05 |
| Taxes paid | 81,943,109.74 | 72,211,600.02 |
| Other cash expenses related to operating activities | 108,988,676.38 | 72,825,973.49 |
| Subtotal of cash outflows from operating activities | 3,467,792,051.23 | 2,763,426,177.29 |
| Net cash flows from operating activities | 118,643,550.59 | 138,270,903.19 |
| II. Net Cash Flows from Investing Activities: | | |
| Cash received from return of investments | | |
| Cash received from investment income | 1,670,046,037.34 | 1,788,640,317.70 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 612,696.07 | 603,663.57 |

| | | |
|--|-------------------|-------------------|
| Net cash receipts from disposal of subsidiaries and other business units | | |
| Other cash received relating to investing activities | 1,708,104,501.40 | 1,105,049,702.00 |
| Subtotal of cash inflows from investing activities | 3,378,763,234.81 | 2,894,293,683.27 |
| Net cash paid for the construction of fixed assets, intangible assets and other long-term assets | 18,366,862.91 | 23,182,198.26 |
| Cash paid for investment | | |
| Net cash paid for acquiring subsidiaries and other business units | | |
| Other cash expenses related to investing activities | 1,846,208,777.83 | 1,465,412,274.03 |
| Subtotal of cash outflows from investing activities | 1,864,575,640.74 | 1,488,594,472.29 |
| Net cash flows from investing activities | 1,514,187,594.07 | 1,405,699,210.98 |
| III. Net Cash Flows from Financing Activities: | | |
| Cash from absorbing investments | | |
| Cash received from obtaining borrowings | | |
| Other cash receipts related to financing activities | 309,899,781.79 | 1,297,348,085.21 |
| Subtotal of cash inflows from financing activities | 309,899,781.79 | 1,297,348,085.21 |
| Cash paid for debt repayment | | |
| Cash paid for distribution of dividends or profits or for payment of interest | 2,187,199,900.85 | 2,454,574,408.09 |
| Other cash payments related to financing activities | 866,913.55 | 480,891,856.13 |
| Subtotal of cash outflows from financing activities | 2,188,066,814.40 | 2,935,466,264.22 |
| Net cash flows from financing activities | -1,878,167,032.61 | -1,638,118,179.01 |
| IV. Impact of Exchange Rate Changes on Cash and Cash Equivalents | 6,077,068.92 | -2,235,360.05 |
| V. Net Increase in Cash and Cash Equivalents | -239,258,819.03 | -96,383,424.89 |
| Plus: Balance of cash and cash equivalents at the beginning of the period | 987,570,531.73 | 1,083,953,956.62 |
| VI. Balance of Cash and Cash Equivalents at the End of the Period | 748,311,712.70 | 987,570,531.73 |

7. Statement of changes in consolidated owners' equities

Amount of this period

Unit: RMB

| Item | 2024 | | | | | | | | | | | | | | |
|--------------------------------------|--|--------------------------|--------------------|--------|---------------------|------------------------------|---------------------------------------|--------------------|--------------------|----------------------------|-----------------------------|--------|----------------------|---|------------------------------|
| | Owners' equities belonging to parent company | | | | | | | | | | | | | Minorit y sharehol ders' equities | Total owners' equities |
| | Share capital | Other equity instruments | | | Capital reserves | Minus: Treasur y share | Other compre hensive incomes | Special reserve | Surplus reserve | General risk reserve | Undistri buted profit | Others | Subtotal | | |
| | | Preferr ed share | Perpetu al bond | Others | | | | | | | | | | | |
| I. Closing Balance of the Last | 806,70 8,657.0 0 | | | | 173,110 ,627.02 | 488,057 ,333.76 | - 19,176, 454.59 | | 355,939 ,901.82 | | 5,516,8 07,622. 62 | | 6,345,333 ,020.11 | 36,500, 037.26 | 6,381.8 33,057. 37 |

| Year | | | | | | | | | | | | | | | |
|---|------------------------|--|--|--|--------------------|-------------------------|------------------------|--|-------------------------|--|--------------------------|--|----------------------|-------------------|--------------------------|
| Plus: cumulative changes of accounting policies | | | | | | | | | | | | | | | |
| Error correction of prior period | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Opening Balance of the Current Year | 806,70 8,657.0 0 | | | | 173,110 ,627.02 | 488,057 ,333.76 | - 19,176, 454.59 | | 355,939 ,901.82 | | 5,516,8 07,622. 62 | | 6,345,333 ,020.11 | 36,500, 037.26 | 6,381.8 33,057. 37 |
| III. Changes of the Current Period ("-" for Decrease) | - 5,348,9 24.00 | | | | 18,183, 982.65 | - 253,559 ,628.51 | - 9,046,2 80.81 | | - 61,447, 247.90 | | - 116,819 ,834.87 | | 79,081,32 3.58 | 612,942 .33 | 79,694, 265.91 |
| (I) Total of comprehen sive incomes | | | | | | | - 9,046,2 80.81 | | | | 2,244,4 44,529. 35 | | 2,235,398 ,248.54 | 612,942 .33 | 2,236,0 11,190. 87 |
| (II) Capital invested and reduced by the owner | - 5,348,9 24.00 | | | | 18,183, 982.65 | - 253,559 ,628.51 | | | - 247,198 ,753.51 | | | | 19,195,93 3.65 | | 19,195, 933.65 |
| 1. Common shares invested by owners | | | | | | | | | | | | | | | |
| 2. Capital invested by other equity instrument holders | | | | | | | | | | | | | | | |
| 3. Amount of share- based payment through owners' | - 198,92 4.00 | | | | 18,183, 982.65 | - 1,210,8 75.00 | | | | | | | 19,195,93 3.65 | | 19,195, 933.65 |

| | | | | | | | | | | | | | | | |
|--|-------------------|--|--|--|--|---------------------|--|--|---------------------|---------------------|-----------------------|-----------------------|--|-----------------------|--|
| equities | | | | | | | | | | | | | | | |
| 4. Others | - 5,150,000.00 | | | | | - 252,348,753.51 | | | - 247,198,753.51 | | | | | | |
| (III) Profit distribution | | | | | | | | | | - 185,751,505.61 | - 2,361,264,364.22 | - 2,175,512,858.61 | | - 2,175,512,858.61 | |
| 1. Appropriation of surplus reserve | | | | | | | | | | 185,751,505.61 | - 185,751,505.61 | | | | |
| 2. Appropriation of general risk reserve | | | | | | | | | | | | | | | |
| 3. Appropriation of profit to owners (or shareholders) | | | | | | | | | | | - 2,175,512,858.61 | - 2,175,512,858.61 | | - 2,175,512,858.61 | |
| 4. Others | | | | | | | | | | | | | | | |
| (IV) Internal carry-over within owners' equities | | | | | | | | | | | | | | | |
| 1. Transfer of capital reserve to capital (or share capital) | | | | | | | | | | | | | | | |
| 2. Transfer of surplus reserve to capital (or share capital) | | | | | | | | | | | | | | | |
| 3. Surplus reserve to cover losses | | | | | | | | | | | | | | | |
| 4. Retained earnings after carrying | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|--|----------------|--|--|--|----------------|----------------|----------------|--|----------------|--|------------------|--|------------------|---------------|------------------|
| over amount of changes in defined benefit plan | | | | | | | | | | | | | | | |
| 5. Retained earnings after carrying over other comprehensive incomes | | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | | | | | | |
| 2. Application of current period | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Closing Balance of the Current Period | 801,359,733.00 | | | | 191,294,609.67 | 234,497,705.25 | -28,222,735.40 | | 294,492,653.92 | | 5,399,987,787.75 | | 6,424,414,343.69 | 37,112,979.59 | 6,461,527,323.28 |

Amount of the prior period

Unit: RMB

| Item | 2023 | | | | | | | | | | | | | | |
|--|--|-----------------------------|-----------------------|--------|---------------------|------------------------------|---------------------------------------|--------------------|--------------------|----------------------------|-----------------------------|--------|--------------------------|---|------------------------------|
| | Owners' equities belonging to parent company | | | | | | | | | | | | | Minorit y sharehol ders' equities | Total owners' equities |
| | Share capital | Other equity instruments | | | Capital reserves | Minus: Treasur y share | Other compre hensive incomes | Special reserve | Surplus reserve | General risk reserve | Undistrib uted profit | Others | Subtotal | | |
| | | Prefer ed share | Perpe tual bond | Others | | | | | | | | | | | |
| I. Closing Balance of the Last Year | 808,654,4 76.00 | | | | 125,368 ,989.44 | 99,724, 823.49 | - 20,454, 823.26 | | 356,924 ,811.32 | | 5,865,31 6,233.53 | | 7,036,0 84,863. 54 | 36,605, 324.74 | 7,072,6 90,188. 28 |
| Plus: cumulative | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|---|----------------|--|--|--|----------------|----------------|----------------|--|----------------|--|------------------|--|------------------|---------------|------------------|
| changes of accounting policies | | | | | | | | | | | | | | | |
| Error correction of prior period | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Opening Balance of the Current Year | 808,654,476.00 | | | | 125,368,989.44 | 99,724,823.49 | -20,454,823.26 | | 356,924,811.32 | | 5,865,316,233.53 | | 7,036,084,863.54 | 36,605,324.74 | 7,072,690,188.28 |
| III. Changes of the Current Period ("-" for Decrease) | -1,945,819.00 | | | | 47,741,637.58 | 388,332,510.27 | 1,278,368.67 | | -984,909.50 | | -348,508,610.91 | | -690,751,843.43 | -105,287.48 | -690,857,130.91 |
| (I) Total of comprehensive incomes | | | | | | | 1,278,368.67 | | | | 2,179,798,147.27 | | 2,181,076,515.94 | -105,287.48 | 2,180,971,228.46 |
| (II) Capital invested and reduced by the owner | -1,945,819.00 | | | | 47,741,637.58 | -91,733,258.47 | | | -86,136,849.47 | | -3,650,590.00 | | 47,741,637.58 | | 47,741,637.58 |
| 1. Common shares invested by owners | | | | | | | | | | | | | | | |
| 2. Capital invested by other equity instrument holders | | | | | | | | | | | | | | | |
| 3. Amount of share-based payment through owners' equities | -75,750.00 | | | | 47,741,637.58 | -3,726,340.00 | | | | | -3,650,590.00 | | 47,741,637.58 | | 47,741,637.58 |
| 4. Others | -1,870,069.00 | | | | | -88,006,918.47 | | | -86,136,849.47 | | | | | | |

| | | | | | | | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|---------------|--|------------------|--|------------------|--|------------------|
| (III) Profit distribution | | | | | | | | | 85,151,939.97 | | - | | 2,439,504,228.21 | | - |
| 1. Appropriation of surplus reserve | | | | | | | | | 85,151,939.97 | | - | | | | |
| 2. Appropriation of general risk reserve | | | | | | | | | | | | | | | |
| 3. Appropriation of profit to owners (or shareholders) | | | | | | | | | | | - | | - | | - |
| | | | | | | | | | | | 2,439,504,228.21 | | 2,439,504,228.21 | | 2,439,504,228.21 |
| 4. Others | | | | | | | | | | | | | | | |
| (IV) Internal carry-over within owners' equities | | | | | | | | | | | | | | | |
| 1. Transfer of capital reserve to capital (or share capital) | | | | | | | | | | | | | | | |
| 2. Transfer of surplus reserve to capital (or share capital) | | | | | | | | | | | | | | | |
| 3. Surplus reserve to cover losses | | | | | | | | | | | | | | | |
| 4. Retained earnings after carrying over amount of changes in defined benefit | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|--|----------------|--|--|--|----------------|----------------|----------------|--|----------------|--|------------------|--|------------------|---------------|------------------|
| plan | | | | | | | | | | | | | | | |
| 5. Retained earnings after carrying over other comprehensive incomes | | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | | | | | | |
| 2. Application of current period | | | | | | | | | | | | | | | |
| (VI) Others | | | | | | 480,065,768.74 | | | | | | | -480,065,768.74 | | -480,065,768.74 |
| IV. Closing Balance of the Current Period | 806,708,657.00 | | | | 173,110,627.02 | 488,057,333.76 | -19,176,454.59 | | 355,939,901.82 | | 5,516,807,622.62 | | 6,345,333,020.11 | 36,500,037.26 | 6,381,833,057.37 |

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

Amount of this period

Unit: RMB

| Item | 2024 | | | | | | | | | | | |
|---|----------------|--------------------------|-----------------|--------|------------------|-----------------------|-----------------------------|-----------------|-----------------|----------------------|--------|------------------------|
| | Share capital | Other equity instruments | | | Capital reserves | Minus: Treasury share | Other comprehensive incomes | Special reserve | Surplus reserve | Undistributed profit | Others | Total owners' equities |
| | | Preferr ed share | Perpetu al bond | Others | | | | | | | | |
| I. Closing Balance of the Last Year | 806,708,657.00 | | | | 249,621,368.24 | 488,057,333.76 | | | 403,354,328.50 | 3,782,559,441.04 | | 4,754,186,461.02 |
| Plus: cumulative changes of accounting policies | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|----------------|--|--|--|----------------|-----------------|--|--|-----------------|-------------------|--|-------------------|
| Error correction of prior period | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II. Opening Balance of the Current Year | 806,708,657.00 | | | | 249,621,368.24 | 488,057,333.76 | | | 403,354,328.50 | 3,782,559,441.04 | | 4,754,186,461.02 |
| III. Changes of the Current Period ("-" for Decrease) | -5,348,924.00 | | | | 17,983,190.41 | -253,559,628.51 | | | -61,447,247.90 | -503,749,308.10 | | -299,002,661.08 |
| (I) Total of comprehensive incomes | | | | | | | | | | 1,857,515,056.12 | | 1,857,515,056.12 |
| (II) Capital invested and reduced by the owner | -5,348,924.00 | | | | 17,983,190.41 | -253,559,628.51 | | | -247,198,753.51 | | | 18,995,141.41 |
| 1. Common shares invested by owners | | | | | | | | | | | | |
| 2. Capital invested by other equity instrument holders | | | | | | | | | | | | |
| 3. Amount of share-based payment through owners' equities | -198,924.00 | | | | 17,983,190.41 | -1,210,875.00 | | | | | | 18,995,141.41 |
| 4. Others | -5,150,000.00 | | | | | -252,348,753.51 | | | -247,198,753.51 | | | |
| (III) Profit distribution | | | | | | | | | 185,751,505.61 | -2,361,264,364.22 | | -2,175,512,858.61 |
| 1. Appropriation of surplus reserve | | | | | | | | | 185,751,505.61 | -185,751,505.61 | | |
| 2. Appropriation of profit to owners (or shareholders) | | | | | | | | | | -2,175,512,858.61 | | -2,175,512,858.61 |
| 3. Others | | | | | | | | | | | | |
| (IV) Internal carry-over within owners' equities | | | | | | | | | | | | |
| 1. Transfer of capital reserve to capital (or share capital) | | | | | | | | | | | | |
| 2. Transfer of surplus reserve to | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|----------------|--|--|--|----------------|----------------|--|--|----------------|------------------|--|------------------|
| capital (or share capital) | | | | | | | | | | | | |
| 3. Surplus reserve to cover losses | | | | | | | | | | | | |
| 4. Retained earnings after carrying over amount of changes in defined benefit plan | | | | | | | | | | | | |
| 5. Retained earnings after carrying over other comprehensive incomes | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | | | |
| 2. Application of current period | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | |
| IV. Closing Balance of the Current Period | 801,359,733.00 | | | | 267,604,558.65 | 234,497,705.25 | | | 341,907,080.60 | 3,278,810,132.94 | | 4,455,183,799.94 |

Amount of the prior period

Unit: RMB

| Item | 2023 | | | | | | | | | | | |
|---|----------------|--------------------------|----------------|--------|------------------|-----------------------|-----------------------------|-----------------|-----------------|----------------------|--------|------------------------|
| | Share capital | Other equity instruments | | | Capital reserves | Minus: Treasury share | Other comprehensive incomes | Special reserve | Surplus reserve | Undistributed profit | Others | Total owners' equities |
| | | Preferred share | Perpetual bond | Others | | | | | | | | |
| I. Closing Balance of the Last Year | 808,654,476.00 | | | | 202,697,741.40 | 99,724,823.49 | | | 404,339,238.00 | 4,331,212,701.66 | | 5,647,179,333.57 |
| Plus: cumulative changes of accounting policies | | | | | | | | | | | | |
| Error correction of prior period | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|----------------|--|--|--|----------------|----------------|--|--|----------------|-------------------|--|-------------------|
| II. Opening Balance of the Current Year | 808,654,476.00 | | | | 202,697,741.40 | 99,724,823.49 | | | 404,339,238.00 | 4,331,212,701.66 | | 5,647,179,333.57 |
| III. Changes of the Current Period ("-" for Decrease) | -1,945,819.00 | | | | 46,923,626.84 | 388,332,510.27 | | | -984,909.50 | -548,653,260.62 | | -892,992,872.55 |
| (I) Total of comprehensive incomes | | | | | | | | | | 1,979,653,497.56 | | 1,979,653,497.56 |
| (II) Capital invested and reduced by the owner | -1,945,819.00 | | | | 46,923,626.84 | -91,733,258.47 | | | -86,136,849.47 | -3,650,590.00 | | 46,923,626.84 |
| 1. Common shares invested by owners | | | | | | | | | | | | |
| 2. Capital invested by other equity instrument holders | | | | | | | | | | | | |
| 3. Amount of share-based payment through owners' equities | -75,750.00 | | | | 46,923,626.84 | -3,726,340.00 | | | | -3,650,590.00 | | 46,923,626.84 |
| 4. Others | -1,870,069.00 | | | | | -88,006,918.47 | | | -86,136,849.47 | | | |
| (III) Profit distribution | | | | | | | | | 85,151,939.97 | -2,524,656,168.18 | | -2,439,504,228.21 |
| 1. Appropriation of surplus reserve | | | | | | | | | 85,151,939.97 | -85,151,939.97 | | |
| 2. Appropriation of profit to owners (or shareholders) | | | | | | | | | | -2,439,504,228.21 | | -2,439,504,228.21 |
| 3. Others | | | | | | | | | | | | |
| (IV) Internal carry-over within owners' equities | | | | | | | | | | | | |
| 1. Transfer of capital reserve to capital (or share capital) | | | | | | | | | | | | |
| 2. Transfer of surplus reserve to capital (or share capital) | | | | | | | | | | | | |
| 3. Surplus reserve to cover losses | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--|----------------|--|--|--|----------------|----------------|--|--|----------------|------------------|--|------------------|
| 4. Retained earnings after carrying over amount of changes in defined benefit plan | | | | | | | | | | | | |
| 5. Retained earnings after carrying over other comprehensive incomes | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | |
| 1. Appropriation of current period | | | | | | | | | | | | |
| 2. Application of current period | | | | | | | | | | | | |
| (VI) Others | | | | | | 480,065,768.74 | | | | | | -480,065,768.74 |
| IV. Closing Balance of the Current Period | 806,708,657.00 | | | | 249,621,368.24 | 488,057,333.76 | | | 403,354,328.50 | 3,782,559,441.04 | | 4,754,186,461.02 |

III. Company Profile

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

The Company and its subsidiaries (hereinafter referred to as "Supor") are mainly engaged in the R&D, production and distribution of kitchen tools, stainless steel products, daily hardware, small domestic appliances and cookware; its products are cookware and small domestic appliances.

The financial statement was released after the approval of the Company's Board of Directors on March 27, 2025.

By December 31, 2024, there were altogether 20 subsidiaries included in the scope of consolidated financial statement. See Note X "Equity in Other Entities" for details.

IV. Preparation Basis of the Financial Statements

1. Preparation basis

The financial statements of the Group are prepared based on the assumption of continuing operation and actual transactions and items and in accordance with the *Accounting Standards for Business Enterprises - Basic Standard* (Released CZBL No.33,

Revised CZBL No.76) issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as the "Ministry of Finance"), and 42 specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations to the accounting standards for business enterprises and other provisions released and revised on and after February 15, 2006 (hereinafter referred to as accounting standards for business enterprises) and the disclosure provisions of the *Regulations of Corporate Information Disclosure and Preparation by Companies Publicly Issuing Securities No.15 - General Provisions on Financial Reporting* (Revised in 2023) of the China Securities Regulatory Commission.

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

2. Continuing operation

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

V. Important Accounting Policies and Estimates

Prompt for specific accounting policies and estimates:

The Group has formulated several specific accounting policies and estimates based on the actual production and operation characteristics and relevant accounting standards for business enterprises.

When preparing financial statements, the Group's management needs to use estimates and assumptions, which will affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses. The actual situation may differ from these estimates. The management of the Group continuously evaluates the key assumptions and uncertainties involved in the estimation, and recognizes the impact of changes in accounting estimates in the current and future periods of the change. The Group's main accounting estimates include depreciation and amortization of fixed assets and intangible assets (see notes V, 17, and 20), impairment of various assets (see notes VII, 4, 6, 8, 13, and XIX, 1, and 2), recognition of deferred tax assets and liabilities (see notes VII, 17), disclosure of fair value (see note XIII), and share-based payments (see note XV).

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

The financial statement conforms to the requirements of Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and has reflected relevant information such as the financial condition and consolidated financial condition as at December 31, 2024, and the operating result, consolidated operating result, cash flow, and consolidated cash flow for the year of 2024, of the Company and Supor. In addition, the financial statements of the Company and the Group conform to the disclosure requirements of the *Regulations of Corporate Information Disclosure and Preparation by Companies Publicly Issuing Securities No. 15 - General Provisions on Financial Reporting* revised by the China Securities Regulatory Commission (CSRC) in 2023 and related financial statements and their notes.

2. Accounting period

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

3. Operating cycle

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

4. Recording currency

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

5. Determination method and selection basis of significance standards

☒ Applicable ☐ Not applicable

| Item | Significant standard |
|--|------------------------|
| Significant accounts receivable written off | 5% of the total profit |
| Important other debt investments | |
| Significant construction in progress | |
| Important accounts payable with aging over one year: | |
| Significant not wholly-owned subsidiaries | |
| Significant joint venture or associated enterprises | |

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

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

For transactions not under the same control, the purchasing party will consider whether to choose the simplified judgment method of "concentration test" when judging whether the acquired asset portfolio constitutes a business. If the portfolio passes the concentration test, it is judged that it does not constitute a business. Otherwise, it shall still be judged in line with business conditions.

When the Group acquires a group of assets or net assets that do not constitute a business, the purchase cost shall be allocated on the basis of the relative fair value of the identifiable assets and liabilities acquired on the purchase date, and shall not be treated as per the following accounting treatment methods for enterprise merger.

(1) Enterprise merger under the same control

If enterprises involved with merger are under the final control of the same party or same multiple parties before and after merger, and for a non-temporary period, then it belongs to an enterprise merger under the same control. In a business merger, the Company measures the acquired assets and liabilities at the book values for the merged party as recorded in the consolidated financial statements of the ultimate controller on the merger date. As to the difference between the book value of net assets acquired and the book value of merger consideration paid by it (or total amount of the book value of shares issued), the capital

reserve (share capital premium) shall be adjusted correspondingly; If the share capital premium in the capital reserve is insufficient to be deducted, the surplus reserve and undistributed profits shall be deducted in turn. The direct expenses incurred from enterprise merger shall be recognized through current profits and losses at the time of occurrence. The merger date refers to the day when the merging party actually obtains the control rights of the merged party.

(2) Enterprise merger not under the same control

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

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

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

As for the enterprise merger not under the same control realized step by step through multiple transactions, it shall judge whether the multiple transactions belong to the "package deal" according to *No. 5 Notice About Printing and Issuing Accounting Standards for Business Enterprises Explanation in Ministry of Finance* (CK [2012] No. 19) and the judgment standard (refer to the Note V. 7 "Judgment Criteria for Control and Preparation Method for Consolidated Financial Statements" (2)) about "package deal" in Article 51 of the *Accounting Standards for Business Enterprises No. 33 -- Consolidated Financial Statement*. If the multiple transactions belong to the "package deal", refer to the above descriptions of the part and Note V. 16 "Long-term Equity Investment" to conduct the accounting treatment; for those not belonging to "package deal", it shall distinguish individual financial statements and consolidated financial statements to conduct relevant accounting treatment.

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

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 recognized through current investment income; in case that equity of the purchased party held before the purchase date is involved in other comprehensive incomes, other comprehensive income related shall be transferred to the current investment income on the purchase date.

7. Judgment criteria of control, and preparation method for consolidated financial statements

(1) Principles for defining the scope of consolidated financial statement

The scope of the consolidated financial statements is control-based. Control refers to that Supor has the right in an investee which allows it to enjoy variable returns by participating relevant activities of such investee and to use such right to influence the amount of such returns. In determining whether the Group has control over an investee, the Group considers substantive rights related to the investee (including substantive rights held by the Group itself and those held by other parties). The financial condition, operating results, and cash flows of the subsidiaries are included in the consolidated financial statements from the date control commences to the date control ceases. The consolidation scope shall include the Company and all its subsidiaries, and "subsidiaries" refers to the bodies under the control of Supor.

Supor will re-evaluate the situation once the change in relevant facts and circumstances affects the factors involved in the above definition of control.

(2) Preparation method for consolidated financial statements

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

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

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

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

In case of losing the control right for the original subsidiary due to disposal of partial equity investment or other reasons, the residual equity shall be measured again according to the fair value at the date when the control right is lost. The difference between the sum of the consideration acquired by equity disposal and the fair value of residual equity and the share of net assets of the original subsidiary that shall be enjoyed and is calculated continuously from the purchase date according to the original shareholding ratio shall be recognized through investment income of the current period when the control right is lost. As for other comprehensive income which relate to the equity investment of the original subsidiaries, when the control right is lost, the accounting treatment shall be carried out on the same basis as the subsidiary's direct disposal of relevant assets or liabilities. Thereafter, the residual equity of this part shall be further measured in accordance with *Accounting Standards for Business Enterprises No. 2 -- Long-term Equity Investment* or *Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments*. See Note V 16 "Long-term Equity Investment" or Note V. 10 "Financial Instruments" for details.

