

Semiannual Business Performance Brief of Zhejiang Supor Co., Ltd.

This Company and all members of the Board of Directors hereby warrant that all information disclosed here are true, accurate and complete, and contain no fictitious statement, misleading information or significant omission.

Special Notes:

The financial data for first half year of 2020 as stated below, audited by the internal Auditing Department of the Company, have not been audited by the certified public accountants. Therefore, investors are kindly reminded to pay attention to possible investment risks.

I. Major Financial Data for First Half Year of 2020