If the Group disposes the equity investment of subsidiary step by step via multiple transactions until losing the control right, it is necessary to distinguish whether transactions for disposal to the equity investment of subsidiary until losing the control right belong to the package deal. When the disposal of the articles, conditions and the economic impact of various transactions for the equity investment of the subsidiary is subject to one or more of the following conditions, it generally indicates that it shall conduct accounting treatment by taking the multiple transactions as a package deal: ① These transactions are considered to be concluded at the same time or made in the case of considering mutual influence; ② These transactions as a whole can reach a complete business result; ③ The occurrence of a transaction depends on the occurrence of at least one other transaction; ④ One transaction alone is not economical, but when being considered together with other transactions, it is economical. If it is not package deal, every transaction will be conducted by the accounting treatment according to the following suitable principles, namely, "partially dispose the long-term equity investment of subsidiary when the control right is not lost" (See Note V 16 "Long-term Equity Investment" (2) (d)) and "lose the control right for the original subsidiary due to disposal of partial equity investment or other reasons" (see previous paragraph) for details. If the disposal of transactions on subsidiaries' equity investments until loss of control right is a package deal, they are regarded as a transaction that disposes the subsidiary and loses the control right; however, the difference between each disposal price and the subsidiary's net asset share enjoyed corresponding to disposing investment before loss of control right shall be recognized as other comprehensive incomes in the consolidated financial statements, which will be transferred into the current investment profits and losses on investments of losing the control right when the control right is lost.

8. Determining standards for cash and cash equivalents

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

9. Foreign currency business and foreign currency statement conversion

(1) Conversion method for foreign currency transactions

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

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

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

As to foreign currency non-monetary items measured by historical cost, the amount in the recording currency converted at the spot rate on the transaction date is still employed for measurement; as to foreign currency non-monetary items measured by fair value, it's required to employ the spot rate at the fair value confirmation date for conversion, and the resulting exchange difference belongs to the difference of equity instrument investment at fair value through other comprehensive incomes, and is recognized through other comprehensive income or recognized through other comprehensive incomes; other differences are recognized through current profits and losses.

(3) Conversion of foreign currency financial statement

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

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

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

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

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

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

10. Financial instruments

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

(1) Classification, recognition and measurement of financial assets

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

The business mode of the Company's management of financial assets means that how the Group manages its financial assets so as to generate cash flows. Through business mode, it can be determined that whether the cash flow of financial assets managed by the Group is from the collection of contractual cash flow, sales of financial assets, or both. The Group, based on the objective fact and specific business objective of financial asset management determined by key management personnel, makes decisions on the business mode for managing financial assets.

The Group evaluates the contractual cash flow characteristic of financial assets to determine whether the contractual cash flow generated by the relevant financial assets on the specific date is only payment of principal and interests for outstanding principal amount. Wherein, the principal refers to the fair value of financial assets at initial recognition; interest includes consideration of the time value of money, the credit risk related to the outstanding principal amount for a specific period, and other basic borrowing risks, costs, and profits. Furthermore, the Group evaluates the contract terms that are likely to cause changes in the distribution of time or amount of the contractual cash flow of financial assets, to determine whether the terms satisfy the requirements of the above contractual cash flow characteristics.

Unless the Group changes its business mode for managing financial assets, all affected related financial assets are reclassified on the first day of the first reporting period after the change of business mode, otherwise, financial assets cannot be reclassified after initial recognition.

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

(a) Financial assets measured by amortized cost

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

(b) Financial assets at fair value through other comprehensive incomes

The business mode of the Group to manage such financial assets is aimed at receiving contracted cash flows as well as sales; the contractual cash flow features of such financial assets are consistent with basic loan arrangements. The Group measures such financial assets at fair value through other comprehensive incomes, but impairment losses or gains, exchange profits and losses,

and interest revenue calculated based on effective interest method are recognized through current profits and losses. When the financial asset is derecognized, the accumulated gains or losses previously recognized through other comprehensive income shall be transferred out of other comprehensive income and recognized through current profits and losses.

In addition, for investments in non-transactional equity instruments, the Group can irrevocably designate them as financial assets at fair value through other comprehensive incomes upon initial recognition. The designation is made on a single investment basis, and the relevant investment meets the definition of equity instrument from the issuer's point of view. The Group includes the related dividend income of such financial assets into the current profits and losses with the change in fair value recognized through other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously recognized through other comprehensive income shall be transferred into retained earnings and recognized through current profits and losses.

(c) Financial assets at fair value through current profits and losses

The Group recognizes foregoing financial assets measured by amortized cost and that are not financial assets at fair value through other comprehensive incomes as financial assets at fair value through current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group designates part of the financial assets at fair value through current profits and losses. As to such financial assets, subsequent measurement shall be carried out by the Group based on fair value, and the resulting gains or losses (including interest and dividend income) are recognized through current profits and losses, unless the financial asset is part of the hedging relationship.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities at fair value through current profits and losses, financial guarantee liabilities and other financial liabilities upon initial recognition. As to financial liabilities at fair value through current profits and losses, related transaction cost shall be recognized through current profits and losses directly; as to other financial liabilities, related transaction cost shall be recognized through initial recognition amount.

(a) Financial liabilities at fair value through current profits and losses

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

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

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

(b) Financial guarantee liabilities

A financial guarantee contract refers to a contract that requires the Group to pay a specific amount to the contract holder who has suffered a loss when the specific debtor fails to pay the debt in accordance with the original or modified terms of the debt instrument at maturity.

After initial recognition, the income related to the financial guarantee contract is apportioned and recognized through current profits and losses in accordance with the accounting policies mentioned in Note V. 27 "Revenue". Financial guarantee liabilities are subsequently measured according to the higher of the loss provision amount determined according to the impairment principle

of financial instruments and the balance of its initial recognition amount after deducting the accumulated amortization amount of income related to financial guarantee contracts.

(c) Other financial liabilities

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

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

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

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

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

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

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

(4) Derecognition of financial liabilities

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

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

(5) Offset of financial assets and financial liabilities

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

(6) Equity instruments

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

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

11. Financial assets impairment

Supor needs to recognize the financial assets with impairment losses as financial asset measured at amortized costs and debt tools at fair value through other comprehensive incomes, including mainly notes receivable, accounts receivable, receivables financing, other receivables and other debt investments. Moreover, for contract assets and some financial guarantee contracts, the impairment provision shall be accrued and the credit impairment loss shall be recognized pursuant to the accounting policy set forth herein.

(1) Recognition method of impairment provision

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

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

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

next 12 months. At the time of evaluating expected credit loss, the Group considers all reasonable and well-founded information, including forward-looking information.

When the expected credit loss is measured, the longest period to be considered by the Group is the longest contract period when the enterprise faces the credit risk (including considering the renewal option). The expected credit loss of the entire duration refers to the expected credit loss arising from all possible events of default regarding financial instrument occurring during the entire expected duration. Expected credit loss in the next 12 months refers to expected credit loss resulting from default of financial instruments likely occurring within 12 months after the balance sheet date (expected duration if the expected duration of financial instruments is less than 12 months) which is part of expected credit loss during the entire duration.

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

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

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

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

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

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

(4) Accounting treatment method of financial assets impairment

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

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

(a) Accounts receivable and contract assets

For accounts receivable and contract asset not involving significant financing part, Supor always calculates the loss provision as the amount of expected credit loss within the entire duration.

For accounts receivable and contract asset involving significant financing part, Supor always calculates the loss provision as the amount of expected credit loss within the duration.

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

| Item | Basis for determination of portfolio |
|------|--------------------------------------|
|------|--------------------------------------|

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

(b) Other receivables

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

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

(c) Notes receivable and receivables financing

| Item | Basis for determination of portfolio |
|-----------------------|---|
| Notes receivable | The Group's notes receivable are all bank acceptance bills, and the Group combines all notes receivable into one portfolio. |
| Receivables financing | The receivables financing of the Group is for bank acceptance bills with dual holding purposes. Due to the fact that the acceptance banks are all banks with higher credit ratings, the Group considers all receivables financing as a portfolio. |

12. Receivables financing

The notes receivable and accounts receivable at fair value through other comprehensive incomes are listed as receivables financing with a term of less than one year (including one year) from the initial recognition; See the Note V. 10 "Financial Instruments" and 11 "Financial Assets Impairments" for relevant accounting policies.

13. Inventories**(1) Classification**

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

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

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

(3) Inventory system is perpetual inventory system

(4) Amortization method for low value consumables and packing materials

Low value consumables are amortized by the one-off write-off method or amortized over two years; packaging materials are amortized using a one-time write off method.

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

At the balance sheet date, the inventory shall be measured according to the cost or net realizable value, subject to the lower one.

Net realizable value refers to the amount of the estimated selling price of inventories deducted by estimated costs to be incurred upon completion, estimated sales expenses and related taxes in daily activities. For the raw materials held for production, the net realizable value shall be measured based on the net realizable value of the finished products they produce. For the inventories held for executing the sales contract or labor contract, the net realizable value shall be measured based on the contract price. When the amount of holding inventory is more than the ordering amount in sales contract, the net realizable value of the excess inventory shall be measured based on general sales price.

The difference between the cost calculated by the individual inventory item and the net realizable value of the inventory is recognized through current profits and losses.

| Inventory Category | Basis for determining net realizable value |
|-----------------------|---|
| Finished products | Estimated selling price minus estimated selling expenses and related taxes and fees |
| Raw materials | Estimated selling price minus estimated costs to be incurred until completion, estimated sales expenses, and related taxes and fees |
| Low value consumables | |

14. Contract assets

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

For the determination and accounting treatment methods of expected credit losses of contract assets, please refer to Note V. 11 "Financial Assets Impairment".

15. Held-for-sale assets and disposal groups**(1) Non-current assets held for sale or disposal groups**

In case the Group mainly recovers the book value by selling (including non-monetary assets exchange of commercial essence, the same below) rather than using a non-current asset or disposal group continuously, it will be classified as held-for-sale category. Specific standard refers to meeting the following conditions at the same time: one non-current asset or disposal group can be immediately sold under the current situation pursuant to the convention for selling such asset or disposal group in similar transaction; the Group has made a resolution about sale plan and got certain of purchase commitment; it's predicted that the sale will be completed within one year. Disposal group refers to a group of assets that will be disposed together as a whole by selling or other means in a transaction and the liabilities directly related to these assets and transferred in the transaction. In case the asset group or asset group portfolio where the disposal group belongs has amortized the goodwill acquired in enterprise merger

according to *Accounting Standards for Business Enterprises No. 8 -- Impairment of Assets*, the disposal group shall include the goodwill amortized to it.

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

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

When the non-current assets or disposal group can't be classified as held-for-sale category, the Group will no longer continue to classify them as held-for-sale or remove non-current assets from the held-for-sale disposal group and measure them according to the following two items, subject to the lower one: ① book value before the assets are classified as held-for-sale category, namely, the amount after the adjustment is carried out according to the depreciation, amortization or impairment, etc. that shall be recognized in the condition that the assets are supposed not to be classified as held-for-sale category; ② recoverable amount.

(2) Termination of operations

The Group will define the termination of operations as a separately identifiable component that meets one of the following conditions and has been disposed of by the Group or classified as held for sale:

- This component represents an independent main business or a separate main operating area;
- This component is part of a related plan to dispose of an independent main business or a separate main operating area;
- This component is a subsidiary acquired specifically for resale.

The Group separately presents the continuing operations profit and loss and the termination operations profit and loss in the current profit and loss statement, and re-presents the information previously reported as continuing operations profit and loss as the termination operations profit and loss for comparable accounting periods in the profit and loss statement for the comparative period.

16. Long-term equity investment

The long-term equity investment mentioned in this part refers to the long-term equity investment of which the Group has control right, common control right or significant impact on the invested units. Long-term equity investments that the Group does not have control, common control or significant impact on the invested unit are accounted for as financial assets at fair value through current profits and losses. If such assets are not non-transactional, the Group may specify these capitals as measured at the

financial assets at fair value through other comprehensive incomes at the initial recognition. See Note V. 10 "Financial Instruments" for details.

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

(1) Determination of investment costs

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

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

The initial measurement of other equity investments except for the long-term equity investment formed by the enterprise merger shall be carried out according to the costs; in consideration of the different acquisition modes of long-term equity investment, such costs shall be determined respectively by the cash purchase price actually paid by the Group, the fair value of equity securities issued by the Group, value agreed in the investment contract or agreement, the fair value or original book value of

assets surrendered in the non-monetary assets exchange transaction, the fair value of the long-term equity investment, etc. The expenses, taxes and other necessary expenditures directly related to the acquisition of the long-term equity investment shall also be recognized through investment cost. If the significant impact or common control is implemented on the invested unit due to the additional investment, but it does not constitute the control, the long-term equity investment cost is the sum of fair value of the originally held equity investment determined according to *Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments* and newly investment cost.

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

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

(a) Long-term equity investments under the cost method

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

(b) Long-term equity investments under the equity method

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

When the equity method is adopted for accounting, it's required to recognize the investment income and other comprehensive income respectively according to net profit or loss realized by the invested unit that shall be enjoyed or shared and other comprehensive income, and book value of the long-term equity investment shall be adjusted simultaneously. As to the part that shall be enjoyed and calculated according to the profits or cash dividends announced and distributed by the invested unit, it's required to reduce the book value of long-term equity investment correspondingly. As to other changes in owners' equities of the invested unit except for net profits and losses, other comprehensive incomes and profit distribution, book value of the long-term equity investment shall be adjusted and recognized through capital reserve. When the shares of net profit or loss of the invested unit that shall be enjoyed are recognized, it shall be based on fair value of each identifiable net asset of the invested unit when the investment is acquired and after the adjustment is made on net profit of the invested unit. In case the accounting policy and accounting period employed by the invested unit are different from those employed by the Group, financial statements of the invested unit shall be adjusted according to the Group's accounting policy and accounting period. Besides, investment income, other comprehensive income, etc. shall be recognized on this basis. For transactions between the Group and associated enterprise or joint venture, if the assets launched or sold do not constitute the business, the unrealized internal trading profits and losses shall be offset according to the proportion attributable to the Group, and the investment profits and losses shall be confirmed on this basis. In case the part incurred between the Group and the invested unit without internal transaction loss belongs to the asset impairment loss, it shall not be offset. If the assets invested by the Group to the joint venture or associated enterprise constitute the business, and the investor thereupon obtains the long-term equity investment but fails to obtain the control right, the fair value of business launched is taken as the initial investment cost of newly long-term equity investment, and the difference between the initial investment cost and book value of business launched shall be recognized through current profits and losses in full. If the assets sold by the Group to the joint venture or associated enterprise constitute the business, the difference between the consideration acquired and the book value of business shall be fully recognized through current profits and losses. If the Group's

assets purchased from the joint venture or associated enterprise constitute the business, accounting treatment shall be conducted in accordance with the provisions of the *Accounting Standards for Business Enterprises No. 20 - Enterprise Merger*, and the gains or losses related to the transaction shall be fully recognized.

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

(c) Acquisition of minority shareholders' equities

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

(d) Disposal of the long-term equity investment

The parent company partially disposes the long-term equity investment of subsidiary when the control right is not lost in consolidated financial statement. The difference between disposal price and subsidiaries' net assets enjoyed corresponding to the disposal of long-term equity investment will be recognized through shareholders' equities; supposing that the parent company loses the control right for the subsidiary due to the partial disposal of the long-term equity investment for the subsidiary, it shall be dealt with in accordance with the relevant accounting policies as specified in the Note V. 7 "Judgment Criteria for Control and Preparation Method for Consolidated Financial Statements" (2).

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

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

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

If the Group loses control of the invested unit due to disposal of partial equity investment, and the residual equities after disposal may exert common control or significant impact on the invested unit while preparing individual financial statements, the equity method will be adopted for accounting, and it will be measured by the equity method and adjusted with equity method since obtaining; if the residual equities after disposal cannot implement the common control or exert significant impact on the invested unit, the relevant provisions in respect of the standards of recognition and measurement of financial instruments shall be referenced for the accounting treatment, and the difference between the fair value and book value shall be recognized through current profits and losses on the date of losing control. Before the Group acquires the control of the invested unit, for other

comprehensive incomes confirmed under the equity method or standards of recognition and measurement of financial instruments, when the control of the invested unit is lost, the accounting treatment shall be conducted on the same basis of the invested unit's direct disposal of relevant assets or liabilities; the changes in the other owners' equities of the invested unit's net assets other than the net profits and losses, other comprehensive incomes and profit distribution calculated and confirmed by the equity method shall be settled and transferred to the current profits and losses in proportion. Among which, if the residual equities after disposal are calculated by the equity method, other comprehensive incomes and other owners' equities shall be carried forward in proportion; if the residual equities after disposal are to be conducted with accounting treatment in accordance with the standards of recognition and measurement of financial instruments, other comprehensive incomes and other owners' equities shall be carried forward.

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

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

17. Fixed assets

(1) Recognition conditions

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

(2) Depreciation method

| Category | Depreciation method | Depreciation life | Residual rate | Annual depreciation rate |
|--------------------------|-----------------------|-------------------|---------------|--------------------------|
| Buildings and structures | Composite life method | 20-30 | 0%-10% | 3.00%-5.00% |
| General equipment | Composite life method | 3-7 | 0%-10% | 12.86%-33.33% |
| Special equipment | Composite life method | 3-10 | 3%-10% | 9.00%-32.33% |
| Transport facilities | Composite life method | 4-10 | 3%-10% | 9.00%-24.25% |

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

(3) Impairment testing method and provision for impairment of fixed assets

See more details about the impairment testing method and the provision for impairment of fixed assets in Note V. 22 "Impairment of Long-term Assets".

(4) Other remarks

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

As for each component constituting fixed assets, in case that they have different service life or provide economic interest for the group by different ways and apply to different rates of depreciation and depreciation methods, the Group confirms each component as single fixed asset, respectively.

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

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

18. Construction in progress

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

Standard and time spot of converting construction in progress disclosed per category to fixed assets:

| Category | Standard and time point of carrying forward construction in progress to fixed assets |
|---------------------------|--|
| Buildings and structures | Meeting the completion standard specified in the contract or project plan |
| General/special equipment | Installation and commissioning meeting the design standard and contract standard |

See more details about the impairment testing method and the provision for impairment of construction in progress in Note V. 21 "Impairment of Long-term Assets".

The income and cost of the Group's external sales of products or by-products produced before the fixed assets reach the expected serviceable condition, the Company should carry out accounting treatment separately according to *Accounting Standards for Business Enterprises No. 14 - Revenue* and *Accounting Standards for Business Enterprises No.1 - Inventory*, which shall be recognized through current profits and losses.

19. Borrowing expenses

Borrowing expenses include interest on borrowings, amortization of discounts or premiums, auxiliary costs and exchange differences arising from foreign currency borrowings, etc. For the borrowing expense generated from the acquisition and construction or production that can be directly attributable to the assets that meet capitalization conditions, the capitalization shall

be started when the asset expenditure or the borrowing expense has incurred, or the acquisition and construction or production activities necessary for making the assets available for expected serviceable or marketable state have been started; capitalization shall be stopped when the assets under acquisition and construction or production that meet capitalization conditions reach the expected serviceable condition or marketable state. Other borrowing expenses are recognized as those in the current period.

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

When determining the effective interest rate for borrowings, the Group uses the rate that discounts the future cash flows of the borrowing over its expected life or a shorter applicable period to the amount initially recognized for the borrowing.

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

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

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

20. Intangible assets

(1) Intangible assets

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

The initial measurement of intangible assets shall be conducted according to its costs. Expenditures related to intangible assets shall be recognized through cost of intangible assets if the relevant economic benefits may flow in the Group and its cost can be reliably measured. Other projects' expenditures, except for this, shall be recognized through current profits and losses once occurred.

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

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

The service life of each intangible asset and its determination are based on the amortization method:

| Item | Amortization period (years) | Determination basis | Amortization method |
|---------------------|-----------------------------|--|----------------------|
| Land use right | 43-50 | Legal term | Straight-line method |
| Software | 2-10 | The duration that can bring economic benefits to the Company | Straight-line method |
| Trademark use right | 10 | Legal term | Straight-line method |
| Dumping right | 5 | Contract term | Straight-line method |

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

(2) R&D expenditure

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

Research expenditure is recognized through current profits and losses at the time of occurrence.

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

- Complete the intangible asset so as to make the use or sale of it technically feasible;
- Have the intention to complete the intangible asset and use or sell it;
- 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;
- 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;
- Expenditure within the development stage of this intangible asset can be measured reliably.

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

(3) Impairment testing method and provision for impairment of intangible assets

See more details about the impairment testing method and the provision for impairment of intangible assets in Note V. 22 "Impairment of Long-term Assets".

21. Long-term unamortized expense

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

22. Impairment of long-term assets

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

If the impairment test result shows that the recoverable amount of assets is lower than the book value thereof, impairment provision shall be accrued according to the difference and recognized through impairment losses. The recoverable amount shall be

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

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

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

23. Contract liabilities

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

24. Employee remuneration

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

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

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

Labor relation with employees shall be cancelled before the employee's labor contract expires, or suggestion on giving compensation shall be proposed for the purpose of encouraging employees to voluntarily accept downsizing. When the Group cannot unilaterally withdraw termination benefits provided for cancellation of labor relation plan or downsizing suggestion and on

the date when the Group confirms the cost related to restructuring involving payment of termination benefits, whichever is the earlier, the employee remuneration liabilities caused by termination benefits shall be recognized through current profits and losses. However, if it is expected that the termination benefits cannot be fully paid within twelve months after the annual reporting period is over, it shall be handled according to other long-term employee remuneration.

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

25. Estimated liabilities

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

The estimated liabilities are initially measured based on the best estimate of the expenses required to fulfill the relevant current obligations. For those with significant impact on the time value of currency, estimated liabilities are determined based on the discounted amount of expected future cash flows. When determining the best estimate, the Group comprehensively considers factors such as risk, uncertainty, and time value of money related to contingencies. 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:

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

The Group reviews the book value of estimated liabilities on the balance sheet date and adjusts the book value based on the current best estimate.

(1) Loss contract

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

(2) Restructuring obligations

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

(3) Product quality assurance

In accordance with the terms of the contract, existing knowledge, and historical experience, the Group makes appropriate provisions for product quality assurance. When the contingent event has given rise to a present obligation and it is probable that

the fulfillment of this obligation will result in an outflow of economic benefits, the contingent event is recognized as a provision, measured at the best estimate of the expenditure required to settle the present obligation.

26. Share-based payment

(1) Accounting treatment of share-based payment

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

(a) Share-based payments settled with equity

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

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

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

(b) Cash-settled share-based payment

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

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

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

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

During the waiting period, if the granted equity instrument is cancelled, the Group will cancel the granted equity instrument as an accelerated exercise, and the amount to be recognized in the remaining waiting period will be immediately recognized

through current profits and losses, and the capital reserves shall be recognized at the same time. If the employee or other party can choose to meet the non-vesting conditions but fails to meet in the waiting period, the Group will treat it as a cancellation of the equity instrument.

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

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

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

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

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

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

27. Revenues

Accounting policy adopted for recognition and measurement of revenues disclosed per business type

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

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

For the consideration payable to customers, the payable consideration should be offset against the transaction price, and the current income should be offset at the later of the recognition of relevant income and the payment (or commitment to pay) of

customer consideration, except for the consideration payable to customers for the purpose of obtaining other clearly distinguishable goods from customers.

For contracts with quality assurance clauses, the Group analyzes the nature of the quality assurance provided by them. If the quality assurance provides a separate service in addition to assuring customers that the commodities sold meet the established standards, the Group regards it as a single performance obligation.

Transaction price is the consideration amount the Group is expected to be entitled to receive for the transfer of commodities or services to customers, excluding payments received on behalf of third parties. The transaction price recognized by the Group does not exceed the amount for which it is highly probable that the accumulated recognized revenue will not be reversed significantly when the relevant uncertainty is eliminated.

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

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

For sales with sales return clauses, when customers obtain control over related commodities, the Group recognizes revenue according to the consideration amount expected to be received due to the transfer of commodities to customers (i.e., excluding the amount expected to be refunded due to sales return), and recognizes liabilities as per the amount expected to be refunded due to sales return. Simultaneously, according to the expected book value of the returned commodities at the time of transfer, the balance after deducting the expected cost of recovering the commodities (including the impairment of the value of the returned commodities) is recognized as an asset, and the net cost of the above assets is carried forward according to the book value of the transferred commodities at the time of transfer. On each balance sheet date, the Group re-estimates the future sales returns, and if there is any change, it will be treated as a change in accounting estimates.

Supor's selling of commodities such as cookware and small domestic appliances is a type of performance obligation at a certain time point, of which the revenue is recognized when the control over the commodities has been transferred to the customer. According to the agreement in the sales contract, Supor mainly recognizes the control over commodity as having been transferred to the customer and recognizes relevant commodity revenue when such commodity has left Supor's warehouses or its specified warehouses, delivered to the customer with acceptance receipt issued, or such commodity has been delivered on board to the sea transport carrier with the customs declaration for export and bill of lading obtained.

28. Contract costs

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

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

Assets recognized for contract acquisition cost and assets recognized for contract performance cost (hereinafter referred to as "assets related to contract cost") shall be amortized on the same basis as the revenue recognition of commodities or services related to such assets and recognized through current profits and losses.

Where the book value of assets related to contract costs is higher than the difference between the following two items, the Group shall withdraw the impairment provisions of the excess part and recognize it as the asset impairment loss:

-Residual consideration expected to be obtained arising from the transfer of commodities or services related to the assets by the Group;

-Cost estimated to be occurred for the transfer of the relevant commodities or services.

29. Government subsidies

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

When the Group actually receives the government subsidies, it shall be recognized and measured as the amount received. However, for the end of the period, there are conclusive evidences that it can meet the relevant conditions stipulated by the financial support policy, and it is expected that the financial support funds can be received, it shall be measured according to the amount receivable. The government subsidies measured as the amount receivable shall comply with the following conditions: ① The subsidy receivable has been recognized by the competent government department, or may be reasonably calculated according to the relevant provisions of the formally published financial fund management method, and the estimated amount is free of significant uncertainty; ② It is based on the initiatively published financial support project by the local financial department and its financial fund management method in accordance with the regulations of the Decree of Government Information Openness, and

this management method shall be favorable to the public (any enterprise qualified can apply), not just to the specified companies;

- ③ The relevant subsidy documents have clearly promised the appropriation period, and the appropriation of this fund shall be safeguarded by the relevant financial budget, so it can be reasonably guaranteed that it can be received within the specified period;
- ④ Other relevant conditions that shall be satisfied (if any) based on the specific circumstances of the Group and the grant.

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

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

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

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

30. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

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

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

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

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

Taxable temporary differences and deductible temporary differences related to the initial recognition of assets or liabilities arising from a single transaction that is neither a enterprise merger nor affects accounting profits and taxable incomes (or deductible losses) shall be respectively recognized as deferred income tax liabilities and deferred income tax assets at the time of transaction. In addition, for the deductible temporary differences related to the investment of subsidiaries, associated enterprises and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or it is not likely to obtain the

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

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

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

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

(3) Income tax expenses

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

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

(4) Offset of income tax

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

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

31. Lease

Lease refers to a contract in which it is agreed that the lessor transfers the use right of assets to the lessee to get corresponding consideration within a certain period.

The Group evaluates whether the contract is used for lease or includes the lease on the contract commencement date. Where either party thereto assigns one or more use rights of the recognized assets under its control in a certain period to get consideration, the contract is a lease or includes a lease.

In order to determine whether the contract transfers the right of controlling the use of an identified asset for a certain period of time, the Group conducts the following assessment:

- Whether the contract involves the use of the identified asset. The identified asset may be explicitly specified by the contract, or implicitly specified when the asset is available for use by the customer, and the asset is physically distinguishable, or in the event that any production capacity of the asset or other part of the asset is physically indistinguishable, but it substantially represents the full capacity of the asset, and thus enables the customer to have access to almost all the economic benefits arising from the use of the asset. If the supplier of the asset has the substantial right of replacing the asset throughout the period of use, then the asset is not attributed to an identified asset;
- Whether the lessee has the right to acquire almost all the economic benefits arising from the use of the identified asset during the period of use;
- Whether the lessee has the right to direct the use of the identified asset during the period of use.

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

(1) Lessee

At the beginning date of the lease term, the Group recognizes the right-of-use asset and lease obligation of the lease. The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease obligation, the lease payment paid at or before the beginning date of the lease term (less the amount of lease incentives already granted), the initial direct expenses incurred, and the costs expected to be incurred to demolish and remove the leased asset, restore the site where the leased asset is located or restore the leased asset to the state agreed upon in the provisions of the lease.

The Group employs the straight-line method to depreciate right-of-use assets. If the ownership of the leased assets can be reasonably confirmed to be obtained upon expiry of the lease term, the depreciation of leased assets shall be withdrawn by the Group during the remaining service life thereof; Otherwise, the leased asset is depreciated during the shorter of the lease term and the remaining service life of the leased asset. Impairment provisions for right-of-use assets shall be made in accordance with the accounting policies described in Note V 22 "Impairment of long-term assets".

The lease obligation is initially measured at the present value of the lease payment that has not been paid at the beginning date of the lease term, and the discount rate is the implicit rate of the lease. If the implicit rate of the lease cannot be determined, the incremental borrowing rate of the Group shall be adopted as the discount rate.

The Group calculates the interest expense of the lease obligation for each period of the lease term at a fixed periodic interest rate, which is recognized through current profits and losses or relevant asset costs. The variable lease payment not recognized through measurement of lease obligations will be recognized through current profits and losses or relevant asset costs when it actually occurs.

In case of any of following circumstances after the beginning date of the lease term, the Group will remeasure lease obligations at the present value of the lease payment after any change:

- Where the amount payable anticipated changes according to the guaranteed residual value;
- Where the index or ratio used for recognizing the lease payment changes;
- Where there is a change in the Group's assessment results of the option of purchase, renewal option or option of termination of lease or the actual exercising of the termination of the renewal option or option of termination of lease is inconsistent with the original assessment result.

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

The Group chooses not to confirm the right-of-use asset and lease obligation for short-term lease (with a lease term not exceeding 12 months) and low-value asset lease (the value of a single leased asset is lower when it is a brand new asset) as well as includes related lease payment into the current profits and losses or relevant asset costs in each period during the lease term pursuant to the straight-line method.

(2) Lessor

At the beginning date of the lease term, the Group divides leases into financing and operating leases. Financing lease refers to a lease in which almost all the risks and rewards related to the ownership of the leased asset are essentially transferred, regardless of whether the ownership is finally transferred or not. The operating lease refers to the other leases except for the financing lease.

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

Under financing leases, at the beginning date of the lease term, the Group confirms financing lease receivables for financing lease and derecognizes the financial leasing assets. The Group regards the net investment in a lease as the entry value of financing lease receivables at the time of initial measurement of financing lease receivables. The net investment in a lease is the sum of the present value of unguaranteed residual value and lease receipt not received yet on the beginning date of the lease term which is subject to discounting at the interest rate implicit in the lease term.

The Group calculates and recognizes the Interest revenue in each period within the lease term according to a fixed periodic rate. The derecognition and impairment of financing lease receivables shall be treated in accordance with the accounting policies described in Note V 10 Financial Instruments and 11 Financial Assets Impairment. The variable lease payment which is not recognized through net lease investment shall be recognized through current profits and losses when it actually occurs.

The lease receipts of operating lease are confirmed as rent revenue in each period within the lease term in light of straight-line method. The Group capitalizes the initial direct expenses incurred in connection with operating leases, apportioned them over the lease term on the same basis as the rent revenue recognition, and recorded into the current profits and losses by stages. The variable lease payment which is not recognized through lease receipt shall be recognized through current profits and losses when it actually occurs.

32. Dividend distribution

After the balance sheet date, the proposed dividends or profits to be distributed in the profit distribution plan approved upon review are not recognized as a liability on the balance sheet date and are disclosed separately in the notes.

33. Related parties

If one party controls or jointly controls the other party or imposes significant impact on the other party, and two or more parties are controlled or jointly controlled by one party, these parties are related parties. Related party can be individual or enterprise. An enterprise that is only controlled by the state but does not have other related party relationships does not constitute a related party.

In addition, the Company also determines the Group or related parties of the Company in accordance with the Administrative Measures for the Disclosure of Information of Listed Companies promulgated by the CSRC.

34. Segment report

See Note XVIII, 1 "Segment Information" for details of accounting policies related to segment reporting for details.

35. Other important accounting policies and estimates

(1) Repurchased shares

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

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

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

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

(2) Fair value measurement

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

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

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

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

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

36. Change of important accounting policies and estimates

(1) Change of important accounting policies

☒ Applicable ☐ Not applicable

In 2024, the Group implemented the relevant provisions and guidelines of in Accounting Standards for Business Enterprises issued by the Ministry of Finance in recent years, mainly including:

- The provisions on "Classification of Current and Non-current Liabilities" in *Interpretation No. 17 of the Accounting Standards for Business Enterprises No. 17* (CK [2023] No. 21, hereinafter referred to as "Interpretation No. 17");
- The provisions on "Accounting Treatment of Warranty-Type Quality Assurance Not Constituting a Separate Performance Obligation" in *Interpretation No. 18 of the Accounting Standards for Business Enterprises* (CK [2024] No. 24, hereinafter referred to as "Interpretation No. 18").

(a) The main impact of the Group's adoption of the above regulations and guidelines

(i) Provisions on the classification of current and non-current liabilities

According to the provisions of Interpretation No. 17, when classifying the liquidity of liabilities, the Group only considers whether it has the substantive right to defer the settlement of liabilities for more than one year after the balance sheet date (hereinafter referred to as the "right to defer liability settlement") at the balance sheet date, without considering the subjective likelihood of the Group exercising such right.

For liabilities arising from the Group's loan arrangements, if the Group's right to defer liability settlement depends on whether the Group complies with the conditions specified in the loan arrangements (hereinafter referred to as "covenant conditions"), the Group only considers the covenant conditions that must be met on or before the balance sheet date when classifying the liquidity of the relevant liabilities, without considering the impact of covenant conditions that must be met after the balance sheet date.

For liabilities settled by delivering the Group's own equity instruments at the option of the counterparty, if the Group classifies such option as an equity instrument and separately recognizes it as the equity component of a compound financial instrument in accordance with *Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments*, it does not affect the liquidity classification of the liability. Conversely, if such option cannot be classified as an equity instrument, it will affect the liquidity classification of the liability.

The adoption of these provisions has not had a material impact on the Group's financial position or operating results.

(ii) Presentation of warranty expenses

According to the provisions of Interpretation No. 18, the Group records the accrued warranty expenses under "cost of main business" instead of "sales expense."

The Group has applied the retrospective adjustment method to adjust the financial statement data for comparable periods accordingly.

(b) Impact of the changes on the current year's financial statements

The impact of the above accounting policy changes on the consolidated profit statement and the parent company's income statement for the year 2024 is summarized as follows:

| Item | Increase/decrease in financial statement items due to the adoption of revised accounting policies | |
|----------------|---|--|
| | Consolidated profit statement | Profit statement of the parent company |
| Operating cost | 228,378,126.00 | |
| Sales expenses | -228,378,126.00 | |

(c) Impact of the changes on comparative period financial statements

The impact of the above accounting policy changes on the consolidated profit statement and the parent company's income statement for the year 2023 is summarized as follows:

| Item | Consolidated profit statement | | |
|----------------|-------------------------------|-----------------------|-------------------|
| | Before adjustment | Amount of adjustments | After adjustment |
| Operating cost | 15,700,128,849.31 | 218,316,250.79 | 15,918,445,100.10 |
| Sales expenses | 2,297,847,425.74 | -218,316,250.79 | 2,079,531,174.95 |

| Item | Profit statement of the parent company | | |
|----------------|--|-----------------------|------------------|
| | Before adjustment | Amount of adjustments | After adjustment |
| Operating cost | 2,370,968,026.25 | | 2,370,968,026.25 |
| Sales expenses | 38,814,845.01 | | 38,814,845.01 |

(2) Change of important accounting estimates

☐ Applicable ☒ Not applicable

(3) First implementation of new accounting standards adjusts the related items in financial statements since 2024

☐ Applicable ☒ Not applicable

VI. Taxes**1. Main taxes and tax rates**

| Tax | Tax base | Tax rate |
|--|---|---|
| VAT | The taxable revenue from sales of commodities or rendering of services | Taxable income is calculated at output tax rates of 0, 6%, 9%, and 13%, and VAT is calculated based on the difference after deducting the input tax allowable for the current period. |
| Urban maintenance and construction tax | VAT payable | 7% |
| Enterprise income tax | Taxable income | Corporate income tax rate is 25%. Shaoxing Supor, Zhejiang WMF and Hainan Supor E-Commerce Company are taxed at a preferential tax rate of 15%. Wuhan Recycling and Shanghai Marketing are taxed at a preferential tax rate of 20%. Overseas subsidiary Indonesian Company is taxed at a 22% rate, Supor Vietnam and AFS are taxed at 20%, and SEADA is taxed at 17%. |
| Education surcharge | VAT payable | 3% |
| Local education surcharge | VAT payable | 2% |
| Housing property tax | 1.2% of the residual value after deducting 30% of the original value of the property is calculated and paid in case of ad valorem; 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% |

2. Tax preferences

Pursuant to GKH Zi [2020] No. 32 document, Shaoxing Supor and Zhejiang WMF renewed the hi-tech enterprise qualification in 2022 and is entitled to enjoy the preferential enterprise income tax rate of 15% for the three-year period starting from January 1, 2022.

According to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations, the Notice on Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port (CS [2020] No.31) as well other provisions, business income tax will be levied at a rate of 15% for encouraged industrial enterprises registered and substantially operating in the Hainan Free Trade Port from January 1, 2020 to December 31, 2024. Meeting the e-commerce in the encouraged industries catalogue, Hainan Supor E-Commerce Company applies the preferential tax rate of 15% in 2024.

Pursuant to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households* (CS [2023] No.6) on March 26, 2023, from January 1, 2023 to December 31, 2024, the portion of the annual taxable income of small and micro profit enterprises that does not exceed RMB 1 million shall be taken into the taxable income at the ratio of 25%, and the enterprise income tax payable thereof shall be settled at the rate of 20%. Meanwhile, according to the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises* (CS [2022] No. 13), from January 1, 2022 to December 31, 2024, for the part of the annual taxable income of small and low-profit enterprises that exceeds RMB 1 million but less than RMB 3 million, a reduced rate of 25% shall be applied, and the enterprise income tax shall be paid at a tax rate of 20%. The *Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses with Tax and Fee Policies* (CS [2023] No.12), issued on August 2, 2023, extends the policy of calculating taxable income at 25% and applying a 20% tax rate for small and low-profit enterprises until December 31, 2027. Among which, Wuhan Recycling and Shanghai Marketing meet the standards of small and low-profit enterprises in 2024, therefore the preferential tax rate at 20% is applicable in 2024.

VII. Notes to Items of Consolidated Financial Statements

1. Monetary capital

Unit: RMB

| Item | Closing balance | Opening balance |
|-------------------------------|------------------|------------------|
| Cash on hand | 63,867.50 | 62,594.14 |
| Cash in bank | 2,181,724,307.80 | 2,964,417,369.53 |
| Other monetary capitals | 298,219,143.39 | 583,797,478.77 |
| Total | 2,480,007,318.69 | 3,548,277,442.44 |
| Including: deposited overseas | 113,595,779.66 | 61,122,895.90 |

Other remarks:

1) As of December 31, 2024, the restricted bank deposits amounted to RMB 68,400.00, which was the frozen amount in the subsidiary's bank account (December 31, 2023: RMB 30,423.72, which was the frozen amount in the bank account of the deregistered branch). Time deposits which cannot be withdrawn at any time amounting to RMB 662,696,328.77 (December 31, 2023: RMB 1,607,020,342.48).

2) As of December 31, 2024, other monetary capitals included restricted amounts such as RMB 189,178,000.00 for acceptance bill security (December 31, 2023: RMB 476,860,000.00), RMB 945,617.14 for e-commerce platform security (December 31, 2023:

RMB 613,739.88), and RMB 58,000,000.00 for advance payment financing business deposit security (December 31, 2023: RMB 58,000,000.00). Unrestricted monetary funds included RMB 50,095,526.25 in Alipay, JD Wallet, Tiktok Wallet, securities settlement accounts, futures settlement accounts, and Youzan accounts (December 31, 2023: RMB 48,323,738.89).

3) As at December 31, 2024, the monetary capital deposited by Supor in Vietnam amounts to RMB 103,650,689.72 (December 31, 2023: equivalent to RMB 44,335,548.85); The monetary capital deposited by Supor in Singapore is equivalent to RMB 4,467,651.13 (December 31, 2023: equivalent to RMB 4,491,068.45). The monetary capital deposited by Supor in Indonesia is equivalent to RMB 5,477,438.81 (December 31, 2023: equivalent to RMB 12,296,278.60).

2. Transactional financial assets

Unit: RMB

| Item | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Financial assets measured at the fair value with their changes included into the current profits and losses. | 281,234,235.25 | 351,137,787.54 |
| Including: | | |
| - Short-term financial products | 281,234,235.25 | 351,137,787.54 |
| Total | 281,234,235.25 | 351,137,787.54 |

Other remarks:

As at December 31, 2024, the financial assets at fair value through current profits and losses are the financial products purchased by subsidiaries, amounting to RMB 280,000,000.00 (December 31, 2023: RMB 350,000,000.00). These financial products with floating income, and linked to interest rates and exchange rates, etc., and the corresponding gains from changes in fair value, i.e RMB 1,234,235.25 (December 31, 2023: RMB 1,137,787.54), are recognized at the end of the current period.

3. Notes receivable

(1) Details on categories

Unit: RMB

| Item | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Bank acceptance bill | 4,036,734.84 | 15,311,935.98 |
| Total | 4,036,734.84 | 15,311,935.98 |

(2) Classified disclosure by the bad debt provision method

Unit: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|----------------------|-----------------|------------|-------------------------|-------------------------|--------------|-----------------|------------|-------------------------|-------------------------|---------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion | Amount | Provision on proportion | | Amount | Proportion | Amount | Provision on proportion | |
| Notes receivable for | 4,036,734.84 | 100.00% | | | 4,036,734.84 | 15,311,935.98 | 100.00% | | | 15,311,935.98 |

| | | | | | | | | | | |
|--|--------------|---------|--|--|--------------|---------------|---------|--|--|---------------|
| provision for bad debts made on the basis of portfolio | | | | | | | | | | |
| Including: | | | | | | | | | | |
| Portfolio: Bank acceptance bill | 4,036,734.84 | 100.00% | | | 4,036,734.84 | 15,311,935.98 | 100.00% | | | 15,311,935.98 |
| Total | 4,036,734.84 | 100.00% | | | 4,036,734.84 | 15,311,935.98 | 100.00% | | | 15,311,935.98 |

If yes, a provision for bad debts for notes receivable shall be accrued according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

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

Provision for bad debts made in current period:

Unit: RMB

| Category | Opening balance | Amount of changes in current period | | | | Closing balance |
|----------------------|-----------------|-------------------------------------|-----------------------|-------------|--------|-----------------|
| | | Accrued | Collected or reversed | Written off | Others | |
| Bank acceptance bill | | | | | | |

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

☐ Applicable ☒ Not applicable

(4) Notes receivables that the Company has pledged at the end of the period

As of December 31, 2024, the Group had no notes receivable pledged (December 31, 2023: None).

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

Unit: RMB

| Item | Closing balance derecognized | Closing balance not derecognized |
|----------------------|------------------------------|----------------------------------|
| Bank acceptance bill | | 3,608,696.65 |
| Total | | 3,608,696.65 |

(6) Other explanations

By December 31, 2024, Supor's undue and endorsed notes receivable of RMB3,608,696.65 (December 31, 2023: RMB 10,761,655.33). have not been recognized as notes transferred to the suppliers to settle the amount payable. This is mainly because that, according to the management, the risks and remunerations attached to the ownership of the notes have not been actually transferred. The book values of the said undue notes receivable approximate their fair values. The said undue notes receivable will get mature within 1 year.

(7) Notes the Company transfers to accounts receivable due to the drawer's failure to perform the contract at the end of the period

As at December 31, 2024, the Group has not any notes transferred to accounts receivable due to non-performance of drawers.

(December 31, 2023: None)

4. Accounts receivable

(1) Disclosure by aging

Unit: RMB

| Ages | Ending book balance | Beginning book balance |
|---------------------------|---------------------|------------------------|
| Within 1 year (inclusive) | 2,770,620,082.25 | 2,956,340,005.74 |
| 1-2 years | 6,036,063.60 | 7,090,033.51 |
| 2-3 years | 1,907,485.94 | 1,283,949.52 |
| Over 3 years | 1,461,383.34 | 880,404.97 |
| 3-4 years | 580,978.37 | 127,479.68 |
| 4-5 years | 127,479.68 | 96,637.91 |
| Over 5 years | 752,925.29 | 656,287.38 |
| Total | 2,780,025,015.13 | 2,965,594,393.74 |

(2) Classified disclosure by the bad debt provision method

Unit: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|--|------------------|------------|-------------------------|----------------------|------------------|------------------|------------|-------------------------|----------------------|------------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion | Amount | Provision proportion | | Amount | Proportion | Amount | Provision proportion | |
| Accounts receivable for provision made on an individual basis | 195,920.38 | 0.01% | 195,920.38 | 100.00% | | 195,920.38 | 0.01% | 195,920.38 | 100.00% | |
| Accounts receivable for provision for bad debts made on the basis of portfolio | 2,779,829,094.75 | 99.99% | 89,780,065.95 | 3.23% | 2,690,049,028.80 | 2,965,398,473.36 | 99.99% | 107,151,117.33 | 3.61% | 2,858,247,356.03 |
| Including: | | | | | | | | | | |
| Portfolio 1: age portfolio | 2,652,497,023.77 | 95.41% | 89,652,733.88 | 3.38% | 2,562,844,289.89 | 2,843,635,733.09 | 95.89% | 107,029,354.59 | 3.76% | 2,736,606,378.50 |
| Portfolio 2: low-risk | 127,332,070.98 | 4.58% | 127,332.07 | 0.10% | 127,204,738.91 | 121,762,740.27 | 4.10% | 121,762.74 | 0.10% | 121,640,977.53 |

| | | | | | | | | | | |
|-----------|----------------------|---------|-------------------|-------|----------------------|----------------------|---------|--------------------|-------|----------------------|
| portfolio | | | | | | | | | | |
| Total | 2,780,025.0 15.13 | 100.00% | 89,975,986. 33 | 3.24% | 2,690,049.02 8.80 | 2,965,594,393 .74 | 100.00% | 107,347,037 .71 | 3.62% | 2,858,247.3 56.03 |

Provision for bad debts made on an individual basis: RMB195,920.38

Unit: RMB

| Name | Opening balance | | Closing balance | | | |
|------------|-----------------|-------------------------|-----------------|-------------------------|----------------------|--|
| | Book balance | Provision for bad debts | Book balance | Provision for bad debts | Provision proportion | Reasons |
| Customer A | 41,463.78 | 41,463.78 | 41,463.78 | 41,463.78 | 100.00% | It is not expected to be recovered, so the provision for bad debts is fully accrued. |
| Customer B | 75,662.72 | 75,662.72 | 75,662.72 | 75,662.72 | 100.00% | It is not expected to be recovered, so the provision for bad debts is fully accrued. |
| Customer C | 78,793.88 | 78,793.88 | 78,793.88 | 78,793.88 | 100.00% | It is not expected to be recovered, so the provision for bad debts is fully accrued. |
| Total | 195,920.38 | 195,920.38 | 195,920.38 | 195,920.38 | | |

Categories for bad debts provision: Portfolio 1

Provision for bad debts made on a portfolio basis: RMB 89,652,733.88

Unit: RMB

| Name | Closing balance | | |
|-------------------------------|------------------|-------------------------|----------------------|
| | Book balance | Provision for bad debts | Provision proportion |
| Within 1 year (inclusive) | 2,643,289,828.34 | 87,913,941.69 | 3.33% |
| 1-2 years (including 2 years) | 6,036,063.60 | 482,885.09 | 8.00% |
| 2-3 years (including 3 years) | 1,907,485.94 | 286,122.89 | 15.00% |
| 3-4 years (including 4 years) | 580,738.76 | 290,369.38 | 50.00% |
| 4-5 years (including 5 years) | 17,461.50 | 13,969.20 | 80.00% |
| Over 5 years | 665,445.63 | 665,445.63 | 100.00% |
| Total | 2,652,497,023.77 | 89,652,733.88 | |

Explanation on the basis for determining such portfolio:

The expected credit loss rate is calculated upon the experience in actual credit loss, and adjusted based on the difference between the economy during the historic period of data collection, the current economy and the economy during the duration expected by Supor.

If yes, a provision for bad debts for accounts receivable shall be accrued according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

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

Provision for bad debts made in current period:

Unit: RMB

| Category | Opening balance | Amount of changes in current period | | | | Closing balance |
|----------|-----------------|-------------------------------------|-----------------------|-------------|--------|-----------------|
| | | Accrued | Collected or reversed | Written off | Others | |

| | | | | | | |
|---|----------------|----------------|--|------------|-------------|---------------|
| Provision for bad debts for accounts receivable | 107,347,037.71 | -17,175,103.55 | | -48,398.00 | -147,549.83 | 89,975,986.33 |
| Total | 107,347,037.71 | -17,175,103.55 | | -48,398.00 | -147,549.83 | 89,975,986.33 |

Decreased provision for bad debts of RMB 147,549.83 for conversion difference in foreign currency statement caused by the change in exchange rate.

(4) Accounts receivable actually written off in current period

Unit: RMB

| Item | Amount written off |
|--|--------------------|
| Accounts receivable actually written off | 48,398.00 |

Including significant accounts receivable written off:

None

(5) Accounts receivable and contract asset details of the top 5 closing balances by debtors

Unit: RMB

| Entity name | Closing balance of accounts receivable | Closing balance of contract asset | Accounts receivable and closing balance of contract asset | Proportion in the sum of accounts receivable and closing balance of contract asset | Closing balance of impairment provision for bad debts for accounts receivable and impairment provision for contract assets |
|-------------------------------|--|-----------------------------------|---|--|--|
| SEB S.A. and its subsidiaries | 1,768,146,032.80 | | 1,768,146,032.80 | 63.60% | 44,205,448.90 |
| Customer D | 417,106,255.20 | | 417,106,255.20 | 15.00% | 20,879,339.51 |
| Customer E | 102,825,954.26 | | 102,825,954.26 | 3.70% | 102,825.95 |
| Customer F | 61,865,537.20 | | 61,865,537.20 | 2.23% | 3,093,276.86 |
| Customer G | 38,845,263.67 | | 38,845,263.67 | 1.40% | 1,942,263.18 |
| Total | 2,388,789,043.13 | | 2,388,789,043.13 | 85.93% | 70,223,154.40 |

5. Receivables financing

(1) Classification of receivables financing

Unit: RMB

| Item | Closing balance | Opening balance |
|------------------|-----------------|-----------------|
| Notes receivable | 368,776,534.93 | 363,532,765.35 |
| Total | 368,776,534.93 | 363,532,765.35 |

(2) Other explanations

The Group endorses or discounts certain bank acceptance bills by the needs of day-to-day fund management. Taking into account of the amount and frequency of endorsement or discount of bank acceptance bills, the Group determines that the objective of such business model is to receive contractual cash flows and sell the notes receivable simultaneously, and therefore, such notes receivable are classified into financial assets at fair value through other comprehensive incomes, and presented as receivables financing.

As at December 31, 2024, the Group had no receivables financing pledged. (December 31, 2023: None).

(3) Endorsed or discounted receivables financing undue at the balance sheet date at the end of the year

Unit: RMB

| Item | Closing balance derecognized | Closing balance not derecognized |
|----------------------|------------------------------|----------------------------------|
| Bank acceptance bill | 3,606,899,919.08 | |
| Total | 3,606,899,919.08 | |

(4) Other remarks

In order to settle part of the payables, the Group endorses the equal amount of undue notes receivable to the suppliers, and the management of the Group considers that certain undue notes meet the conditions, that is, almost all risks and remuneration pertaining to ownership have been transferred and meanwhile the current obligations of the relevant payables have been fully discharged, thus the relevant notes and payables are derecognized. The possible greatest loss undertaken by the Group for the continued involvement therein is the amount of the undue notes receivable endorsed by the Group to suppliers. The said undue notes receivable will get mature within 1 year.

6. Other receivables

Unit: RMB

| Item | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Other receivables | 94,546,924.00 | 16,126,721.38 |
| Total | 94,546,924.00 | 16,126,721.38 |

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

Unit: RMB

| Nature of receivables | Ending book balance | Beginning book balance |
|------------------------------|---------------------|------------------------|
| Deposit as security | 13,672,150.12 | 11,391,814.36 |
| Temporary payment receivable | 9,547,339.30 | 6,972,323.05 |
| Personal deposit | 1,760,482.43 | 1,457,137.01 |

| | | |
|-------------------------------|----------------------|----------------------|
| Tax refund receivable | 1,617,531.28 | 996,927.07 |
| Government subsidy receivable | 72,684,645.29 | |
| Total | 99,282,148.42 | 20,818,201.49 |

2) Disclosure by aging

Unit: RMB

| Ages | Ending book balance | Beginning book balance |
|---------------------------|----------------------|------------------------|
| Within 1 year (inclusive) | 90,024,282.49 | 12,043,858.73 |
| 1-2 years | 1,522,365.57 | 3,460,785.69 |
| 2-3 years | 3,406,469.00 | 2,570,919.30 |
| Over 3 years | 4,329,031.36 | 2,742,637.77 |
| 3-4 years | 1,776,419.50 | 688,905.05 |
| 4-5 years | 622,310.36 | 251,762.10 |
| Over 5 years | 1,930,301.50 | 1,801,970.62 |
| Total | 99,282,148.42 | 20,818,201.49 |

3) Classified disclosure by the bad debt provision method

☒ Applicable ☐ Not applicable

Unit: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|--|----------------------|----------------|-------------------------|----------------------|----------------------|----------------------|----------------|-------------------------|----------------------|----------------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion | Amount | Provision proportion | | Amount | Proportion | Amount | Provision proportion | |
| Provision for bad debts made on an individual basis: | 3,000.00 | 0.00% | 3,000.00 | 100.00% | | 1,190,578.89 | 5.72% | 1,190,578.89 | 100.00% | |
| Provision for bad debts made on a portfolio basis | 99,279,148.42 | 100.00% | 4,732,224.42 | 4.77% | 94,546,924.00 | 19,627,622.60 | 94.28% | 3,500,901.22 | 17.84% | 16,126,721.38 |
| Including: | | | | | | | | | | |
| Portfolio 1: age portfolio | 24,976,971.85 | 25.16% | 4,732,224.42 | 18.95% | 20,244,747.43 | 18,630,695.53 | 89.49% | 3,500,901.22 | 18.79% | 15,129,794.31 |
| Portfolio 2: low-risk portfolio | 74,302,176.57 | 74.84% | | | 74,302,176.57 | 996,927.07 | 4.79% | | | 996,927.07 |
| Total | 99,282,148.42 | 100.00% | 4,735,224.42 | 4.77% | 94,546,924.00 | 20,818,201.49 | 100.00% | 4,691,480.11 | 22.54% | 16,126,721.38 |

Provision for bad debts made on an individual basis: RMB 3,000.00

Unit: RMB

| Name | Opening balance | | Closing balance | | | |
|------------|-----------------|-------------------------|-----------------|-------------------------|----------------------|--|
| | Book balance | Provision for bad debts | Book balance | Provision for bad debts | Provision proportion | Reasons |
| Customer H | 1,187,578.89 | 1,187,578.89 | | | | It is not expected to be recovered, so the provision for bad debts is fully accrued. |
| Customer I | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | 100.00% | It is not expected to be recovered, so the provision for bad debts is fully accrued. |
| Total | 1,190,578.89 | 1,190,578.89 | 3,000.00 | 3,000.00 | | |

Categories for bad debts provision: Portfolio 1

Provision for bad debts made on a portfolio basis: RMB 4,732,224.42

Unit: RMB

| Name | Closing balance | | |
|---------------------------|-----------------|-------------------------|----------------------|
| | Book balance | Provision for bad debts | Provision proportion |
| Within 1 year (inclusive) | 15,722,105.92 | 786,105.28 | 5.00% |
| 1-2 years | 1,522,365.57 | 121,789.25 | 8.00% |
| 2-3 years | 3,406,469.00 | 510,970.35 | 15.00% |
| 3-4 years | 1,776,419.50 | 888,209.75 | 50.00% |
| 4-5 years | 622,310.36 | 497,848.29 | 80.00% |
| Over 5 years | 1,927,301.50 | 1,927,301.50 | 100.00% |
| Total | 24,976,971.85 | 4,732,224.42 | |

Explanation on the basis for determining such portfolio:

A provision for bad debts that are accrued according to the general model of the expected credit loss:

Unit: RMB

| Provision for bad debts | Phase I | Phase II | Phase III | Total |
|--|--|---|---|---------------|
| | Expected credit loss in future 12 months | Expected credit loss in the entire duration (without credit impairment) | Expected credit loss in the entire duration (credit impairment) | |
| Balance on January 1, 2024 | 3,500,901.22 | | 1,190,578.89 | 4,691,480.11 |
| Balance on January 1, 2024 in the current period | | | | |
| Provision for current period | 1,236,465.92 | | | 1,236,465.92 |
| Reversals in the current period | | | -1,187,578.89 | -1,187,578.89 |
| Other changes | -5,142.72 | | | -5,142.72 |
| Balance on December 31, 2024 | 4,732,224.42 | | 3,000.00 | 4,735,224.42 |

Other remarks:

Decreased provision for bad debts of RMB 5,142.72 for conversion difference in foreign currency statement caused by the change in exchange rate.

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

☐ Applicable ☒ Not applicable

4) Provision for bad debts made, collected or reversed in current period

Provision for bad debts made in current period:

Unit: RMB

| Category | Opening balance | Amount of changes in current period | | | | Closing balance |
|--|-----------------|-------------------------------------|-----------------------|-------------------------|-----------|-----------------|
| | | Accrued | Collected or reversed | Write-off or charge-off | Others | |
| Provision for bad debts of other receivables | 4,691,480.11 | 1,236,465.92 | -1,187,578.89 | | -5,142.72 | 4,735,224.42 |
| Total | 4,691,480.11 | 1,236,465.92 | -1,187,578.89 | | -5,142.72 | 4,735,224.42 |

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

Unit: RMB

| Entity name | Nature of receivables | Closing balance | Ages | Proportion in the total closing balance of other receivables | Closing balance of provision for bad debts |
|-------------|--|-----------------|--------------------------|--|--|
| Unit A | Government subsidy receivable | 45,401,900.00 | Within 1 year | 45.73% | |
| Unit B | Government subsidy receivable | 14,441,200.00 | Within 1 year | 14.55% | |
| Unit C | Government subsidy receivable | 12,841,545.29 | Within 1 year | 12.93% | |
| Customer J | Deposit as security & temporary payment receivable | 2,411,986.00 | Within 1 year, 1-4 years | 2.43% | 441,699.30 |
| Customer K | Deposit as security | 1,681,500.00 | Within 1 year | 1.69% | 84,075.00 |
| Total | | 76,778,131.29 | | 77.33% | 525,774.30 |

7. Advance payment**(1) Listing by ages**

Unit: RMB

| Ages | Closing balance | | Opening balance | |
|---------------|-----------------|------------|-----------------|------------|
| | Amount | Proportion | Amount | Proportion |
| Within 1 year | 269,994,369.41 | 98.95% | 190,478,767.90 | 98.61% |
| 1-2 years | 2,208,500.02 | 0.81% | 2,453,401.67 | 1.27% |
| 2-3 years | 441,866.71 | 0.16% | 123,148.33 | 0.06% |
| Over 3 years | 231,285.94 | 0.08% | 114,137.61 | 0.06% |
| Total | 272,876,022.08 | | 193,169,455.51 | |

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

Unit: RMB

| Entity name | Book balance | Proportion in the balance of advance payment |
|-------------|----------------|--|
| Supplier A | 26,693,149.63 | 9.78% |
| Supplier B | 23,082,374.24 | 8.46% |
| Supplier C | 22,149,055.00 | 8.12% |
| Supplier D | 19,154,384.53 | 7.02% |
| Supplier E | 17,168,622.50 | 6.29% |
| Subtotal | 108,247,585.90 | 39.67% |

Other remarks:

Aging is calculated from the date of confirmation of accounts prepaid.

8. Inventories

Whether the Company needs to comply with the disclosure requirements of the real estate industry

No

(1) Inventory classification

Unit: RMB

| Item | Closing balance | | | Opening balance | | |
|-----------------------|------------------|---|------------------|------------------|---|------------------|
| | Book balance | Inventory depreciation reserves or impairment provision for contract performance cost | Book value | Book balance | Inventory depreciation reserves or impairment provision for contract performance cost | Book value |
| Raw materials | 340,206,359.81 | 7,421,752.13 | 332,784,607.68 | 339,021,663.87 | 8,468,573.73 | 330,553,090.14 |
| Unfinished products | 92,996,160.95 | | 92,996,160.95 | 93,073,750.61 | | 93,073,750.61 |
| Finished products | 2,035,266,676.85 | 23,460,922.00 | 2,011,805,754.85 | 1,739,751,597.38 | 16,482,797.36 | 1,723,268,800.02 |
| Low value consumables | 121,972,166.54 | 237,339.29 | 121,734,827.25 | 108,345,465.67 | 82,857.41 | 108,262,608.26 |
| Packing materials | 6,636,757.74 | | 6,636,757.74 | 7,525,138.28 | | 7,525,138.28 |
| Total | 2,597,078,121.89 | 31,120,013.42 | 2,565,958,108.47 | 2,287,717,615.81 | 25,034,228.50 | 2,262,683,387.31 |

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

Unit: RMB

| Item | Opening balance | Increase | | Decrease | | Closing balance |
|------|-----------------|----------|--------|-----------------------|--------|-----------------|
| | | Accrued | Others | Reversal or write-off | Others | |

| | | | | | | |
|-----------------------|---------------|---------------|--|---------------|-----------|---------------|
| Raw materials | 8,468,573.73 | 2,790,614.04 | | 3,749,231.49 | 88,204.15 | 7,421,752.13 |
| Finished products | 16,482,797.36 | 15,094,540.34 | | 8,108,046.95 | 8,368.75 | 23,460,922.00 |
| Low value consumables | 82,857.41 | 237,339.29 | | 82,857.41 | | 237,339.29 |
| Total | 25,034,228.50 | 18,122,493.67 | | 11,940,135.85 | 96,572.90 | 31,120,013.42 |

There is an decreased inventory depreciation reserves of RMB 96,572.90 for conversion difference in foreign currency statement caused by the change in exchange rate.

Inventory falling price reserve on a portfolio basis

Unit: RMB

| Portfolio name | End of the period | | | Beginning of the period | | |
|-----------------------|-------------------|----------------------|-------------------------------------|-------------------------|----------------------|-------------------------------------|
| | Closing balance | Impairment provision | Falling price reserve accrual ratio | Opening balance | Impairment provision | Falling price reserve accrual ratio |
| Raw materials | 340,206,359.81 | 7,421,752.13 | 2.18% | 339,021,663.87 | 8,468,573.73 | 2.50% |
| Finished products | 2,035,266,676.85 | 23,460,922.00 | 1.15% | 1,739,751,597.38 | 16,482,797.36 | 0.95% |
| Low value consumables | 121,972,166.54 | 237,339.29 | 0.19% | 108,345,465.67 | 82,857.41 | 0.08% |
| Total | 2,497,445,203.20 | 31,120,013.42 | | 2,187,118,726.92 | 25,034,228.50 | |

9. Non-current assets due within one year

Unit: RMB

| Item | Closing balance | Opening balance |
|--|------------------|-----------------|
| Other debt investments due within one year | 1,558,446,438.34 | 285,783,958.92 |
| Total | 1,558,446,438.34 | 285,783,958.92 |

(1) Debt investment due within one year

☐ Applicable ☒ Not applicable

(2) Other debt investments due within one year

☒ Applicable ☐ Not applicable

1) Other debt investments due within one year

| Item | Opening balance | Interest accrued | Interest adjustment | Fair value changes in the current period | Closing balance | Cost | Accumulated fair value changes | Impairment provisions that are cumulatively determined in other comprehensive incomes | Remarks |
|------|-----------------|------------------|---------------------|--|-----------------|------|--------------------------------|---|---------|
|------|-----------------|------------------|---------------------|--|-----------------|------|--------------------------------|---|---------|

| | | | | | | | | | |
|------------------------------------|----------------|---------------|-------------|--|------------------|------------------|--|--|--|
| Negotiable certificates of deposit | 285,783,958.92 | 58,813,412.20 | -366,973.86 | | 1,558,446,438.34 | 1,500,000,000.00 | | | |
| Total | 285,783,958.92 | 58,813,412.20 | -366,973.86 | | 1,558,446,438.34 | 1,500,000,000.00 | | | |

2) Other important debt investments due within one year at the end of the period

Unit: RMB

| Item | Book value | Coupon rate | Expiry date | Effective interest rate | | Overdue principal | |
|---|----------------|-------------|----------------|-------------------------|-----------------|-------------------|-----------------|
| | | | | Closing balance | Opening balance | Closing balance | Opening balance |
| Shaoxing Supor - Bank of China negotiable certificates of deposit | 140,000,000.00 | 3.35% | March 3, 2025 | 3.32% | 3.32% | | |
| Shaoxing Supor Housewares - China Guangfa Bank negotiable certificates of deposit | 200,000,000.00 | 3.55% | April 21, 2025 | 3.43% | 3.43% | | |
| Shaoxing Supor Housewares - Industrial Bank negotiable certificates of deposit | 200,000,000.00 | 2.15% | June 4, 2025 | 2.11% | | | |
| Shaoxing Supor Housewares - China Guangfa Bank negotiable certificates of deposit | 300,000,000.00 | 2.15% | June 6, 2025 | 2.11% | | | |
| Total | 840,000,000.00 | | | | | | |

10. Other current assets

Unit: RMB

| Item | Closing balance | Opening balance |
|------------------------|-----------------|-----------------|
| Return cost receivable | 16,498,602.12 | 15,285,358.91 |
| Creditable VAT | 262,746,904.13 | 111,403,625.69 |
| Others | 8,750,409.11 | 15,734,711.62 |
| Total | 287,995,915.36 | 142,423,696.22 |

11. Other debt investments

(1) Situation of other debt investment

Unit: RMB

| Item | Opening balance | Interest accrued | Interest adjustment | Fair value changes in the current period | Closing balance | Cost | Accumulated fair value changes | Impairment provisions that are cumulatively determined in other comprehensiv | Remarks |
|------|-----------------|------------------|---------------------|--|-----------------|------|--------------------------------|--|---------|
|------|-----------------|------------------|---------------------|--|-----------------|------|--------------------------------|--|---------|

| | | | | | | | | e incomes | |
|------------------------------------|-----------------|----------------|-------------|--|-------------------|-------------------|--|-----------|--|
| Negotiable certificates of deposit | 951,306,342.48 | 70,064,883.12 | -408,253.00 | | 1,837,656.630.12 | 1,768,000.000.00 | | | |
| Minus: Part due within one year | -285,783,958.92 | -58,813,412.20 | 366,973.86 | | -1,558,446.438.34 | -1,500,000.000.00 | | | |
| Total | 665,522,383.56 | 11,251,470.92 | -41,279.14 | | 279,210,191.78 | 268,000,000.00 | | | |

(2) Important other debt investment at the end of the period

Unit: RMB

| Other debt items | Closing balance | | | | | Opening balance | | | | |
|---|-----------------|-------------|-------------------------|-------------|-------------------|-----------------|-------------|-------------------------|----------------|-------------------|
| | Book value | Coupon rate | Effective interest rate | Expiry date | Overdue principal | Book value | Coupon rate | Effective interest rate | Expiry date | Overdue principal |
| Shaoxing Supor Housewares - China Guangfa Bank negotiable certificates of deposit | | | | | | 200,000.000.00 | 3.55% | 3.43% | April 21, 2025 | |
| Shaoxing Supor - Bank of China negotiable certificates of deposit | | | | | | 140,000.000.00 | 3.35% | 3.32% | March 3, 2025 | |
| Total | | | | | | 340,000.000.00 | | | | |

12. Long-term equity investment

Unit: RMB

| Invested unit | Opening balance (book value) | Opening balance of impairment provision | Increase/decrease | | | | | | | | Closing balance (book value) | Closing balance of impairment provision |
|--------------------------------|------------------------------|---|----------------------|----------------------|---|--|-------------------------|--|------------------------------|--------|------------------------------|---|
| | | | Investment increased | Investment decreased | Investment profit or loss recognized by equity method | Adjustment in other comprehensive income | Changes in other equity | Cash dividend/profit declared for distribution | Accrued impairment provision | Others | | |
| I. Joint Ventures | | | | | | | | | | | | |
| II. Associated Enterprises | | | | | | | | | | | | |
| Wuhan Anzai Cookware Co., Ltd. | 61,678,984.35 | | | | -939,594.64 | | | | | | 60,739,389.71 | |
| Subtotal | 61,678,984.35 | | | | -939,594.64 | | | | | | 60,739,389.71 | |
| Total | 61,678,984.35 | | | | -939,594.64 | | | | | | 60,739,389.71 | |

The recoverable amount is determined as the net amount of the fair value less disposal expenses

☐ Applicable ☒ Not applicable

The recoverable amount is determined as the present value of estimated future cash flow of assets

☐ Applicable ☒ Not applicable

13. Fixed assets

Unit: RMB

| Item | Closing balance | Opening balance |
|--------------|------------------|------------------|
| Fixed assets | 1,265,771,512.34 | 1,243,210,689.64 |
| Total | 1,265,771,512.34 | 1,243,210,689.64 |

(1) Fixed assets

Unit: RMB

| Item | Buildings and structures | General equipment | Special equipment | Transport facilities | Total |
|--|--------------------------|-------------------|-------------------|----------------------|------------------|
| I. Original book value: | | | | | |
| 1. Opening balance | 1,234,240,411.28 | 295,292,863.08 | 965,149,950.66 | 34,174,160.70 | 2,528,857,385.72 |
| 2. Increase | 71,638,627.96 | 18,687,175.38 | 75,934,563.76 | 5,375,713.23 | 171,636,080.33 |
| (1) Acquisition | 1,379,578.82 | 17,943,963.57 | 50,690,509.70 | 5,375,713.23 | 75,389,765.32 |
| (2) Transferred in from construction in progress | 70,259,049.14 | 743,211.81 | 25,244,054.06 | | 96,246,315.01 |
| (3) Increase from enterprise merger | | | | | |
| 3. Decrease | 11,151,740.68 | 8,470,523.34 | 20,073,480.78 | 6,014,032.97 | 45,709,777.77 |
| (1) Disposal or scrapping | 11,151,740.68 | 8,470,523.34 | 20,073,480.78 | 6,014,032.97 | 45,709,777.77 |
| 4. Impact of change in exchange rate | -1,040,506.15 | -261,997.65 | -2,163,639.33 | -77,255.10 | -3,543,398.23 |
| 5. Closing balance | 1,293,686,792.41 | 305,247,517.47 | 1,018,847,394.31 | 33,458,585.86 | 2,651,240,290.05 |
| II. Accumulated depreciation | | | | | |
| 1. Opening balance | 417,002,264.73 | 223,951,178.16 | 617,795,971.50 | 26,593,506.97 | 1,285,342,921.36 |
| 2. Increase | 45,407,841.50 | 25,734,147.81 | 57,711,070.28 | 2,918,157.75 | 131,771,217.34 |
| (1) Provision | 45,407,841.50 | 25,734,147.81 | 57,711,070.28 | 2,918,157.75 | 131,771,217.34 |
| 3. Decrease | 790,533.16 | 7,847,011.62 | 16,230,386.68 | 5,073,134.47 | 29,941,065.93 |
| (1) Disposal or scrapping | 790,533.16 | 7,847,011.62 | 16,230,386.68 | 5,073,134.47 | 29,941,065.93 |
| 4. Impact of change in exchange rate | -388,852.57 | -183,136.75 | -1,062,950.25 | -69,355.49 | -1,704,295.06 |
| 5. Closing balance | 461,230,720.50 | 241,655,177.60 | 658,213,704.85 | 24,369,174.76 | 1,385,468,777.71 |
| III. Impairment Provision | | | | | |

| | | | | | |
|---------------------------|----------------|---------------|----------------|--------------|------------------|
| 1. Opening balance | | 303,774.72 | | | 303,774.72 |
| 2. Increase | | | | | |
| (1) Provision | | | | | |
| 3. Decrease | | 303,774.72 | | | 303,774.72 |
| (1) Disposal or scrapping | | 303,774.72 | | | 303,774.72 |
| 4. Closing balance | | | | | |
| IV. Book Value | | | | | |
| 1. Closing book value | 832,456,071.91 | 63,592,339.87 | 360,633,689.46 | 9,089,411.10 | 1,265,771,512.34 |
| 2. Opening book value | 817,238,146.55 | 71,037,910.20 | 347,353,979.16 | 7,580,653.73 | 1,243,210,689.64 |

(2) Fixed assets with property ownership certificate unsettled

Unit: RMB

| Item | Book value | Reasons for unsettlement |
|--|----------------|---|
| Function dormitory of Shaoxing Supor | 32,102,094.29 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| No.3 plant of Shaoxing Supor | 23,791,682.51 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| No.1 plant of Shaoxing Supor | 22,147,340.93 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| No.8 plant of Shaoxing Supor | 26,479,428.11 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| Function cafeteria of Shaoxing Supor | 8,614,458.66 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| No.12 plant of Shaoxing Supor | 11,365,305.07 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| Transformer substation (35 kV) of Shaoxing Supor | 1,043,338.51 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| No.13 plant of Shaoxing Supor | 13,368,361.61 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| No.14 plant of Shaoxing Supor | 20,751,804.54 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| No.15 plant of Shaoxing Supor | 37,638,699.37 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| Forklift charging room of Shaoxing Supor | 796,134.78 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| 13-B# warehouse project of Shaoxing Supor | 12,698,129.04 | After all projects are completed, and the completion and settlement procedures are fulfilled, the property ownership certificate shall be processed uniformly |
| Generator room of P&R Products | 446.25 | Transfer procedures of land use right certificate are not settled due to land ownership issue |
| Water pump building and structures of P&R Products | 55,016.68 | Transfer procedures of land use right certificate are not settled due to land ownership issue |
| Extended plant for bakelite workshop of P&R Products | 121,436.39 | Transfer procedures of land use right certificate are not settled due to land ownership issue |
| Polishing workshop of P&R Products | 63,360.00 | Transfer procedures of land use right certificate are not settled due to land ownership issue |
| Total | 211,037,036.74 | |

14. Construction in progress

Unit: RMB

| Item | Closing balance | Opening balance |
|--------------------------|-----------------|-----------------|
| Construction in progress | 13,026,975.92 | 26,862,380.61 |
| Total | 13,026,975.92 | 26,862,380.61 |

(1) Details of construction in progress

Unit: RMB

| Item | Closing balance | | | Opening balance | | |
|---|-----------------|----------------------|---------------|-----------------|----------------------|---------------|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Shaoxing Supor Fire Protection Renovation Project | | | | 20,185,019.07 | | 20,185,019.07 |
| Piecemeal projects | 12,074,143.87 | | 12,074,143.87 | 5,844,384.84 | | 5,844,384.84 |
| Equipment payment | 952,832.05 | | 952,832.05 | 832,976.70 | | 832,976.70 |
| Total | 13,026,975.92 | | 13,026,975.92 | 26,862,380.61 | | 26,862,380.61 |

(2) Impairment test of the construction in progress
☐ Applicable ☒ Not applicable
15. Right-of-use assets**(1) Right-of-use assets**

Unit: RMB

| Item | Buildings and structures | Land | General equipment | Total |
|------------------------------|--------------------------|--------------|-------------------|----------------|
| I. Original Book Value | | | | |
| 1. Opening balance | 342,434,143.81 | 3,283,631.77 | | 345,717,775.58 |
| 2. Increase | 53,284,906.84 | | 38,527,155.31 | 91,812,062.15 |
| 3. Decrease | 54,161,975.80 | | | 54,161,975.80 |
| 4. Exchange rate effect | 366.23 | -26,474.28 | | -26,108.05 |
| 5. Closing balance | 341,557,441.08 | 3,257,157.49 | 38,527,155.31 | 383,341,753.88 |
| II. Accumulated Depreciation | | | | |
| 1. Opening balance | 121,901,162.50 | 313,039.94 | | 122,214,202.44 |
| 2. Increase | 48,453,978.32 | 105,086.21 | 1,208,503.28 | 49,767,567.81 |
| (1) Provision | 48,453,978.32 | 105,086.21 | 1,208,503.28 | 49,767,567.81 |
| 3. Decrease | 15,574,767.52 | | | 15,574,767.52 |

| | | | | |
|---------------------------|----------------|--------------|---------------|----------------|
| (1) Disposal | 15,574,767.52 | | | 15,574,767.52 |
| 4. Exchange rate effect | 4,022.33 | 4,429.35 | | 8,451.68 |
| 5. Closing balance | 154,784,395.63 | 422,555.50 | 1,208,503.28 | 156,415,454.41 |
| III. Impairment Provision | | | | |
| IV. Book Value | | | | |
| 1. Closing book value | 186,773,045.45 | 2,834,601.99 | 37,318,652.03 | 226,926,299.47 |
| 2. Opening book value | 220,532,981.31 | 2,970,591.83 | | 223,503,573.14 |

16. Intangible assets

(1) Intangible assets

Unit: RMB

| Item | Land use right | Trademark use right | Software | Dumping right | Total |
|--------------------------------------|----------------|---------------------|----------------|---------------|----------------|
| I. Original Book Value | | | | | |
| 1. Opening balance | 474,966,791.54 | 47,328,811.32 | 102,286,810.21 | 9,894,760.97 | 634,477,174.04 |
| 2. Increase | | | 6,716,150.11 | 85,650.48 | 6,801,800.59 |
| (1) Acquisition | | | 6,716,150.11 | 85,650.48 | 6,801,800.59 |
| (2) In-house R&D | | | | | |
| (3) Increase from enterprise merger | | | | | |
| 3. Decrease | | | 604,108.97 | | 604,108.97 |
| (1) Disposal | | | 604,108.97 | | 604,108.97 |
| 4. Impact of change in exchange rate | -161,669.35 | | -26,264.49 | | -187,933.84 |
| 5. Closing balance | 474,805,122.19 | 47,328,811.32 | 108,372,586.86 | 9,980,411.45 | 640,486,931.82 |
| II. Accumulated Amortization | | | | | |
| 1. Opening balance | 108,421,816.13 | 37,817,999.03 | 57,279,563.96 | 1,978,952.20 | 205,498,331.32 |
| 2. Increase | 9,973,220.31 | 4,732,881.13 | 10,934,382.39 | 2,004,647.33 | 27,645,131.16 |
| (1) Provision | 9,973,220.31 | 4,732,881.13 | 10,934,382.39 | 2,004,647.33 | 27,645,131.16 |
| 3. Decrease | | | 584,564.40 | | 584,564.40 |
| (1) Disposal | | | 584,564.40 | | 584,564.40 |
| 4. Impact of change in exchange rate | -60,437.37 | | -19,175.55 | | -79,612.92 |
| 5. Closing balance | 118,334,599.07 | 42,550,880.16 | 67,610,206.40 | 3,983,599.53 | 232,479,285.16 |
| III. Impairment Provision | | | | | |
| IV. Book Value | | | | | |

| | | | | | |
|-----------------------|----------------|--------------|---------------|--------------|----------------|
| 1. Closing book value | 356,470,523.12 | 4,777,931.16 | 40,762,380.46 | 5,996,811.92 | 408,007,646.66 |
| 2. Opening book value | 366,544,975.41 | 9,510,812.29 | 45,007,246.25 | 7,915,808.77 | 428,978,842.72 |

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

17. Deferred income tax assets/deferred income tax liabilities

(1) Un-offset deferred income tax assets

Unit: RMB

| Item | Closing balance | | Opening balance | |
|--|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
| Impairment provision of assets | 111,138,817.84 | 24,494,103.97 | 121,098,089.15 | 26,260,667.30 |
| Profits not realized by internal transaction | 94,550,609.51 | 23,220,723.04 | 69,741,065.39 | 16,436,357.10 |
| Deductible losses | 7,251,431.15 | 1,641,932.94 | 18,987,969.57 | 4,474,069.98 |
| Accrued expenses | 1,305,412,988.97 | 313,274,780.18 | 1,379,497,142.55 | 331,107,609.67 |
| Accrued salary | 105,431,046.38 | 25,003,717.86 | 60,023,338.88 | 14,699,395.04 |
| Estimated liabilities | 4,910,559.70 | 736,583.96 | 7,258,295.50 | 1,088,744.33 |
| Share-based payment | 75,636,317.17 | 17,498,092.50 | 107,454,470.04 | 24,615,719.01 |
| Expected returns | 11,121,206.55 | 2,612,314.13 | 10,173,886.95 | 2,449,174.32 |
| Lease obligation | 230,416,401.82 | 54,345,224.36 | 224,849,380.79 | 53,129,092.96 |
| Total | 1,945,869,379.09 | 462,827,472.94 | 1,999,083,638.82 | 474,260,829.71 |

(2) Un-offset deferred income tax liabilities

Unit: RMB

| Item | Closing balance | | Opening balance | |
|------------------------------|------------------------------|---------------------------------|------------------------------|---------------------------------|
| | Taxable temporary difference | Deferred income tax liabilities | Taxable temporary difference | Deferred income tax liabilities |
| Right-of-use assets | 226,926,299.47 | 53,471,643.65 | 223,503,573.14 | 52,776,659.15 |
| Depreciation of fixed assets | 7,389,215.93 | 1,108,381.41 | 8,198,493.05 | 1,231,924.26 |
| Total | 234,315,515.40 | 54,580,025.06 | 231,702,066.19 | 54,008,583.41 |

(3) Deferred income tax assets or liabilities presented with net amount after offsetting

Unit: RMB

| Item | Offsetting amount between deferred income tax assets and liabilities at the end of | Closing balance of deferred income tax assets or liabilities after offsetting | Offsetting amount between deferred income tax assets and liabilities at the | Opening balance of deferred income tax assets or liabilities after offsetting |
|------|--|---|---|---|
|------|--|---|---|---|

| | the period | | beginning of the period | |
|---------------------------------|---------------|----------------|-------------------------|----------------|
| Deferred income tax assets | 54,580,025.06 | 408,247,447.88 | 54,008,583.41 | 420,252,246.30 |
| Deferred income tax liabilities | 54,580,025.06 | | 54,008,583.41 | |

(4) Detail about unrecognized deferred income tax assets

Unit: RMB

| Item | Closing balance | Opening balance |
|---------------------------------|-----------------|-----------------|
| Deductible temporary difference | 14,708,679.24 | 16,278,431.89 |
| Deductible losses | 93,544,350.35 | 56,282,437.20 |
| Total | 108,253,029.59 | 72,560,869.09 |

(5) Deductible losses of unconfirmed deferred income tax assets shall expire in the following years

Unit: RMB

| Year | Closing amount | Opening balance | Remarks |
|-------|----------------|-----------------|---------|
| 2024 | | 8,287,689.09 | |
| 2025 | 6,945,189.33 | 6,945,189.33 | |
| 2026 | 7,751,051.17 | 7,751,051.17 | |
| 2027 | 5,232,792.23 | 5,232,792.23 | |
| 2028 | 28,065,715.38 | 28,065,715.38 | |
| 2029 | 45,549,602.24 | | |
| Total | 93,544,350.35 | 56,282,437.20 | |

18. Assets with title or use right restrictions

Unit: RMB

| Item | End of the period | | | | Beginning of the period | | | |
|------------------|-------------------|----------------|---------------------|---|-------------------------|----------------|---------------------|---|
| | Book balance | Book value | Type of restriction | Restriction | Book balance | Book value | Type of restriction | Restriction |
| Monetary capital | 189,178,000.00 | 189,178,000.00 | Frozen | Bank acceptance bill security | 476,860,000.00 | 476,860,000.00 | Frozen | Bank acceptance bill security |
| Monetary capital | 58,000,000.00 | 58,000,000.00 | Frozen | Deposit security for advance payment financing | 58,000,000.00 | 58,000,000.00 | Frozen | Deposit security for advance payment financing |
| Monetary capital | 945,617.14 | 945,617.14 | Frozen | Security and frozen funds of e-commerce platforms | 613,739.88 | 613,739.88 | Frozen | Security and frozen funds of e-commerce platforms |
| Monetary capital | 68,400.00 | 68,400.00 | Frozen | Restricted funds used in bank deposits | 30,423.72 | 30,423.72 | Frozen | Write off the frozen amount in the bank account of the branch |

| | | | | | | | | |
|-------|----------------|----------------|--|--|----------------|----------------|--|--|
| Total | 248,192,017.14 | 248,192,017.14 | | | 535,504,163.60 | 535,504,163.60 | | |
|-------|----------------|----------------|--|--|----------------|----------------|--|--|

19. Short-term loans

(1) Classification of short-term loans

Unit: RMB

| Item | Closing balance | Opening balance |
|--------------------------|-----------------|-----------------|
| Bank acceptance discount | | 199,741,167.36 |
| Total | | 199,741,167.36 |

There were no past due loans at the end of the year.

20. Notes payable

Unit: RMB

| Type | Closing balance | Opening balance |
|----------------------|------------------|------------------|
| Bank acceptance bill | 1,282,200,000.00 | 1,235,000,000.00 |
| Total | 1,282,200,000.00 | 1,235,000,000.00 |

The total amount of notes payable that have expired but remain unpaid at the end of the period is RMB 0.00.

The above amounts are all notes payable due within one year.

21. Accounts payable

(1) Details

Unit: RMB

| Item | Closing balance | Opening balance |
|---------------------------------|------------------|------------------|
| Goods payment | 1,821,729,996.38 | 1,757,840,901.20 |
| Equipment and engineering funds | 35,599,639.05 | 57,759,242.79 |
| Cost payment | 1,304,406,436.97 | 1,350,090,957.97 |
| Total | 3,161,736,072.40 | 3,165,691,101.96 |

Other remarks:

As at December 31, 2024, Supor had no significant accounts payable with an age of more than one year (December 31, 2023: None).

22. Other payables

Unit: RMB

| Item | Closing balance | Opening balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

| | | |
|----------------|----------------|----------------|
| Other payables | 135,584,472.49 | 147,617,550.27 |
| Total | 135,584,472.49 | 147,617,550.27 |

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

Unit: RMB

| Item | Closing balance | Opening balance |
|----------------------------|-----------------|-----------------|
| Deposit as security | 97,023,753.29 | 103,302,075.21 |
| Temporary receipts payable | 16,328,753.68 | 21,367,823.48 |
| Others | 22,231,965.52 | 22,947,651.58 |
| Total | 135,584,472.49 | 147,617,550.27 |

23. Contract liabilities

Unit: RMB

| Item | Closing balance | Opening balance |
|-------------------|------------------|-----------------|
| Advances on sales | 1,088,405,139.86 | 862,706,076.18 |
| Total | 1,088,405,139.86 | 862,706,076.18 |

The amount with major changes in its book value during the reporting period and its reasons

Unit: RMB

| Item | Variation amount | Variation reason |
|-------------------|------------------|---|
| Advances on sales | -862,706,076.18 | Including the revenue recognized by the amount of book value of contract liabilities at the beginning of the year |
| Advances on sales | 1,088,405,139.86 | The amount increased due to receipt of cash (excluding the amount recognized as revenue in the current year) |
| Total | 225,699,063.68 | — |

24. Employee remuneration payable**(1) Details**

Unit: RMB

| Item | Opening balance | Increase | Decrease | Closing balance |
|--|-----------------|------------------|------------------|-----------------|
| I. Short-term Employee Remuneration | 320,212,390.06 | 1,876,221,869.79 | 1,847,460,084.06 | 348,974,175.79 |
| II. Post-employment Benefits - Defined Contribution Plan | 10,195,224.02 | 114,201,840.20 | 116,217,452.45 | 8,179,611.77 |
| III. Termination Benefit | 1,731,091.20 | 2,485,936.30 | 3,806,959.99 | 410,067.51 |
| Total | 332,138,705.28 | 1,992,909,646.29 | 1,967,484,496.50 | 357,563,855.07 |

(2) Details of short-term employee remuneration

Unit: RMB

| Item | Opening balance | Increase | Decrease | Closing balance |
|---|-----------------|------------------|------------------|-----------------|
| 1. Salary, bonus, allowance and subsidy | 271,284,222.43 | 1,671,634,234.70 | 1,639,048,329.78 | 303,870,127.35 |
| 2. Employee services and benefits | 4,179,266.16 | 71,445,211.69 | 70,284,013.32 | 5,340,464.53 |
| 3. Social insurance premiums | 6,741,348.08 | 65,017,353.94 | 66,838,729.91 | 4,919,972.11 |
| Including: medical insurance premium | 6,331,939.24 | 58,495,644.41 | 60,410,845.20 | 4,416,738.45 |
| Occupational injuries premium | 409,408.84 | 6,521,709.53 | 6,427,884.71 | 503,233.66 |
| 4. Housing accumulation fund | 104,145.00 | 49,608,959.69 | 49,559,241.09 | 153,863.60 |
| 5. Trade union fund and employee education fund | 37,903,408.39 | 18,516,109.77 | 21,729,769.96 | 34,689,748.20 |
| Total | 320,212,390.06 | 1,876,221,869.79 | 1,847,460,084.06 | 348,974,175.79 |

(3) Details of defined contribution plan

Unit: RMB

| Item | Opening balance | Increase | Decrease | Closing balance |
|------------------------------------|-----------------|----------------|----------------|-----------------|
| 1. Basic endowment insurance | 9,844,178.96 | 110,129,650.96 | 112,057,900.81 | 7,915,929.11 |
| 2. Unemployment insurance premiums | 351,045.06 | 4,072,189.24 | 4,159,551.64 | 263,682.66 |
| Total | 10,195,224.02 | 114,201,840.20 | 116,217,452.45 | 8,179,611.77 |

(4) Termination benefit

Supor paid termination benefits of RMB 3,806,959.99 (2023: RMB 3,804,066.37) due to the termination of employment relationships during the year. The amount payable but unpaid at the end of the year was RMB 410,067.51 (December 31, 2023: RMB 1,731,091.20).

25. Taxes and fees payable

Unit: RMB

| Item | Closing balance | Opening balance |
|--|-----------------|-----------------|
| VAT | 35,886,885.98 | 37,895,819.95 |
| Enterprise income tax | 201,467,590.23 | 266,724,688.22 |
| Individual income tax | 4,401,978.83 | 3,461,145.87 |
| Urban maintenance and construction tax | 11,677,943.91 | 9,463,195.64 |
| Housing property tax | 11,184,562.99 | 10,999,275.32 |
| Land use tax | 6,702,356.51 | 6,702,356.51 |
| Stamp tax | 4,619,205.79 | 4,433,184.32 |

| | | |
|---------------------------|----------------|----------------|
| Education surcharge | 5,000,990.12 | 4,057,809.94 |
| Local education surcharge | 3,358,369.55 | 2,725,257.74 |
| Total | 284,299,883.91 | 346,462,733.51 |

26. Non-current liabilities due within one year

Unit: RMB

| Item | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Lease obligations due within one year | 41,987,421.60 | 47,568,255.43 |
| Total | 41,987,421.60 | 47,568,255.43 |

27. Other current liabilities

Unit: RMB

| Item | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Refund payable | 27,619,808.67 | 25,459,245.72 |
| Endorsed bank acceptance bill unrecognized | 3,608,696.65 | 10,761,655.33 |
| Output tax to be written-off | 140,846,897.45 | 111,431,313.35 |
| Total | 172,075,402.77 | 147,652,214.40 |

28. Lease obligation

Unit: RMB

| Item | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Long-term lease obligations | 230,416,401.82 | 224,849,380.79 |
| Minus: Lease obligations due within one year | -41,987,421.60 | -47,568,255.43 |
| Total | 188,428,980.22 | 177,281,125.36 |

Other remarks:

The Group also rents employee dormitories, temporary warehouses, etc. for a lease term up to one year, representing short-term leases. The Group has chosen not to recognize the right-of-use assets and lease obligations for these leases.

29. Long-term payroll payable to employees

(1) Long-term payroll payable to employees

Unit: RMB

| Item | Closing balance | Opening balance |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

| | | |
|-----------------------------|---------------|---------------|
| I. Termination Benefit | 822,218.97 | 1,128,743.89 |
| II. Other Long-term Welfare | 38,377,219.62 | 14,707,829.27 |
| Total | 39,199,438.59 | 15,836,573.16 |

30. Estimated liabilities

Unit: RMB

| Item | Closing balance | Opening balance | Reasons for the balance |
|------------------------------|-----------------|-----------------|---|
| Pending lawsuit | 3,082,977.50 | 5,538,727.50 | See Note XVI. "Commitments and Contingencies" for details |
| Financial guarantee contract | 1,827,582.20 | 1,719,568.00 | See Note XVI. "Commitments and Contingencies" for details |
| Product quality assurance | 47,938,174.63 | 39,916,751.22 | See Note XVI. "Commitments and Contingencies" for details |
| Total | 52,848,734.33 | 47,175,046.72 | |

31. Share capital

Unit: RMB

| | Opening balance | Increase/decrease in the period (+, -) | | | | | Closing balance |
|--------------|-----------------|--|--------------|-------------------|---------------|---------------|-----------------|
| | | New shares | Shares bonus | Converted capital | Others | Subtotal | |
| Total shares | 806,708,657.00 | | | | -5,348,924.00 | -5,348,924.00 | 801,359,733.00 |

Other remarks:

During this period, the share capital decreased by RMB 5,348,924.00. ① Based on the authorization of the Annual General Meeting of Shareholders for 2022 Fiscal Year, 5,150,000 shares held in the special stock repurchase account were canceled, reducing the registered capital. The cancellation of these repurchased shares resulted in a corresponding reduction in share capital of RMB 5,150,000.00. ② Restricted stocks of 20,250 held by departed equity incentive employees were repurchased and canceled at RMB 1 per share, resulting in a corresponding reduction in share capital of RMB 20,250.00. ③ The *Proposal on Repurchasing and Canceling a Part of Restricted Stock* was approved at the 11th Session of the Eighth Board of Directors in 2024. A total of 178,674 restricted stocks under the 2022 Restricted Stock Incentive Plan, which did not to meet the 100% unlocking target in the first assessment period, were repurchased and canceled, resulting in a corresponding reduction in share capital of RMB 178,674 (The business deregistration procedures will be completed in January 2025).

32. Capital reserves

Unit: RMB

| Item | Opening balance | Increase | Decrease | Closing balance |
|-----------------------|-----------------|---------------|------------|-----------------|
| Other capital reserve | 173,110,627.02 | 18,371,008.29 | 187,025.64 | 191,294,609.67 |
| Total | 173,110,627.02 | 18,371,008.29 | 187,025.64 | 191,294,609.67 |

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

1) The increase of RMB 18,371,008.29 in other capital reserves in the current period refers to ① the share-based payments settled with equity cost of RMB 17,379,109.00 in the current period included in the capital reserve (other capital reserves), as detailed in Note XV "Description of Share-based Payment" to these financial statements. ② The tax impact of RMB 991,899.29, resulting from the excess of the tax-deductible amount for share-based payments over the cost recognized under accounting standards, was directly recorded in other capital reserves.

2) Other capital reserves decreased by RMB 187,025.64 during the year. ① The tax impact of RMB -187,025.64, resulting from the expected future deductible amount for share-based payments being less than the cost recognized during the waiting period, was directly recorded in other capital reserves.

33. Treasury shares

Unit: RMB

| Item | Opening balance | Increase | Decrease | Closing balance |
|----------------|-----------------|----------|----------------|-----------------|
| Treasury share | 488,057,333.76 | | 253,559,628.51 | 234,497,705.25 |
| Total | 488,057,333.76 | | 253,559,628.51 | 234,497,705.25 |

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

During the year, treasury share capital decreased by RMB 253,559,628.51. ① Pursuant to the resolutions of the 2nd Session of the Eighth Board of Directors in 2023 and the 7th Session of the Eighth Board of Directors in 2024, four and seven incentive employees under the 2021 and 2022 Restricted Stock Incentive Plans, respectively, no longer met the incentive conditions due to resignation. The Company repurchased and canceled a total of 20,250 restricted shares at RMB 1 per share, resulting in a corresponding reduction in repurchase obligations of RMB 20,250.00. ② Pursuant to the resolution of the 11th Session of the Eighth Board of Directors in 2024, 288 incentive employees no longer met the unlocking conditions as their business units did not achieve the 100% unlocking target for the unlock of restricted stocks. The Company repurchased and canceled a total of 178,674 restricted shares at RMB 1 per share, resulting in a corresponding reduction in repurchase obligations of RMB 178,674.00. ③ During the year, the Company canceled 5,150,000 repurchased stocks, totaling RMB 252,348,753.51. ④ During the year, the Company canceled repurchase obligations for 1,011,951 restricted shares under the 2021 and 2022 Restricted Stock Incentive Plans, resulting in a corresponding reduction in repurchase obligations of RMB 1,011,951.00.

34. Other comprehensive incomes

Unit: RMB

| Item | Opening balance | Amount incurred during this period | | | | | | Closing balance |
|--|-----------------|---|--|---|----------------------------|--------------------------------|--|-----------------|
| | | Current period cumulative before income tax | Minus: other comprehensive incomes carried forward transferred to profits and losses | Minus: other comprehensive incomes carried forward transferred to retained earnings | Minus: income tax expenses | Attributable to parent company | Attributable to non-controlling interest | |
| I. Other Comprehensive Incomes That Can Be Reclassified into | 19,176,454.59 | -9,232,789.93 | | | | -9,046,280.81 | -186,509.12 | -28,222,735.40 |

| | | | | | | | | |
|---|---------------|---------------|--|--|--|---------------|-------------|----------------|
| Profit and Loss | | | | | | | | |
| Conversion difference in foreign currency financial statement | 19,176,454.59 | -9,232,789.93 | | | | -9,046,280.81 | -186,509.12 | -28,222,735.40 |
| Total other comprehensive income | 19,176,454.59 | -9,232,789.93 | | | | -9,046,280.81 | -186,509.12 | -28,222,735.40 |

35. Surplus reserves

Unit: RMB

| Item | Opening balance | Increase | Decrease | Closing balance |
|---------------------------|-----------------|----------------|----------------|-----------------|
| Statutory surplus reserve | 355,939,901.82 | 185,751,505.61 | 247,198,753.51 | 294,492,653.92 |
| Total | 355,939,901.82 | 185,751,505.61 | 247,198,753.51 | 294,492,653.92 |

Remarks on surplus reserve (including increase and decrease in current period and variation reason):

The surplus reserve increased by RMB 185,751,505.61 during the period, which was the statutory surplus reserve accrued at 10% of the parent company's net profit for the period. The decrease was due to the cancellation of 5,150,000 repurchased stocks. The difference between the repurchase price and the book value of the stocks was offset against the capital reserve - share capital premium, and the insufficient portion was offset against the surplus reserve, amounting to RMB 247,198,753.51.

36. Undistributed profits

Unit: RMB

| Item | Current period | Prior period |
|---|------------------|------------------|
| Undistributed profits at the end of last period before adjustment | 5,516,807,622.62 | 5,865,316,233.53 |
| Undistributed profits at period beginning after adjustment | 5,516,807,622.62 | 5,865,316,233.53 |
| Plus: Net profit attributable to owners of the parent company | 2,244,444,529.35 | 2,179,798,147.27 |
| Minus: withdrawal of statutory surplus reserve | 185,751,505.61 | 85,151,939.97 |
| Ordinary share dividends payable | 2,175,512,858.61 | 2,439,504,228.21 |
| Grant of restricted stocks | | 3,650,590.00 |
| Undistributed profits at the end of the period | 5,399,987,787.75 | 5,516,807,622.62 |

Adjustment of undistributed profits at period beginning:

- 1) Due to retroactive adjustment of Accounting Standards for Business Enterprises and relevant new regulations, undistributed profit at period beginning was changed by 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 important accounting errors, undistributed profit at period beginning was changed by RMB 0.00.

- 4) Due to change of merger scope resulted from same control, undistributed profit at period beginning was changed by RMB 0.00.
- 5) Due to other adjustment, undistributed profit at period beginning was changed by RMB 0.00.

37. Operating incomes and costs

Unit: RMB

| Item | Amount incurred during this period | | Amount incurred during prior period | |
|-------------------------------|------------------------------------|-------------------|-------------------------------------|-------------------|
| | Revenue | Cost | Revenue | Cost |
| Main business | 22,168,020,396.90 | 16,673,052,522.91 | 21,047,461,714.13 | 15,701,235,070.03 |
| Revenue from other operations | 259,317,589.48 | 225,221,015.71 | 256,486,928.53 | 217,210,030.07 |
| Total | 22,427,337,986.38 | 16,898,273,538.62 | 21,303,948,642.66 | 15,918,445,100.10 |

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

☐ Yes ☒ No

Breakdown information of operating income and operating cost:

Unit: RMB

| Contract classification | Total | |
|-----------------------------|-------------------|-------------------|
| | Operating income | Operating cost |
| Business type | | |
| Including: | | |
| Cookware | 6,836,158,028.21 | 4,991,414,008.19 |
| Electric appliances | 15,300,420,337.16 | 11,659,834,449.07 |
| Others | 290,021,126.73 | 246,580,438.08 |
| Classified by business area | | |
| Including: | | |
| Domestic | 14,924,537,552.66 | 10,792,653,145.25 |
| Foreign | 7,502,061,939.44 | 6,105,175,750.09 |
| Total | 22,426,599,492.10 | 16,897,828,895.34 |

Note: The above revenue related information does not include rental income.

Information related to performance obligations:

None

Information related to the transaction price allocated to the remaining performance obligations:

At the end of this reporting period, the revenue from the performance obligations that have not been fulfilled or completely fulfilled under existing contract is RMB 1,088,405,139.86, of which RMB 1,088,405,139.86 is expected to be recognized as income in 2025.

38. Taxes and surcharges

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|--|------------------------------------|-------------------------------------|
| Urban maintenance and construction tax | 64,619,482.33 | 64,295,557.27 |
| Education surcharge | 28,053,059.29 | 27,696,208.95 |
| Housing property tax | 12,543,351.76 | 13,343,358.14 |
| Land use tax | 7,457,381.96 | 1,630,388.68 |
| Vehicle and vessel use tax | 51,320.31 | 51,074.40 |
| Stamp tax | 16,703,717.74 | 16,715,072.33 |
| Local education surcharge | 18,701,151.06 | 18,464,139.22 |
| Environmental protection tax | 77,772.69 | 54,852.44 |
| Total | 148,207,237.14 | 142,250,651.43 |

Other remarks:

See Note VI. Taxes for calculating standard of taxes and surcharges.

39. Administrative expenses

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Employee remuneration | 231,591,045.41 | 232,400,181.10 |
| Office, business traveling and depreciation and amortization expenses | 93,214,915.44 | 89,412,248.70 |
| Cost of equity incentive and performance incentive fund | 33,194,694.31 | 35,864,304.26 |
| Others | 38,032,588.34 | 35,921,232.76 |
| Total | 396,033,243.50 | 393,597,966.82 |

40. Sales expense

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Advertising, sales promotion, and special gift expenses | 1,690,530,659.60 | 1,573,518,407.60 |
| Employee remuneration | 302,892,789.55 | 322,862,558.17 |
| Office and business traveling expenses | 114,735,395.65 | 105,466,503.21 |
| Cost of equity incentive and performance incentive fund | 13,086,311.47 | 11,796,303.73 |
| Others | 60,713,393.54 | 65,887,402.24 |
| Total | 2,181,958,549.81 | 2,079,531,174.95 |

41. R&D expense

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|--|------------------------------------|-------------------------------------|
| Employee remuneration | 241,177,833.50 | 218,391,753.12 |
| Trial production experiment cost and consumption expenditure | 96,137,397.05 | 80,046,107.59 |
| New product design cost | 41,356,078.63 | 42,518,700.10 |
| Patent and external institutional fees | 48,204,943.92 | 52,659,379.35 |
| Cost of equity incentive and performance incentive fund | 12,369,893.38 | 10,098,463.21 |
| Others | 30,416,853.48 | 27,574,132.92 |
| Total | 469,662,999.96 | 431,288,536.29 |

42. Financial expenses

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Interest expense of loans and accounts payables | 2,367,010.84 | 3,816,340.07 |
| Interest revenue of deposits and receivables | -70,813,837.27 | -80,404,233.22 |
| Interest expense of lease obligations | 9,659,202.55 | 10,526,971.78 |
| Gain on net foreign exchange | -17,618,174.15 | -6,403,128.91 |
| Handling fee and other financial expenses | 3,960,010.47 | 4,834,108.92 |
| Total | -72,445,787.56 | -67,629,941.36 |

43. Other income

(1) Classification of other income

| Source of other revenues | Amount incurred during this period | Amount incurred during prior period | Amount recognized through non-recurring profit or loss of the current year |
|--|------------------------------------|-------------------------------------|--|
| Government subsidies concerning daily activities | 265,730,729.78 | 244,371,726.06 | 194,597,342.89 |
| Withholding and paying tax expense and handling fee refund | 948,088.74 | 1,188,766.09 | 948,088.74 |
| Input tax plus deduction | 18,992,035.68 | 3,357,048.16 | |
| Total | 285,670,854.20 | 248,917,540.31 | 195,545,431.63 |

(2) Government subsidies concerning daily activities

| Subsidy item | Amount incurred during this period | Amount incurred during prior period | Related to assets/income |
|--------------|------------------------------------|-------------------------------------|--------------------------|
|--------------|------------------------------------|-------------------------------------|--------------------------|

| | | | |
|-------------------|----------------|----------------|---------------------|
| Project subsidy | 19,977,876.57 | 25,116,349.04 | Related to benefits |
| Government reward | 174,619,466.32 | 166,463,308.00 | Related to benefits |
| Tax returns | 71,133,386.89 | 52,792,069.02 | Related to benefits |
| Total | 265,730,729.78 | 244,371,726.06 | |

44. Gains from changes in fair value

Unit: RMB

| Resource for gains from changes in fair value | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Transactional financial assets | 1,234,235.25 | 1,137,787.54 |
| Total | 1,234,235.25 | 1,137,787.54 |

45. Investment incomes

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Long-term equity investment income under the equity method | -936,938.07 | -529,681.40 |
| Investment income from disposal of transactional financial assets | 2,853,703.91 | 7,970,271.40 |
| Investment income from disposal of debt investments | 4,413,731.02 | 4,898,876.71 |
| Interest from term deposit | | 7,432,119.49 |
| Investment income of debt investment during the holding period | 24,995,993.01 | 29,040,658.23 |
| Total | 31,326,489.87 | 48,812,244.43 |

46. Credit impairment losses

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Bad debt losses for accounts receivable | 17,175,103.55 | -25,670,079.70 |
| Loss for bad debts of other receivables | -48,887.03 | -320,174.60 |
| Financial guarantee contract | -108,014.20 | -229,126.28 |
| Total | 17,018,202.32 | -26,219,380.58 |

47. Asset impairment losses

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|--|------------------------------------|-------------------------------------|
| I. Loss on Inventory Depreciation and Impairment Loss of | -7,948,487.46 | 6,575,264.78 |

| | | |
|---|---------------|--------------|
| Contract Performance Cost | | |
| II. Loss on Fixed Asset Impairment Loss | | -303,774.72 |
| Total | -7,948,487.46 | 6,271,490.06 |

48. Assets disposal income

Unit: RMB

| Source of assets disposal income | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Disposal losses of fixed assets | -2,211,278.41 | -4,212,813.38 |
| Proceeds from the disposal of the right-of-use assets | 1,532,395.67 | 151,301.37 |
| Total | -678,882.74 | -4,061,512.01 |

49. Non-operating income

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period | Amount recognized through non-recurring profit or loss of the current period |
|--|------------------------------------|-------------------------------------|--|
| Damage and scrapping gains of non-current assets | 169,242.63 | 171,685.02 | 169,242.63 |
| Including: Gains from scrapping of fixed assets | 169,242.63 | 171,685.02 | 169,242.63 |
| Compensation, liquidated damages and forfeiture income | 6,374,949.01 | 9,243,680.81 | 6,374,949.01 |
| Reversion of estimated liabilities | 2,455,750.00 | 5,150,000.00 | 2,455,750.00 |
| Others | 1,277,754.02 | 703,471.60 | 1,277,754.02 |
| Total | 10,277,695.66 | 15,268,837.43 | 10,277,695.66 |

50. Non-operating expense

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period | Amount recognized through non-recurring profit or loss of the current period |
|---|------------------------------------|-------------------------------------|--|
| Donation expenditures | 2,107,291.64 | 5,868,685.02 | 2,107,291.64 |
| Damage and scrapping losses of non-current assets | 5,732,042.36 | 3,066,439.87 | 5,732,042.36 |
| Including: Scrapping losses of fixed assets | 5,732,042.36 | 3,066,439.87 | 5,732,042.36 |
| Others | 2,351,882.15 | 2,938,582.02 | 2,351,882.15 |
| Total | 10,191,216.15 | 11,873,706.91 | 10,191,216.15 |

51. Income tax expenses**(1) Details**

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|------------------------------|------------------------------------|-------------------------------------|
| Current income tax expenses | 475,295,342.28 | 522,122,005.28 |
| Deferred income tax expenses | 11,817,772.78 | -16,823,987.79 |
| Total | 487,113,115.06 | 505,298,017.49 |

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

| Item | Amount incurred during this period |
|--|------------------------------------|
| Total profit | 2,732,357,095.86 |
| Income tax expenses based on statutory/applicable tax rate | 683,089,273.97 |
| Effect of different tax rate applicable to subsidiaries | -147,852,363.21 |
| Effect of prior income tax reconciliation | -17,794,882.08 |
| Effect of non-taxable revenue | -128,672.96 |
| Effect of non-deductible costs, expenses and losses | 10,679,774.76 |
| Effect of use of the deductible losses of unconfirmed deferred income tax assets in the prior period | |
| Effect of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period | 5,025,605.69 |
| Deduction for the additional calculation of R&D expense | -45,905,621.11 |
| income tax expenses | 487,113,115.06 |

52. Other comprehensive incomes

See Note 34 for details.

53. Items of cash flow statement**(1) Cash related to operating activities**

Other cash received relating to operating activities

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Receipt of government subsidies | 214,537,467.31 | 196,125,471.29 |
| Receipt of deposit, security and employee reserve fund loan | 9,592,823.58 | 4,205,917.24 |
| Interest revenues | 37,328,346.73 | 53,992,386.07 |

| | | |
|--------|----------------|----------------|
| Others | 1,645,295.24 | 13,569,937.64 |
| Total | 263,103,932.86 | 267,893,712.24 |

Other cash payments related to operating activities

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|--|------------------------------------|-------------------------------------|
| Cash payment for sales expense | 1,761,580,062.90 | 1,633,323,496.20 |
| Cash payment for administrative expenses | 104,314,934.66 | 108,299,990.50 |
| Cash payment for R&D expenses | 211,291,509.14 | 200,066,224.77 |
| Donations payment | 2,107,291.64 | 5,868,685.02 |
| Other payments | 30,125,572.33 | 7,351,491.57 |
| Total | 2,109,419,370.67 | 1,954,909,888.06 |

(2) Cash related to investing activities

Other cash received related to investing activities

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Recovery of financial products, and principal of term deposit | 3,982,135,271.09 | 2,738,215,081.02 |
| Total | 3,982,135,271.09 | 2,738,215,081.02 |

Other cash payments related to investing activities

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|--|------------------------------------|-------------------------------------|
| Cash payment for financial products and term deposit | 3,852,251,431.43 | 2,923,123,711.63 |
| Total | 3,852,251,431.43 | 2,923,123,711.63 |

(3) Cash related to financing activities

Other cash payments related to financing activities

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|-------------------------------------|------------------------------------|-------------------------------------|
| Receipt of equity incentive payment | | 79,000.00 |
| Total | | 79,000.00 |

Other cash payments related to financing activities

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|--|------------------------------------|-------------------------------------|
| Repurchase of stocks and handling fees | 198,924.00 | 480,141,518.74 |
| Cash paid for repayment of lease obligation principal and interest | 57,084,806.98 | 60,599,875.73 |
| Total | 57,283,730.98 | 540,741,394.47 |

Changes in various liabilities arising from financing activities

☒ Applicable ☐ Not applicable

Unit: RMB

| Item | Opening balance | Increase | | Decrease | | Closing balance |
|--|-----------------|----------------|------------------|------------------|-----------------|-----------------|
| | | Cash change | Non-cash change | Cash change | Non-cash change | |
| Short-term borrowings | 199,741,167.36 | 198,257,000.00 | 2,001,832.64 | 400,000,000.00 | | |
| Other payables - Fund allocation of related parts | 15,611,335.16 | 603,697.83 | | | | 16,215,032.99 |
| Other payables-restricted stock repurchase obligations | 2,442,250.00 | | | 198,924.00 | 1,011,951.00 | 1,231,375.00 |
| Other payables - Dividend payable | | | 2,175,512,858.61 | 2,175,512,858.61 | | |
| Lease obligation | 224,849,380.79 | | 62,651,828.01 | 57,084,806.98 | | 230,416,401.82 |
| Total | 442,644,133.31 | 198,860,697.83 | 2,240,166,519.26 | 2,632,796,589.59 | 1,011,951.00 | 247,862,809.81 |

54. Supplementary information to the cash flow statement

(1) Supplement information to the cash flow statement

Unit: RMB

| Supplement information | Amount of this period | Amount of the prior period |
|--|-----------------------|----------------------------|
| 1. Reconciliation of net profit to cash flow from operating activities | | |
| Net profit | 2,245,243,980.80 | 2,179,420,437.21 |
| Plus: Impairment provision of assets | 7,948,487.46 | -6,271,490.06 |
| Credit impairment loss | -17,018,202.32 | 26,219,380.58 |
| Depreciation of fixed assets, oil and gas assets, productive biological assets | 131,771,217.34 | 133,135,887.72 |
| Depreciation of right-of-use assets | 49,767,567.81 | 49,584,118.95 |
| Amortization of intangible assets | 27,645,131.16 | 26,701,518.01 |
| Amortization of long-term unamortized expenses | | |
| Loss on disposal of fixed assets, intangible assets and other long-term assets | 678,882.74 | 4,061,512.01 |

| | | |
|---|------------------|-------------------|
| ("-" for gains) | | |
| Fixed assets retirement loss ("-" for gains) | 5,562,799.73 | 2,894,754.85 |
| Losses from changes in fair value ("-" for revenue) | -1,234,235.25 | -1,137,787.54 |
| Financial expenses ("-" for gains) | -46,469,197.07 | -10,405,102.90 |
| Investments losses ("-" for gains) | -31,323,833.30 | -48,824,770.65 |
| Decrease of deferred income tax assets ("-" for increase) | 11,817,772.78 | -16,823,987.79 |
| Increase of deferred income tax liabilities ("-" for decrease) | | |
| Decrease in inventories ("-" for increase) | -311,223,208.63 | 238,814,733.91 |
| Decrease in operating receivables ("-" for increase) | -119,563,557.17 | -1,010,714,769.68 |
| Decrease in operating payables ("-" for increase) | 324,215,377.37 | 644,777,222.70 |
| Others | 305,683,154.75 | -176,522,321.12 |
| Net cash flows from operating activities | 2,583,502,138.20 | 2,034,909,336.20 |
| 2. Significant investing and financing activities not related to cash receipts and payments | | |
| Conversion of debt into capital | | |
| Convertible bonds to be matured within one year | | |
| Fixed assets under financing lease | | |
| 3. Net changes in cash and cash equivalents: | | |
| Closing balance of cash | 1,569,118,972.78 | 1,405,752,936.36 |
| Minus: Opening balance of cash | 1,405,752,936.36 | 2,395,932,752.38 |
| Plus: closing balance of cash equivalents | | |
| Minus: Opening balance of cash equivalents | | |
| Net increase in cash and cash equivalents | 163,366,036.42 | -990,179,816.02 |

(2) Cash and cash equivalents

Unit: RMB

| Item | Closing balance | Opening balance |
|--|------------------|------------------|
| I. Cash | 1,569,118,972.78 | 1,405,752,936.36 |
| Including: Cash on hand | 63,867.50 | 62,594.14 |
| Cash in bank on demand for payment | 1,518,959,579.03 | 1,357,366,603.33 |
| Other monetary capitals on demand for payment | 50,095,526.25 | 48,323,738.89 |
| II. Cash Equivalents | | |
| III. Balance of Cash and Cash Equivalents at the End of the Period | 1,569,118,972.78 | 1,405,752,936.36 |

(3) Monetary capitals that are not cash and cash equivalents

Unit: RMB

| Item | Amount of this period | Amount of the prior period | Reason of classification not as cash and cash equivalents |
|---|-----------------------|----------------------------|---|
| Restricted funds in bank deposit | 68,400.00 | 30,423.72 | Usage rights are restricted |
| Term deposit | 662,696,328.77 | 1,607,020,342.48 | Cannot be withdrawn at any time |
| Deposit security for advance payment financing | 58,000,000.00 | 58,000,000.00 | Usage rights are restricted |
| Bank acceptance bill security | 189,178,000.00 | 476,860,000.00 | Usage rights are restricted |
| Security and frozen funds of e-commerce platforms | 945,617.14 | 613,739.88 | Usage rights are restricted |
| Total | 910,888,345.91 | 2,142,524,506.08 | |

55. Foreign currency monetary items**(1) Foreign currency monetary items**

Unit: RMB

| Item | Closing balance in foreign currencies | Conversion rate | Closing balance in RMB equivalents |
|---------------------|---------------------------------------|-----------------|------------------------------------|
| Monetary capital | | | |
| Including: USD | 52,337,675.51 | 7.1884 | 376,224,146.64 |
| EUR | 21,791.47 | 7.5257 | 163,996.07 |
| GBP | 0.70 | 9.0765 | 6.35 |
| VND | 21,152,082,596.80 | 0.000282997 | 5,985,975.92 |
| SGD | 91,745.06 | 5.3214 | 488,212.16 |
| IDR | 12,091,476,403.00 | 0.000453 | 5,477,438.81 |
| Accounts receivable | | | |
| Including: USD | 41,387,490.50 | 7.1884 | 297,509,836.71 |
| VND | 11,410,743,767.67 | 0.000282997 | 3,229,206.25 |
| IDR | 15,596,394,726.00 | 0.000453 | 7,065,166.81 |
| Accounts payable | | | |
| Including: USD | 1,946,872.54 | 7.1884 | 13,994,898.57 |
| EUR | 1,680.00 | 7.5257 | 12,643.18 |
| VND | 114,318,710,713.01 | 0.000282997 | 32,351,852.18 |
| SGD | 32,499.00 | 5.3214 | 172,940.18 |
| IDR | 4,179,104,022.63 | 0.000453 | 1,893,134.12 |

(2) Description of overseas business entities, including important overseas business entities, indicated that its main overseas business entity, recording currency and selection basis, as well as the reasons for changes of recording currency shall be disclosed.

☐ Applicable ☒ Not applicable

56. Lease

(1) The Company as the lessee

☒ Applicable ☐ Not applicable

Variable lease payments not recognized through measurement of lease obligation

☐ Applicable ☒ Not applicable

Leasing costs of short-term leases or low value assets with simplified treatment

☒ Applicable ☐ Not applicable

Unit: RMB

| Item | 2024 | 2023 |
|---|---------------|---------------|
| Short-term lease expenses under the simplified treatment method | 9,641,850.99 | 8,541,439.82 |
| Lease-related total cash outflow | 66,726,657.97 | 69,141,315.55 |

(2) The Company as the lessor

Operating lease as the lessor

☒ Applicable ☐ Not applicable

Unit: RMB

| Item | Lease income | Including: Revenue related to variable lease payments not recognized through lease receipts |
|----------------------|--------------|---|
| Houses and buildings | 738,494.28 | |
| Total | 738,494.28 | |

Financing lease as the lessor

☐ Applicable ☒ Not applicable

Annual undiscounted lease receipts for the future five years

☐ Applicable ☒ Not applicable

(3) Sales profit and loss of financing leases recognized as manufacturer or distributor

☐ Applicable ☒ Not applicable

VIII. R&D Expenditure

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|--|------------------------------------|-------------------------------------|
| Employee remuneration | 241,177,833.50 | 218,391,753.12 |
| Trial production experiment cost and consumption expenditure | 96,137,397.05 | 80,046,107.59 |
| New product design cost | 41,356,078.63 | 42,518,700.10 |
| Patent and external institutional fees | 48,204,943.92 | 52,659,379.35 |
| Cost of equity incentive and performance incentive fund | 12,369,893.38 | 10,098,463.21 |
| Others | 30,416,853.48 | 27,574,132.92 |
| Total | 469,662,999.96 | 431,288,536.29 |
| Including: expensed R&D expenditure | 469,662,999.96 | 431,288,536.29 |

IX. Change on Merger Scope

1. Others

There is no change in the merger scope of the Company in the period.

X. Equity in Other Entities

1. Equity in subsidiaries

(1) Structure of enterprise Group

Unit: RMB

| Subsidiary name | Registered capital | Main operating place | Place of registration | Business nature | Shareholding ratio | | Acquisition method |
|---|--------------------|----------------------|-----------------------|------------------------|--------------------|----------|----------------------------------|
| | | | | | Direct | Indirect | |
| Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd | 133,697,100.00 | Hangzhou | Hangzhou | Manufacturing industry | 100.00% | | Establishment |
| Zhejiang Shaoxing Supor Domestic Electrical Appliances Co., Ltd | 610,000,000.00 | Shaoxing | Shaoxing | Manufacturing industry | 100.00% | | Establishment |
| Supor (Vietnam) Co., Ltd | 104,934,081.16 | Vietnam | Vietnam | Manufacturing industry | 100.00% | | Establishment |
| Wuhan Supor Recycling Co., Ltd | 1,000,000.00 | Wuhan | Wuhan | Commerce | 100.00% | | Establishment |
| Wuhan Supor Cookware Co., Ltd [Note 1] | 91,160,000.00 | Wuhan | Wuhan | Manufacturing industry | 25.00% | 75.00% | Establishment |
| Hangzhou Omegna Commercial Trade Co., Ltd | 10,000,000.00 | Hangzhou | Hangzhou | Commerce | 100.00% | | Establishment |
| Shanghai Supor Cookware Marketing Co., Ltd | 5,000,000.00 | Shanghai | Shanghai | Commerce | 100.00% | | Establishment |
| Wuhan Supor Pressure Cooker Co., Ltd | 224,039,000.00 | Wuhan | Wuhan | Manufacturing industry | 100.00% | | Enterprise merger under the same |

| | | | | | | | |
|--|----------------|-----------|-----------|------------------------|---------|---------|--|
| | | | | | | | control |
| Zhejiang Supor Plastic & Rubber Co., Ltd. | 8,044,670.77 | Yuhuan | Yuhuan | Manufacturing industry | 100.00% | | Enterprise merger under the same control |
| Yuhuan Supor Cookware Sales Co., Ltd. | 8,000,000.00 | Yuhuan | Yuhuan | Commerce | 100.00% | | Enterprise merger not under the same control |
| SEADA | 23,314,945.98 | Singapore | Singapore | Commerce | 51.00% | | Enterprise merger under the same control |
| AFS Vietnam Management Co., Ltd. [Note 2] | 2,453,486.50 | Vietnam | Vietnam | Commerce | | 100.00% | Enterprise merger under the same control |
| Shanghai WMF Enterprise Development Co., Ltd | 50,000,000.00 | Shanghai | Shanghai | Manufacturing industry | 100.00% | | Establishment |
| Zhejiang WMF Housewares Co., Ltd | 100,000,000.00 | Yuhuan | Yuhuan | Manufacturing industry | 100.00% | | Establishment |
| Zhejiang Shaoxing Supor Household Products Co., Ltd. | 50,000,000.00 | Shaoxing | Shaoxing | Manufacturing industry | 100.00% | | Establishment |
| Zhejiang Supor Large Kitchen Appliance Co., Ltd. | 100,000,000.00 | Shaoxing | Shaoxing | Manufacturing industry | 100.00% | | Establishment |
| PT GROUPE SEB INDONESIA MSD [Note 3] | 32,714,774.74 | Indonesia | Indonesia | Commerce | | 66.67% | Establishment |
| Zhejiang Supor Water Heater Co., Ltd [Note 4] | 100,000,000.00 | Shaoxing | Shaoxing | Manufacturing industry | 52.00% | | Establishment |
| Hainan Supor E-commerce Co., Ltd [Note 5] | 8,000,000.00 | Hainan | Hainan | Commerce | | 100.00% | Establishment |
| Hainan Tefal Trading Co., Ltd [Note 5] | 10,000,000.00 | Hainan | Hainan | Commerce | | 100.00% | Establishment |

Explanation on shareholding ratio in subsidiary different from voting ratio:

Note 1: 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 2: The Company holds 51% equity of SEADA, while SEB INTERNATIONALE S.A.S holds a 49% equity in the same company. AFS is a wholly-owned subsidiary of SEADA.

Note 3: PT GROUPE SEB INDONESIA MSD was established jointly by SEADA, a subsidiary of the Company and PT MULTIFORTUNA in Indonesia this year. SEADA holds 66.67% shares and PT MULTIFORTUNA holds 33.33% shares.

Note 4: Zhejiang Supor Water Heater Co., Ltd is jointly invested and established by the Company and Supor Group Co., Ltd. The Company holds 52% of the shares, and Supor Group Co., Ltd holds 48% of the shares.

Note 5: Hainan Supor E-commerce Company and Hainan Tefal Trading Company are totally held by Zhejiang Supor Electrical.

2. Equity in joint venture or associated enterprises

(1) Aggregated financial information for insignificant joint ventures and associated enterprises

Unit: RMB

| | Closing balance/amount incurred during this period | Opening balance/ Amount incurred during prior period |
|---|--|--|
| Joint ventures: | | |
| Total investment book values | 60,739,389.71 | 61,678,984.35 |
| Total amounts of the following items calculated according to the shareholding ratio | | |
| - Net profits | -939,594.64 | -517,155.18 |
| Associated enterprise: | | |
| Total amounts of the following items calculated according to the shareholding ratio | | |
| - Total comprehensive income | -939,594.64 | -517,155.18 |

XI. Government Subsidies

1. Government subsidies affirmed as per receivable at the end of reporting period

☒ Applicable ☐ Not applicable

Closing balance of the receivables: RMB 72,684,645.29.

Reasons for not receiving the expected amount of government subsidies at expected time points

☐ Applicable ☒ Not applicable

2. Liability projects with government subsidies

☐ Applicable ☒ Not applicable

3. Government subsidy recognized through current profits and losses

☒ Applicable ☐ Not applicable

Unit: RMB

| Accounting item | Amount incurred during this period | Amount incurred during prior period |
|-----------------|------------------------------------|-------------------------------------|
| Other incomes | 265,730,729.78 | 244,371,726.06 |

XII. Risks Related To Financial Instruments

1. Various risks arising from financial instruments

X. Risks Related To Financial Instruments

(I) Risk management objectives and policies

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to minimize the adverse effects of risks on the Group's financial performance and maximize the interests of shareholders and other equity investors. Based on such objectives, the Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

1. Market risk

(1) Foreign exchange risk

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

The foreign currency financial assets and liabilities of Supor at the end of the year are disclosed in the section "Foreign Currency Monetary Items" under the Notes to Other Items in this Note.

Sensitivity analysis:

Assuming that other risk variables other than the exchange rate remain unchanged, the increase in shareholders' equities and net profits due to the 1% appreciation of RMB due to the change in exchange rate of RMB against all foreign currencies as at 31 December of the Group will be as follows. This influence is translated into RMB at the spot rate on the balance sheet date.

| | Shareholders' equities | Net profit |
|-------------------|------------------------|--------------|
| December 31, 2024 | | |
| USD | 5,122,258.99 | 5,122,258.99 |
| EUR | 1,186.38 | 1,186.38 |
| GBP | 0.05 | 0.05 |
| VND | -185,093.19 | -185,093.19 |
| SGD | 2,616.76 | 2,616.76 |
| IDR | 83,065.88 | 83,065.88 |
| Total | 5,024,034.87 | 5,024,034.87 |
| December 31, 2023 | | |
| USD | 3,347,158.67 | 3,347,158.67 |
| EUR | 1,375.88 | 1,375.88 |
| GBP | 0.05 | 0.05 |
| VND | -64,825.16 | -64,825.16 |
| SGD | 1,363.89 | 1,363.89 |
| IDR | 106,215.87 | 106,215.87 |
| Total | 3,391,289.20 | 3,391,289.20 |

(2) Interest risk - risk for cash flow changes

Interest risk is the risk that the Group may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest rate. As of December 31, 2024, balance of borrowings is zero, the Group's gross profits and shareholders' equities will not be significantly affected by interest risk.

2. Credit risk

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

The monetary capital of the Group other than cash is mainly deposited in creditworthy financial institutions, and the entrusted financial products are issued by creditworthy financial institutions. The management considers that there is not any significant credit risk and it is not expected to create losses to the Group as a result of default by the counterparty.

The exposure of the maximum credit risk assumed by the Group is the book value of each financial asset in the balance sheet (including derivative financial instruments). Except for the financial guarantee provided by the Group in Note XVI, the Group has not provided any other guarantee that may expose the Group to credit risk. The exposure of the maximum credit risk assumed by the above financial guarantees on the balance sheet date has been disclosed in Note XIV.

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

(1) Receivables financing and notes receivable

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

(2) Accounts receivable

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

(i) 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.

(ii) 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.

The Group's accounts receivable from related party SEB S.A. and its subsidiaries accounted for 63.60% of closing balance (December 31, 2023: 60.95%), and the Group's account receivables are expected to have less credit risk. As the Company's credit risks fall into several business partners and customers, as of December 31, 2024, 22.33% (December 31, 2023: 21.00%) of the total accounts receivable was due from the five largest customers of the Company after deducting receivables from related party SEB S.A and its subsidiaries. The Company has no significant central credit risk.

(3) Other receivables

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

3. Liquidity risk

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

In order to control such risk, the Group optimizes the structure of assets and liabilities, and finally maintains a balance between financing sustainability and flexibility.

Financial instruments classified based on remaining time period till maturity

Unit: RMB

| Item | Balance at the end of year | | | | |
|------|----------------------------|---------------|------------|--------------|-------|
| | Book value | Within 1 year | 1- 3 years | Over 3 years | Total |

| | | | | | |
|--------------------------------|------------------|------------------|----------------|----------------|------------------|
| Financial assets | | | | | |
| Monetary capital | 2,480,007,318.69 | 2,480,007,318.69 | | | 2,480,007,318.69 |
| Transactional financial assets | 281,234,235.25 | 281,234,235.25 | | | 281,234,235.25 |
| Notes receivable | 4,036,734.84 | 4,036,734.84 | | | 4,036,734.84 |
| Accounts receivable | 2,690,049,028.80 | 2,690,049,028.80 | | | 2,690,049,028.80 |
| Receivables financing | 368,776,534.93 | 368,776,534.93 | | | 368,776,534.93 |
| Other receivables | 94,546,924.00 | 94,546,924.00 | | | 94,546,924.00 |
| Other debt investments | 1,837,656,630.12 | 1,623,810,000.00 | 292,264,000.00 | | 1,916,074,000.00 |
| Subtotal | 7,756,307,406.63 | 7,542,460,776.51 | 292,264,000.00 | | 7,834,724,776.51 |
| Financial liabilities | | | | | |
| Notes payable | 1,282,200,000.00 | 1,282,200,000.00 | | | 1,282,200,000.00 |
| Accounts payable | 3,161,736,072.40 | 3,161,736,072.40 | | | 3,161,736,072.40 |
| Other payables | 135,584,472.49 | 135,584,472.49 | | | 135,584,472.49 |
| Other current liabilities | 3,608,696.65 | 3,608,696.65 | | | 3,608,696.65 |
| Lease obligation | 230,416,401.82 | 52,594,680.89 | 104,682,376.18 | 121,066,821.14 | 278,343,878.21 |
| Subtotal | 4,813,545,643.36 | 4,635,723,922.43 | 104,682,376.18 | 121,066,821.14 | 4,861,473,119.75 |

(Continued)

| Item | Beginning balance | | | | |
|--------------------------------|-------------------|------------------|----------------|--------------|------------------|
| | Book value | Within 1 year | 1- 3 years | Over 3 years | Total |
| Financial assets | | | | | |
| Monetary capital | 3,548,277,442.44 | 3,548,277,442.44 | | | 3,548,277,442.44 |
| Transactional financial assets | 351,137,787.54 | 351,137,787.54 | | | 351,137,787.54 |
| Notes receivable | 15,311,935.98 | 15,311,935.98 | | | 15,311,935.98 |
| Accounts receivable | 2,858,247,356.03 | 2,858,247,356.03 | | | 2,858,247,356.03 |
| Receivables financing | 363,532,765.35 | 363,532,765.35 | | | 363,532,765.35 |
| Other receivables | 16,126,721.38 | 16,126,721.38 | | | 16,126,721.38 |
| Other debt investments | 951,306,342.48 | 289,940,000.00 | 695,085,000.00 | | 985,025,000.00 |
| Subtotal | 8,103,940,351.20 | 7,442,574,008.72 | 695,085,000.00 | | 8,137,659,008.72 |
| Financial liabilities | | | | | |
| Short-term borrowings | 199,741,167.36 | 200,000,000.00 | | | 200,000,000.00 |
| Notes payable | 1,235,000,000.00 | 1,235,000,000.00 | | | 1,235,000,000.00 |
| Accounts payable | 3,165,691,101.96 | 3,165,691,101.96 | | | 3,165,691,101.96 |

| | | | | | |
|---------------------------|------------------|------------------|----------------|---------------|------------------|
| Other payables | 147,617,550.27 | 147,617,550.27 | | | 147,617,550.27 |
| Other current liabilities | 10,761,655.33 | 10,761,655.33 | | | 10,761,655.33 |
| Lease obligation | 224,849,380.79 | 58,560,520.38 | 117,066,276.20 | 91,225,179.97 | 266,851,976.55 |
| Subtotal | 4,983,660,855.71 | 4,817,630,827.94 | 117,066,276.20 | 91,225,179.97 | 5,025,922,284.11 |

Note: Other current assets are term deposits for the purpose of obtaining benefits.

(II) Transfer of financial assets

Transferred but not wholly derecognized financial assets

For details, see Note VII."3 Notes Receivable" and "27. Other Current Liabilities".

XIII. Fair value disclosure

1. Fair value as of the balance sheet date of the assets and liabilities measured at the fair value

Unit: RMB

| Item | Fair value as of the balance sheet date | | | |
|--|---|------------------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| I. Continuous Fair Value Measurement | -- | -- | -- | -- |
| (I) Transactional financial assets | | 281,234,235.25 | | 281,234,235.25 |
| (II) Other debt investments | | 1,837,656,630.12 | | 1,837,656,630.12 |
| (III) Receivables financing | | | | |
| (1) Notes receivable | | 368,776,534.93 | | 368,776,534.93 |
| II. Non-continuous Measurement of Fair Value | -- | -- | -- | -- |

2. Basis for determining the market value of continuous and non-continuous Level 1 fair value measurement items

None

3. Qualitative and quantitative information of continuous and non-continuous Level 2 fair value measurement items, valuation techniques adopted and important parameters

The financial assets measured at fair value with changes recognized in current profit or loss, including financial products, other debt investments, and receivables financing, are determined based on valuation techniques. These valuation techniques aim to utilize observable market data as much as possible and minimize reliance on entity-specific estimates.

4. Qualitative and quantitative information of continuous and non-continuous Level 3 fair value measurement items, valuation techniques adopted and important parameters

None

5. Fair value of the financial assets and financial liabilities not measured at fair value

As of December 31, there was not a significant difference between the book value and fair value of the Group's various financial assets and financial liabilities.

XI. Related Parts and Related Transactions

1. Parent company

| Parent company name | Place of registration | Business nature | Registered capital | Holding proportion over the Company (%) | Voting right proportion over the Company (%) |
|--------------------------|-----------------------|--------------------|--------------------|---|--|
| SEB INTERNATIONALE S.A.S | France | Investment company | EUR 830 million | 83.18% | 83.18% |

Explanation on the parent company of the Group

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 appliances 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 Group's final controlling party is SEB S.A.

2. Company's subsidiaries

See Note X "1. Equity in subsidiaries" for details on the Company's subsidiaries for details.

3. Joint ventures and associated enterprises of the Company

See Note X. 2 "Equity in Joint Ventures or Associated Enterprises" for details on the Company's significant joint ventures and associates for details.

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

| Name of the joint venture or associated enterprise | Relationships with the Company |
|--|--------------------------------|
| Wuhan Anzai Cookware Co., Ltd. | Associated enterprise |

4. Other related parties of the Company

| Related party | Relationship between other related parties and the Company |
|---------------|---|
| SEB S.A. | Final controlling shareholder |
| SEB ASIA LTD. | Same controlling shareholder |
| TEFAL S.A.S. | Same controlling shareholder with the controlling shareholder |
| S.A.S.SEBC | Same controlling shareholder with the controlling shareholder |

| | |
|---|---|
| SEB INTERNATIONAL SERVICE S.A.S. | Same controlling shareholder with the controlling shareholder |
| LAGOSTINA S.P.A. | Same controlling shareholder |
| GROUPE SEB MOULINEX | Same controlling shareholder with the controlling shareholder |
| GROUPE SEB EXPORT | Same controlling shareholder with the controlling shareholder |
| SEB DEVELOPPMENT SAS | Same controlling shareholder with the controlling shareholder |
| IMUSA USA LLC | Same controlling shareholder |
| Supor Group Co., Ltd. | Company controlled by related natural person |
| ETHERA | Same controlling shareholder with the controlling shareholder |
| WMF Consumer Goods (Shanghai) Co., Ltd. | Same controlling shareholder |
| WMF GROUPE GMBH | Same controlling shareholder |
| GROUPE SEB VIETNAM JOINT STOCK COMPANY | Same controlling shareholder |
| GROUPE SEB SINGAPORE | Same controlling shareholder |
| GROUPE SEB THAILAND | Same controlling shareholder |
| Emsa Taicang Co., Ltd. | Same controlling shareholder |
| Heshan Demei Tableware Co., Ltd. | Same controlling shareholder |
| EMSA GMBH | Same controlling shareholder |
| GROUPE SEB CANADA | Same controlling shareholder |
| GROUPE SEB ANDEAN S.A. | Same controlling shareholder |
| GROUPE SEB KOREA LTD. | Same controlling shareholder |
| Saichuang (Zhejiang) Technology Co., Ltd. | Same controlling shareholder |
| Zhejiang Nanyang Pharmaceutical Sales Co., Ltd. | Company controlled by related natural person |
| Saichuang Commercial Electric Appliance (Shaoxing) Co., Ltd | Same controlling shareholder |

5. Related transactions

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

Purchase of commodities and receiving of services

Unit: RMB

| Related party | Contents of related transaction | Amount incurred during this period | Transaction quota granted | Exceeding transaction limit or not | Amount incurred during prior period |
|--------------------------------|---------------------------------|------------------------------------|---------------------------|------------------------------------|-------------------------------------|
| Wuhan Anzai Cookware Co., Ltd. | Finished products | 154,043,353.56 | | No | 129,174,736.13 |
| Wuhan Anzai Cookware Co., Ltd. | Accessories | 30,972,505.33 | | No | 52,505,244.94 |
| GROUPE SEB EXPORT | Finished products | 289,937.06 | | No | 1,323,298.24 |

| | | | | | |
|--|-------------------|---------------|--|----|---------------|
| GROUPE SEB EXPORT | Accessories | 147,620.00 | | No | 73,810.00 |
| TEFAL S.A.S. | Accessories | 26,463,346.58 | | No | 20,213,451.95 |
| LAGOSTINA S.P.A. | Finished products | 2,495,638.80 | | No | 2,821,255.84 |
| SEB INTERNATIONAL SERVICE S.A.S. | Accessories | 115,623.23 | | No | 84,055.57 |
| SEB INTERNATIONAL SERVICE S.A.S. | Finished products | 259,661.54 | | No | 21,064.57 |
| SEB ASIA LTD. | Finished products | 1,043,174.99 | | No | 260,526.98 |
| GROUPE SEB MOULINEX | Accessories | 878,092.80 | | No | 2,871,660.72 |
| Heshan Demei Tableware Co., Ltd. | Finished products | 78,956.81 | | No | 184,681.57 |
| GROUPE SEB SINGAPORE | Finished products | | | No | 17,600.69 |
| GROUPE SEB THAILAND | Finished products | | | No | 413,719.66 |
| ETHERA | Accessories | 85,328.04 | | No | 141,420.43 |
| WMF GROUPE GMBH | Finished products | 55,446,079.12 | | No | 55,991,104.27 |
| WMF Consumer Goods (Shanghai) Co, Ltd. | Finished products | 97,168.57 | | No | 10,220.71 |
| GROUPE SEB KOREA LTD. | Finished products | 63,875.67 | | No | 171,210.71 |
| GROUPE SEB VIETNAM JOINT STOCK COMPANY | Finished products | 160,609.57 | | No | |

Sale of commodities and rendering of services

Unit: RMB

| Related party | Contents of related transaction | Amount incurred during this period | Amount incurred during prior period |
|--|---------------------------------|------------------------------------|-------------------------------------|
| SEB ASIA LTD. | Finished products | 6,933,006,308.02 | 5,718,651,248.45 |
| SEB ASIA LTD. | Accessories | 4,569,742.01 | 22,355,391.81 |
| S.A.S.SE B | Finished products | 1,779,657.76 | 15,722,826.89 |
| S.A.S.SE B | Accessories | 759,317.00 | 471,895.40 |
| TEFAL S.A.S. | Finished products | 3,771,049.42 | 2,674,842.16 |
| TEFAL S.A.S. | Accessories | 18,829,588.01 | 18,245,450.86 |
| GROUPE SEB MOULINEX | Finished products | 17,148,474.23 | 14,344,236.48 |
| Supor Group Co., Ltd. | Finished products | 3,616,925.03 | 9,976,697.94 |
| SEB INTERNATIONAL SERVICE S.A.S. | Accessories | 25,450,484.40 | 20,175,797.39 |
| LAGOSTINA S.P.A. | Accessories | 785,011.38 | 440,230.62 |
| IMUSA USA LLC | Finished products | 3,575,084.51 | 7,559,422.13 |
| IMUSA USA LLC | Accessories | 19,464.22 | 43,099.33 |
| WMF Consumer Goods (Shanghai) Co, Ltd. | Finished products | 224,062.75 | 226,850.81 |
| GROUPE SEB CANADA | Finished products | 12,775,953.89 | 11,070,592.32 |
| GROUPE SEB VIETNAM JOINT STOCK COMPANY | Finished products | 15,129,701.24 | 13,592,296.18 |
| GROUPE SEB ANDEAN S.A. | Accessories | 7,791,772.35 | 1,520,747.00 |

| | | | |
|---|-------------------|--|------------|
| Zhejiang Nanyang Pharmaceutical Sales Co., Ltd. | Finished products | | 881,453.10 |
|---|-------------------|--|------------|

(2) Related party leases

The Company as the lessee:

Unit: RMB

| Lessor | Types of leased assets | Rent costs of short-term leases and low-value asset leases with simplified treatment (if applicable) | | Variable lease payments not included in the measurement of lease obligation (if applicable) | | Rentals | | Interest expense of lease obligation undertaken | | Increased right-of-use asset | |
|-----------------------|------------------------|--|-------------------------------------|---|-------------------------------------|------------------------------------|-------------------------------------|---|-------------------------------------|------------------------------------|-------------------------------------|
| | | Amount incurred during this period | Amount incurred during prior period | Amount incurred during this period | Amount incurred during prior period | Amount incurred during this period | Amount incurred during prior period | Amount incurred during this period | Amount incurred during prior period | Amount incurred during this period | Amount incurred during prior period |
| Supor Group Co., Ltd. | Real estate | | | | | 13,866,846.83 | 12,772,020.32 | 2,825,167.65 | 2,898,045.38 | 12,030,726.56 | 25,053,608.23 |

(3) Fund allocation of related parts

Unit: RMB

| Related party | Borrowed/lent amount | Start date | Expiry date | Notes |
|---------------|----------------------|-----------------|-------------|-------|
| Borrowing | | | | |
| SEB S.A. | 603,697.83 | January 1, 2024 | Open-ended | Loan |

(4) Key management's emoluments

| Item | Amount incurred during this period | Amount incurred during prior period |
|--|------------------------------------|-------------------------------------|
| Key management's remuneration | RMB16,097,000 | RMB15,275,700 |
| Equity incentive and performance incentive fund for key management personnel | RMB7,819,500 | RMB 7,182,900 |

(5) Other related transactions

① Property management, maintenance and berth fees

| Service renderer | Purchasing parties | Amount incurred in current year | Amount incurred during prior period |
|-----------------------|---------------------------|---------------------------------|-------------------------------------|
| Supor Group Co., Ltd. | The Company | 235,503.51 | 171,428.57 |
| | Zhejiang Supor Electrical | 188,571.43 | 308,571.43 |
| | Wuhan Supor Cookware | 188,571.43 | 177,142.86 |

② Consulting fee

| Service renderer | Purchasing parties | Amount incurred in current year | Amount incurred during prior period |
|------------------|---------------------------|---------------------------------|-------------------------------------|
| SEB ASIA LTD. | The Company | 1,187,625.21 | 1,114,578.46 |
| | Wuhan Supor Cookware | 866,645.97 | 813,341.40 |
| | Shaoxing Supor | 609,868.01 | 572,353.11 |
| | Zhejiang Supor Electrical | 546,073.71 | 512,104.35 |

③ R&D and human resources services

| Service renderer | Purchasing parties | Amount incurred during this period | Amount incurred during prior period |
|---|---|------------------------------------|-------------------------------------|
| Zhejiang Supor Electrical | Saichuang (Zhejiang) Technology Co., Ltd. | 850,520.79 | 586,266.58 |
| The Company | Saichuang (Zhejiang) Technology Co., Ltd. | 1,336,825.88 | |
| | Saichuang Commercial Electric Appliance (Shaoxing) Co., Ltd | 129,095.28 | |
| Shaoxing Supor | Saichuang (Zhejiang) Technology Co., Ltd. | 53,588.30 | |
| AFS | GROUPE SEB VIETNAM JOINT STOCK COMPANY | 2,775,681.29 | 2,881,836.67 |
| Saichuang (Zhejiang) Technology Co., Ltd. | Shaoxing Supor | | 4,286,270.02 |

④ Interest expenses

| Selling parties | Purchasing parties | Amount incurred during this period | Amount incurred during prior period |
|-----------------|--------------------|------------------------------------|-------------------------------------|
| SEB S.A. | SEADA | 624,010.83 | 596,062.26 |

⑤ Software use license, etc.

| Service renderer | Purchasing parties | Amount incurred in current year | Amount incurred during prior period |
|----------------------|--------------------|---------------------------------|-------------------------------------|
| SEB DEVELOPPMENT SAS | The Company | 1,509,161.61 | 1,145,521.04 |

⑥ Pursuant to the Technical License Contract entered into between Wuhan Supor Cookware Co., Ltd and S.A.S SEB on December 29, 2013, S.A.S SEB licensed Wuhan Supor Cookware Co., Ltd compensated use of its patent of Household Appliance for Food Cooking under Pressure with Elastomer Safety Valve and other four utility patents. According to related terms and conditions in the contract signed by both parties, use charges are accrued at 3% of revenue from sales of products licensed. In the current period, Wuhan Supor Cookware Co., Ltd should pay S.A.S SEB technology use charges of RMB 1,862,564.78 (2023: RMB 986,969.97), and as of December 31, 2024, a balance of RMB 268,451.45 has not been paid (December 31, 2023: RMB 111,278.17).

⑦ Pursuant to the Trademark License entered into between Wuhan Supor Cookware Co., Ltd and LAGOSTINA SPA. on December 15, 2014, LAGOSTINA SPA licensed Wuhan Supor Cookware Co., Ltd for compensated use of its trademark "LAGE". According to the relevant terms and conditions of the contract signed by both parties, the royalty fee is calculated at 4% of the sales achieved by the licensed products. In the current year, Wuhan Cookware is required to pay LAGOSTINA S.P.A. a trademark royalty fee of RMB 0 (2023: RMB 1,071.69). As of December 31, 2024, the payment has been fully settled (December 31, 2023: RMB 1,071.69).

⑧ Pursuant to the *Trademark License* entered into between Omegna and LAGOSTINA SPA. on December 5, 2016, LAGOSTINA SPA licensed Omegna for compensated use of its trademark "LAGE". According to the relevant terms and conditions of the contract signed by both parties, the royalty fee is calculated at 4% of the sales achieved by the licensed products. In the current year, Omegna is required to pay LAGOSTINA S.P.A. a trademark royalty fee of RMB 70,094.55 (2023: RMB 6,525.10). As of December 31, 2024, a balance of RMB 76,619.65 has not been paid (December 31, 2023: RMB 3,392,562.80).

⑨ Shaoxing Supor purchased and used particles product of air purifier and relevant technology in accordance with Agreement on Purchase and Using for Particles of Air Purifier signed by Shaoxing Supor on April 25, 2016 with ETHERA. In accordance with the relevant terms and conditions of the contract signed by both parties, the royalty fee for the technology transfer is calculated based on the unit price corresponding to the actual total sales volume. This year, Shaoxing Supor is required to pay ETHERA a technology transfer fee of RMB 0 yuan (2023: RMB 8,621.96 yuan), which has been fully paid as of December 31, 2024 (December 31, 2023: fully paid).

6. Receivables and payables by related parties

(1) Receivables

Unit: RMB

| Items | Related party | Closing balance | | Opening balance | |
|----------------------|---|------------------|-------------------------|------------------|-------------------------|
| | | Book balance | Provision for bad debts | Book balance | Provision for bad debts |
| Accounts receivable: | SEB ASIA LTD. | 1,736,534,035.86 | 43,413,350.89 | 1,780,235,700.55 | 53,407,071.02 |
| | S.A.S.SE B | | | 1,406,560.86 | 42,196.83 |
| | TEFAL S.A.S. | 6,131,159.29 | 153,278.98 | 5,793,936.65 | 173,818.10 |
| | SEB INTERNATIONAL SERVICE S.A.S. | 8,180,857.92 | 204,521.45 | 5,586,161.59 | 167,584.85 |
| | GROUPE SEB MOULINEX | 2,351,347.91 | 60,581.78 | 5,481,313.07 | 166,201.95 |
| | IMUSA USA LLC | 9,219.55 | 230.49 | 1,802,613.02 | 54,078.39 |
| | Supor Group Co., Ltd. | | | 16,238.60 | 811.93 |
| | WMF Consumer Goods (Shanghai) Co, Ltd. | 12,297.24 | 307.43 | 101,518.92 | 3,045.57 |
| | GROUPE SEB CANADA | 3,903,240.19 | 97,581.00 | 1,337,688.11 | 40,130.64 |
| | GROUPE SEB VIETNAM JOINT STOCK COMPANY | 7,116,121.79 | 177,903.04 | 5,001,845.80 | 150,055.37 |
| | GROUPE SEB ANDEAN S.A. | 1,219,607.81 | 30,490.20 | 304,479.89 | 9,134.40 |
| | LAGOSTINA S.P.A. | 152,431.85 | 3,810.80 | 53,387.75 | 1,601.63 |
| | Saichuang (Zhejiang) Technology Co., Ltd. | 2,398,872.39 | 59,971.81 | 347,080.36 | 10,412.41 |
| | Saichuang Commercial Electric Appliance (Shaoxing) Co., Ltd | 136,841.00 | 3,421.03 | | |
| | Total | 1,768,146,032.80 | 44,205,448.90 | 1,807,468,525.17 | 54,226,143.09 |
| Advance payment: | EMSA GMBH | 197.55 | | 197.55 | |
| | Total | 197.55 | | 197.55 | |

| | | | | | |
|--------------------|-----------------------|------------|------------|------------|-----------|
| Other receivables: | Supor Group Co., Ltd. | 145,000.00 | 130,000.00 | 165,000.00 | 98,500.00 |
| | Total | 145,000.00 | 130,000.00 | 165,000.00 | 98,500.00 |

(2) Payables

Unit: RMB

| Items | Related party | Ending book balance | Beginning book balance |
|-----------------------|---|---------------------|------------------------|
| Accounts payable: | Wuhan Anzai Cookware Co., Ltd. | 15,639,559.75 | 19,000,235.48 |
| | WMF GROUPE GMBH | 15,323,780.96 | 8,344,358.20 |
| | GROUPE SEB EXPORT | 7,381.00 | 73,810.00 |
| | TEFAL S.A.S. | 4,373,217.14 | 4,296,587.82 |
| | S.A.S.SE B | 271,094.63 | 113,921.35 |
| | LAGOSTINA S.P.A. | 1,104,411.95 | 5,725,894.53 |
| | GROUPE SEB MOULINEX | 798,500.07 | 1,356,062.24 |
| | GROUPE SEB THAILAND | | 71,925.59 |
| | SEB INTERNATIONAL SERVICE S.A.S. | 58,127.43 | 17,570.25 |
| | ETHERA | | 54,519.37 |
| | Saichuang (Zhejiang) Technology Co., Ltd. | | 718,456.36 |
| | Supor Group Co., Ltd. | | 6,536.00 |
| | WMF Consumer Goods (Shanghai) Co, Ltd. | | 129.00 |
| | SEB ASIA LTD. | 471,883.29 | 152,068.55 |
| | SEB DEVELOPPMENT SAS | 1,358,245.45 | 1,030,968.94 |
| | Total | 39,406,201.67 | 40,963,043.68 |
| Contract liabilities: | Supor Group Co., Ltd. | 401,246.04 | 381,292.07 |
| | S.A.S.SE B | 1,423,550.16 | |
| | Total | 1,824,796.20 | 381,292.07 |
| Other payables: | SEB S.A. | 16,215,032.99 | 15,611,300.30 |
| | Wuhan Anzai Cookware Co., Ltd. | 50,000.00 | 50,000.00 |
| | Total | 16,265,032.99 | 15,661,300.30 |
| Lease obligation: | Supor Group Co., Ltd. | 46,104,337.81 | 52,956,539.46 |
| | Total | 46,104,337.81 | 52,956,539.46 |

XV. Share-based Payment

1. Overall information

☒ Applicable ☐ Not applicable

Unit: RMB

| Category of grant objects | Grant in the current period | | Exercise in the current period | | Release in the current period | | Invalidation in the current period | |
|---------------------------|-----------------------------|---------------|--------------------------------|--------|-------------------------------|---------------|------------------------------------|--------------|
| | Share number | Amount | Share number | Amount | Share number | Amount | Share number | Amount |
| Manager | 743,000 | 11,754,260.00 | | | 640,851 | 32,416,335.40 | 127,274 | 5,428,198.53 |
| Sales personnel | 169,000 | 2,673,580.00 | | | 201,408 | 10,126,834.64 | 42,092 | 1,847,134.96 |
| R&D personnel | 219,000 | 3,464,580.00 | | | 169,692 | 8,345,832.23 | 29,558 | 1,252,522.72 |
| Total | 1,131,000 | 17,892,420.00 | | | 1,011,951 | 50,889,002.27 | 198,924 | 8,527,856.21 |

Outstanding stock options or other equity instruments at the end of the period

☒ Applicable ☐ Not applicable

The 2021 and 2022 Restricted Stock Incentive Plans:

| Category of grant objects | Outstanding Restricted stock at the end of the period | | Outstanding other equity instruments at the end of the period | |
|--------------------------------------|---|-------------------------|---|-------------------------|
| | Scope of the exercise price | Remaining contract term | Scope of the exercise price | Remaining contract term |
| Management, sales, and R&D personnel | RMB 1/share | 1.07-1.86 years | | |

The 2023 and 2024 Stock Option Incentive Plans:

| Category of grant objects | Outstanding stock options at the end of the period | | Outstanding other equity instruments at the end of the period | |
|--------------------------------------|--|-------------------------|---|-------------------------|
| | Scope of the exercise price | Remaining contract term | Scope of the exercise price | Remaining contract term |
| Management, sales, and R&D personnel | RMB36.49 and 37.89/share | 2.85 - 3.79 years | | |

2. Share-based payments settled with equity

Unit: RMB

| 2021 and 2022 Restricted Stock Incentive Plans | Related content |
|--|--|
| Determination method for fair value of equity instruments on grant date | According to the market price on the grant date |
| Determination method for the optimal estimate of the number of equity instruments expected to vest | Based on the corresponding equity instruments of incentive targets, the performance of the Company and the forecast of future performance of the Company |
| The significant difference between this period estimate and last period | None |
| Cumulative amount of share-based payments settled with equity included in capital reserve | 101,964,704.87 |
| Total expenses recognized for share-based payments settled with equity during the current period | 4,644,572.02 |

| 2023 and 2024 Stock Option Incentive Plans | Related content |
|--|--|
| Determination method for fair value of equity instruments on grant date | The fair value calculated using the Black-Scholes model |
| Important parameters of fair value of equity instruments on grant date | Estimated dividends, historical volatility, risk-free interest rate |
| Determination method for the optimal estimate of the number of equity instruments expected to vest | Based on the corresponding equity instruments of incentive employees, the performance of the Company and the forecast of future performance of the Company |
| The significant difference between this year estimate and last year | None |
| Cumulative amount of share-based payments settled with equity included in capital reserve | 16,047,948.03 |
| Total expenses recognized for share-based payments settled with equity during the current year | 12,734,536.98 |

Other remarks:

According to the resolution passed at the sixth meeting of the eighth board of directors held by our company on January 26, 2024, regarding the achievement of the first lifting of the restriction period and the lifting of the restriction conditions for the 2021 restricted stock incentive plan, the first lifting of the restriction period and the lifting of the restriction conditions set for the 2021 restricted stock incentive plan have been achieved. The total number of restricted stocks lifted this time is 555,750, with a fair value of RMB 31,511,036.03. According to the resolution passed at the 11th meeting of the 8th Board of Directors held by our company on October 24, 2024, regarding the achievement of the first lifting of the restriction period and the lifting of the restriction conditions for the 2022 restricted stock incentive plan, the first lifting of the restriction period and the lifting of the restriction conditions set for the 2022 restricted stock incentive plan have been achieved. The total number of restricted stocks lifted this time is 456,201, with a fair value of RMB 19,377,966.24.

The impact of 2021 Equity Incentive Plan on the capital reserve is RMB 58,961,502.97 at the beginning of the year, with an accrual of RMB 2,782,698.04 in the current year, amounting to an accrued amount of RMB 61,744,201.01.

The impact of 2022 Equity Incentive Plan on the capital reserve is RMB 38,358,629.88 at the beginning of the year, with an accrual of RMB 1,861,873.98 in the current year, amounting to an accrued amount of RMB 40,220,503.86.

The impact of 2023 Equity Incentive Plan on the capital reserve is RMB 3,313,411.05 at the beginning of the year, with an accrual of RMB 6,712,839.94 in the current year, amounting to an accrued amount of RMB 10,026,250.99.

The impact of 2024 Equity Incentive Plan on the capital reserve is RMB 0 at the beginning of the year, with an accrual of RMB 6,021,697.04 in the current year, amounting to an accrued amount of RMB 6,021,697.04.

3. Share-based payment expenses in the current period

☒ Applicable ☐ Not applicable

Unit: RMB

| Category of grant objects | Share-based payments settled with equity | Cash-settled share-based payment expenses |
|---------------------------|--|---|
| Manager | 10,123,095.58 | |
| Sales personnel | 4,019,904.75 | |
| R&D personnel | 3,236,108.67 | |
| Total | 17,379,109.00 | |

XVI. Commitments and Contingencies

1. Important commitments

Significant commitments existing at the balance sheet date

In 2020, an overseas customer filed a legal lawsuit against Shaoxing Supor, a subsidiary of Supor, citing user disputes. As of 2024, Supor is in the process of settlement negotiations with the customer. In line with the principle of prudence, Supor retained a provision for liabilities of RMB 1,544,300 as of December 31, 2024 (December 31, 2023: RMB 4,000,000). In 2021, another overseas customer filed a claim against Shaoxing Supor, citing product quality issues related to user disputes. In line with the principle of prudence, Supor retained a provision for liabilities of RMB 1,538,700 as of December 31, 2024 (December 31, 2023: RMB 1,538,700).

Contingent liabilities formed by financial guarantee and their financial impact

The Group signs tripartite acceptance agreements with distributors and banks, and the Group provides financing guarantee for the banks to issue bank acceptance bills to the distributors. In the event that the Group endorses and assigns an acceptance bill obtained by the Group, and if the distributor fails to repay the difference between the security and the amount of the acceptance bill after the maturity of the acceptance bill, the Group will bear part of the loss of the difference that the bank has not recovered from the distributor. As of December 31, 2024, the risk exposure undertaken by Supor is RMB 365,516,400 (December 31, 2023: RMB 343,913,600), and the Company has provisioned a total estimated liability of RMB 1,827,600 (December 31, 2023: RMB 1,719,600) under financial guarantee contracts for this risk exposure.

Supor offers a product quality guarantee to consumers who purchase its products, providing free repairs for any malfunctions or quality issues that occur during the warranty period after the product is sold. Based on its recent product quality assurance experience, Supor estimates and accrues for the estimated liabilities when providing product quality guarantees to consumers at the time of sale. As of December 31, 2024, Supor had accrued RMB 47,938,200 for product quality security (December 31, 2023: RMB 39,916,800).

2. Contingencies

(1) A statement shall be given even if the Company has no significant contingencies to disclose.

The Company has no significant contingencies to disclose.

XVII. Events after the Balance Sheet Date

1. Profit distribution

According to the Profit Distribution Plan for 2024 Fiscal Year adopted at the 14th Session of the Eighth Board of Directors of the Company on March 27, 2025, the Company distributes cash dividend of 796,692,233 shares at the end of 2024 (total capital stock of 801,359,733 shares at the end of 2024 (after deducted by 178,674 shares of Restricted Stock repurchased and canceled on January 17, 2025), deducted by 4,667,500 shares of repurchased shares in the Company's special stock repurchase account), a cash dividend of RMB 28.10 (tax-inclusive) per 10 shares is distributed to all shareholders, and the total cash dividend was RMB2,238,705,174.73. No bonus share will be distributed or conversion from capital reserves to share capital is made this year. The undistributed profits of the parent company at the end of the year amount to RMB 3,278,810,132.94, which includes the proposed dividends of RMB2,238,705,174.73.

During the period from the disclosure of this profit distribution plan to the actual implementation date, if the Company's share capital changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed share capital, and the above distribution ratio remains unchanged.

This profit distribution plan shall be submitted to the Annual General Meeting of Shareholders for 2024 Fiscal Year for approval after adopted by the Board of Directors.

XVIII. Other Important Matters

1. Segment information

(1) Determination basis and accounting policy of report segment

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

Operating Segment refers to the Group's organization meeting following conditions: (1) The organization can yield income and cost in daily activity; (2) The Group's management can appraise operating result of the organization regularly, so as to allocate resources on a targeted basis and evaluate its performance; (3) The Group can obtain financial condition, 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 preparation of segment reports is conducted with the revenue of trans-branch transaction measured at the actual transaction price. The accounting policy for segment report preparation is consistent with that used in Supor's financial statement.

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

(2) Financial information of reportable segments

Unit: RMB

| Item | Cookware | Electrical products | Others | Inter-segment offsetting | Total |
|----------------------------|------------------|---------------------|----------------|--------------------------|-------------------|
| Revenue from main business | 6,948,418,410.21 | 15,396,002,174.64 | 194,952,896.86 | 371,353,084.81 | 22,168,020,396.90 |
| Cost of main business | 5,121,334,886.64 | 11,755,635,214.95 | 167,618,773.39 | 371,536,352.07 | 16,673,052,522.91 |

(3) Other explanations

② Geographic segment

Information on the Group's income from external transactions and non-current assets (excluding financial assets and deferred income tax assets, the same below) by region is shown in the following table. Income from external transactions is divided according to the location of customers who receive services or purchase products. Non-current assets are classified as per the physical location of the assets (for fixed assets and construction in progress) or the location where they are allocated to related business (for intangible assets) or the location of joint ventures and associated enterprises.

| Item | Domestic | Foreign | Inter-segment offsetting | Total |
|----------------------------|-------------------|------------------|--------------------------|-------------------|
| Revenue from main business | 14,757,349,421.40 | 7,445,003,624.47 | 34,332,648.97 | 22,168,020,396.90 |

| | | | | |
|-----------------------|-------------------|------------------|----------------|-------------------|
| Cost of main business | 10,418,782,745.33 | 6,288,142,960.41 | 33,873,182.83 | 16,673,052,522.91 |
| Non-current assets | 2,016,904,234.14 | 74,601,378.05 | 117,033,788.09 | 1,974,471,824.10 |

③ Major customers

Among the Group's customers, one customer (2023: 1) whose revenue from a single customer accounted for 10% or more of the Group's total revenue was related party SEB S.A. and its subsidiaries, accounting for approximately 31.41% (2023: 27.45%) of the Group's total revenue.

XIX. Notes To Items of Parent Company Financial Statements

1. Accounts receivable

(1) Disclosure by aging

Unit: RMB

| Ages | Ending book balance | Beginning book balance |
|---------------------------|---------------------|------------------------|
| Within 1 year (inclusive) | 696,852,004.62 | 639,632,187.73 |
| Total | 696,852,004.62 | 639,632,187.73 |

(2) Classified disclosure by the bad debt provision method

Unit: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|--|-----------------|------------|-------------------------|----------------------|----------------|-----------------|------------|-------------------------|----------------------|----------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion | Amount | Provision proportion | | Amount | Proportion | Amount | Provision proportion | |
| Accounts receivable for provision for bad debts made on the basis of portfolio | 696,852,004.62 | 100.00% | 14,317,326.20 | 2.05% | 682,534,678.42 | 639,632,187.73 | 100.00% | 15,501,798.17 | 2.42% | 624,130,389.56 |
| Including: | | | | | | | | | | |
| Portfolio 1: age portfolio | 566,965,647.71 | 81.36% | 14,199,145.44 | 2.50% | 552,766,502.27 | 515,929,581.71 | 80.66% | 15,395,153.38 | 2.98% | 500,534,428.33 |
| Portfolio 2: low-risk portfolio | 118,180,757.32 | 16.96% | 118,180.76 | 0.10% | 118,062,576.56 | 106,644,785.32 | 16.67% | 106,644.79 | 0.10% | 106,538,140.53 |
| Portfolio 3: merged related parties portfolio | 11,705,599.59 | 1.68% | | 0.00% | 11,705,599.59 | 17,057,820.70 | 2.67% | | 0.00% | 17,057,820.70 |
| Total | 696,852,004.62 | 100.00% | 14,317,326.20 | 2.05% | 682,534,678.42 | 639,632,187.73 | 100.00% | 15,501,798.17 | 2.42% | 624,130,389.56 |

Categories for bad debts provision: Portfolio 1

Provision for bad debts made on a portfolio basis: RMB14,199,145.44

Unit: RMB

| Name | Closing balance | | |
|---------------|-----------------|-------------------------|----------------------|
| | Book balance | Provision for bad debts | Provision proportion |
| Within 1 year | 566,965,647.71 | 14,199,145.44 | 2.50% |
| Total | 566,965,647.71 | 14,199,145.44 | |

If yes, a provision for bad debts for accounts receivable shall be accrued according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

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

Provision for bad debts made in current period:

Unit: RMB

| Category | Opening balance | Amount of changes in current period | | | | Closing balance |
|---|-----------------|-------------------------------------|-----------------------|-------------|--------|-----------------|
| | | Accrued | Collected or reversed | Written off | Others | |
| Provision for bad debts for accounts receivable | 15,501,798.17 | -1,184,471.97 | | | | 14,317,326.20 |
| Total | 15,501,798.17 | -1,184,471.97 | | | | 14,317,326.20 |

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

Unit: RMB

| Entity name | Closing balance of accounts receivable | Closing balance of contract asset | Accounts receivable and closing balance of contract asset | Proportion in the sum of accounts receivable and closing balance of contract asset | Closing balance of impairment provision for bad debts for accounts receivable and impairment provision for contract assets |
|-------------------------------|--|-----------------------------------|---|--|--|
| SEB S.A. and its subsidiaries | 565,965,477.71 | | 565,965,477.71 | 81.22% | 14,149,136.94 |
| Customer E | 101,675,439.84 | | 101,675,439.84 | 14.59% | 101,675.44 |
| Supor Vietnam | 8,512,301.50 | | 8,512,301.50 | 1.22% | |
| Customer L | 8,177,239.18 | | 8,177,239.18 | 1.17% | 8,177.24 |
| Customer M | 3,121,716.75 | | 3,121,716.75 | 0.45% | 3,121.72 |
| Total | 687,452,174.98 | | 687,452,174.98 | 98.65% | 14,262,111.34 |

2. Other receivables

Unit: RMB

| Item | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Other receivables | 505,784,147.11 | 674,127,502.50 |
| Total | 505,784,147.11 | 674,127,502.50 |

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

Unit: RMB

| Nature of receivables | Ending book balance | Beginning book balance |
|-------------------------------|---------------------|------------------------|
| Deposit as security | 305,528.00 | 305,528.00 |
| Fund pool | 478,904,614.39 | 671,436,662.09 |
| Temporary payment receivable | 4,599,119.06 | 3,968,595.43 |
| Personal deposit | 314,090.57 | 551,458.41 |
| Government subsidy receivable | 22,789,200.00 | |
| Total | 506,912,552.02 | 676,262,243.93 |

2) Disclosure by aging

Unit: RMB

| Ages | Ending book balance | Beginning book balance |
|---------------------------|---------------------|------------------------|
| Within 1 year (inclusive) | 505,905,774.84 | 675,240,966.75 |
| 1-2 years | | 85,528.00 |
| 2-3 years | 85,528.00 | 34,500.00 |
| Over 3 years | 921,249.18 | 901,249.18 |
| 3-4 years | 20,000.00 | |
| 4-5 years | | |
| Over 5 years | 901,249.18 | 901,249.18 |
| Total | 506,912,552.02 | 676,262,243.93 |

3) Classified disclosure by the bad debt provision method

Unit: RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|--|-----------------|------------|-------------------------|----------------------|----------------|-----------------|------------|-------------------------|----------------------|----------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion | Amount | Provision proportion | | Amount | Proportion | Amount | Provision proportion | |
| Provision for bad debts made on an individual basis: | | | | | | 1,187,578.89 | 0.18% | 1,187,578.89 | 100.00% | 0.00 |
| Provision for bad debts made on a portfolio basis | 506,912,552.02 | 100.00% | 1,128,404.91 | 0.22% | 505,784,147.11 | 675,074,665.04 | 99.82% | 947,162.54 | 0.14% | 674,127,502.50 |

| Including: | | | | | | | | | | |
|---------------------------------|----------------|---------|--------------|--------|----------------|----------------|---------|--------------|--------|----------------|
| Portfolio 1: age portfolio | 5,093,307.99 | 1.00% | 1,128,404.91 | 22.15% | 3,964,903.08 | 1,699,199.49 | 0.25% | 947,162.54 | 55.74% | 752,036.95 |
| Portfolio 2: low-risk portfolio | 501,819,244.03 | 99.00% | | 0.00% | 501,819,244.03 | 673,375,465.55 | 99.57% | | 0.00% | 673,375,465.55 |
| Total | 506,912,552.02 | 100.00% | 1,128,404.91 | 0.22% | 505,784,147.11 | 676,262,243.93 | 100.00% | 2,134,741.43 | 0.32% | 674,127,502.50 |

Provision for bad debts made on an individual basis:

Unit: RMB

| Name | Opening balance | | Closing balance | | | |
|------------|-----------------|-------------------------|-----------------|-------------------------|----------------------|---------|
| | Book balance | Provision for bad debts | Book balance | Provision for bad debts | Provision proportion | Reasons |
| Customer H | 1,187,578.89 | 1,187,578.89 | | | | |
| Total | 1,187,578.89 | 1,187,578.89 | | | | |

Categories for bad debts provision: Portfolio 1

Provision for bad debts made on a portfolio basis: RMB1,128,404.91

Unit: RMB

| Name | Closing balance | | |
|---------------------------|-----------------|-------------------------|----------------------|
| | Book balance | Provision for bad debts | Provision proportion |
| Within 1 year (inclusive) | 4,086,530.81 | 204,326.53 | 5.00% |
| 1-2 years | | | 8.00% |
| 2-3 years | 85,528.00 | 12,829.20 | 15.00% |
| 3-4 years | 20,000.00 | 10,000.00 | 50.00% |
| 4-5 years | | | 80.00% |
| Over 5 years | 901,249.18 | 901,249.18 | 100.00% |
| Total | 5,093,307.99 | 1,128,404.91 | |

A provision for bad debts that are accrued according to the general model of the expected credit loss:

Unit: RMB

| Provision for bad debts | Phase I | Phase II | Phase III | Total |
|--|--|---|---|---------------|
| | Expected credit loss in future 12 months | Expected credit loss in the entire duration (without credit impairment) | Expected credit loss in the entire duration (credit impairment) | |
| Balance on January 1, 2024 | 947,162.54 | | 1,187,578.89 | 2,134,741.43 |
| Balance on January 1, 2024 in the current period | | | | |
| Provision for current period | 181,242.37 | | | 181,242.37 |
| Reversals in the current period | | | -1,187,578.89 | -1,187,578.89 |
| Balance on December 31, 2024 | 1,128,404.91 | | | 1,128,404.91 |

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

☐ Applicable ☒ Not applicable

4) Provision for bad debts made, collected or reversed in current period

Provision for bad debts made in current period:

Unit: RMB

| Category | Opening balance | Amount of changes in current period | | | | Closing balance |
|--|-----------------|-------------------------------------|-----------------------|-------------------------|--------|-----------------|
| | | Accrued | Collected or reversed | Write-off or charge-off | Others | |
| Provision for bad debts of other receivables | 2,134,741.43 | 181,242.37 | -1,187,578.89 | | | 1,128,404.91 |
| Total | 2,134,741.43 | 181,242.37 | -1,187,578.89 | | | 1,128,404.91 |

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

Unit: RMB

| Entity name | Nature of receivables | Closing balance | Ages | Proportion in the total closing balance of other receivables | Closing balance of provision for bad debts |
|---------------------------------|-----------------------|-----------------|---------------|--|--|
| Hainan Supor E-commerce Company | Fund pool | 168,685,604.83 | Within 1 year | 33.28% | |
| Zhejiang Supor Electrical | Fund pool | 141,114,157.35 | Within 1 year | 27.84% | |
| Omegna | Fund pool | 79,485,261.60 | Within 1 year | 15.68% | |
| Shanghai WMF | Fund pool | 50,025,067.77 | Within 1 year | 9.87% | |
| Hainan Tefal Trading Company | Fund pool | 27,730,927.84 | Within 1 year | 5.47% | |
| Total | | 467,041,019.39 | | 92.14% | |

6) Presented in other receivables due to centralized fund management

Unit: RMB

| | |
|--|----------------|
| Amount presented in other receivables due to centralized fund management | 478,904,614.39 |
|--|----------------|

3. Long-term equity investment

Unit: RMB

| Item | Closing balance | | | Opening balance | | |
|--|------------------|----------------------|------------------|------------------|----------------------|------------------|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Investment subsidiaries in | 2,800,295,613.36 | | 2,800,295,613.36 | 2,787,004,539.36 | | 2,787,004,539.36 |
| Investments in associates and joint ventures | 60,689,589.18 | | 60,689,589.18 | 61,626,527.25 | | 61,626,527.25 |
| Total | 2,860,985,202.54 | | 2,860,985,202.54 | 2,848,631,066.61 | | 2,848,631,066.61 |

(1) Investments in subsidiaries

Unit: RMB

| Invested unit | Opening balance (book value) | Opening balance of impairment provision | Increase/decrease | | | | Closing balance (book value) | Closing balance of impairment provision |
|---------------------------------|---------------------------------|--|-------------------------|-------------------------|--|--------|---------------------------------|--|
| | | | Investment increased | Investment decreased | Accrued impairme nt provision | Others | | |
| Wuhan Supor Pressure Cooker | 240,428,244.41 | | | | | | 240,428,244.41 | |
| P&R Products | 20,804,297.92 | | | | | | 20,804,297.92 | |
| Yuhuan Sales Company | 2,990,149.81 | | 7,500,000.00 | | | | 10,490,149.81 | |
| Zhejiang Supor Electrical | 784,121,383.11 | | 1,169,225.00 | | | | 785,290,608.11 | |
| Shaoxing Supor | 652,369,686.26 | | 339,782.00 | | | | 652,709,468.26 | |
| 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 | 607,152,927.18 | | 722,817.00 | | | | 607,875,744.18 | |
| SEADA | 11,890,622.45 | | | | | | 11,890,622.45 | |
| Shanghai WMF | 50,198,022.26 | | 49,028.00 | | | | 50,247,050.26 | |
| Zhejiang WMF | 104,415,267.98 | | 885,927.00 | | | | 105,301,194.98 | |
| Zhejiang Supor LKA | 101,226,928.70 | | 197,903.00 | | | | 101,424,831.70 | |
| Shaoxing Supor Housewares | 55,458,345.57 | | 1,683,104.00 | | | | 57,141,449.57 | |
| Supor Water Heater | 31,200,000.00 | | | | | | 31,200,000.00 | |
| Hainan Supor E-commerce Company | 3,605,498.07 | | 743,288.00 | | | | 4,348,786.07 | |
| Total | 2,787,004,539.36 | | 13,291,074.00 | | | | 2,800,295,613.36 | |

(2) Investments in associates and joint ventures

Unit: RMB

| Invested unit | Opening balance (book value) | Opening balance of impairment provision | Increase/decrease | | | | | | | | Closing balance (book value) | Closing balance of impairment provision |
|----------------------------|------------------------------|---|----------------------|----------------------|---|--|-------------------------|--|------------------------------|--------|------------------------------|---|
| | | | Investment increased | Investment decreased | Investment profit or loss recognized by equity method | Adjustment in other comprehensive income | Changes in other equity | Cash dividend/profit declared for distribution | Accrued impairment provision | Others | | |
| I. Joint venture | | | | | | | | | | | | |
| II. Associated enterprises | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|--------------------------------|---------------|--|--|--|-------------|--|--|--|--|--|---------------|--|
| Wuhan Anzai Cookware Co., Ltd. | 61,626,527.25 | | | | -936,938.07 | | | | | | 60,689,589.18 | |
| Subtotal | 61,626,527.25 | | | | -936,938.07 | | | | | | 60,689,589.18 | |
| Total | 61,626,527.25 | | | | -936,938.07 | | | | | | 60,689,589.18 | |

The recoverable amount is determined as the net amount of the fair value less disposal expenses

☐ Applicable ☒ Not applicable

The recoverable amount is determined as the present value of estimated future cash flow of assets

☐ Applicable ☒ Not applicable

4. Operating incomes and costs

Unit: RMB

| Item | Amount incurred during this period | | Amount incurred during prior period | |
|-------------------------------|------------------------------------|------------------|-------------------------------------|------------------|
| | Revenue | Cost | Revenue | Cost |
| Main business | 3,172,395,381.73 | 2,772,528,133.84 | 2,730,903,877.45 | 2,307,291,786.04 |
| Revenue from other operations | 80,776,189.97 | 73,948,900.74 | 69,901,457.32 | 63,676,240.21 |
| Total | 3,253,171,571.70 | 2,846,477,034.58 | 2,800,805,334.77 | 2,370,968,026.25 |

Breakdown information of operating income and operating cost:

Unit: RMB

| Contract classification | Total | |
|-----------------------------|------------------|------------------|
| | Operating income | Operating cost |
| Business type | | |
| Including: | | |
| Cookware | 3,172,395,381.73 | 2,772,528,133.84 |
| Others | 80,569,046.59 | 73,765,414.50 |
| Classified by business area | | |
| Including: | | |
| Domestic | 836,047,535.05 | 649,775,540.43 |
| Foreign | 2,416,916,893.27 | 2,196,518,007.91 |
| Total | 3,252,964,428.32 | 2,846,293,548.34 |

Note: The above revenue related information does not include rental income.

Information related to performance obligations:

None

Information related to the transaction price allocated to the remaining performance obligations:

At the end of this reporting period, the revenue from the performance obligations that have not been fulfilled or completely

fulfilled under existing contract is RMB 2,321,881.15, of which RMB 2,321,881.15 is expected to be recognized as income in 2025.

5. Investment incomes

Unit: RMB

| Item | Amount incurred during this period | Amount incurred during prior period |
|---|------------------------------------|-------------------------------------|
| Long-term equity investment income under the cost method | 1,644,040,517.75 | 1,748,623,145.25 |
| Long-term equity investment income under the equity method | -936,938.07 | -529,681.40 |
| Interest from term deposit | | 7,432,119.49 |
| Investment income from disposal of transactional financial assets | 1,036,955.39 | 3,419,948.31 |
| Investment income of debt investment during the holding period | 2,036,239.80 | 7,662,465.75 |
| Investment income from disposal of debt investments | 3,629,637.00 | |
| Total | 1,649,806,411.87 | 1,766,607,997.40 |

XX. Supplementary Data

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

☒ Applicable ☐ Not applicable

Unit: RMB

| Item | Amount | Notes |
|---|----------------|-------|
| Profit or loss on disposal of non-current assets | -6,241,682.47 | |
| Government subsidies recognized through current profits and losses (except those that are closely related to the Company's normal business operations, comply with national policies and regulations and available according to certain standard quota or continuously affect the Company's profits and losses) | 195,545,431.63 | |
| Except the effective hedging business related to the normal operation of the Company, profits and losses from fair value changes caused by the finance assets and financial liabilities held by non-financial enterprises, and profits and losses from disposal of financial assets and financial liabilities | 33,497,663.19 | |
| Reversal of impairment provision for accounts receivable made on an individual basis | 1,187,578.89 | |
| Other non-operating incomes or expenditures except for the foregoing items | 5,649,279.24 | |
| Minus: influenced amount of income tax | 49,576,326.72 | |
| Influenced amount of minority shareholders' equities (after tax) | 316,207.49 | |
| Total | 179,745,736.27 | -- |

Other specific circumstances of other items of profits and losses complying with the definition of non-recurring profits or losses:

☐ Applicable ☒ Not applicable

The Company does not have other specific circumstances of other items of profits and losses complying with the definition of non-recurring profits or losses.

Description of defining non-recurring profits or losses items listed in the *Explanatory Announcement No.1 on Disclosure of the*

Information of Companies Offering Their Securities to the Public -- Non-recurring Profit or Loss as recurring profits and losses

☐ Applicable ☒ Not applicable

2. Return on net assets and earnings per share

| Profit of the reporting period | Weighted average return on net assets | Earnings per share | |
|---|---------------------------------------|--------------------------------------|--|
| | | Basic earnings per share (RMB/share) | Diluted earnings per share (RMB/share) |
| Net profit attributable to shareholders of common shares | 37.27% | 2.820 | 2.819 |
| Net profit attributable to shareholders of common shares after deducting non-recurring profit or loss | 34.28% | 2.594 | 2.593 |

3. Financial data difference on principle of domestic and oversea accounting

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(3) The reason of accounting data difference under domestic and foreign accounting standard shall be explained. If the data audited by the foreign audit organization carries out the different adjustment, the name of foreign organization shall be indicated.

Zhejiang Supor Co., Ltd.

Chairman: Thierry de LA TOUR D'ARTAISE

March 28, 2025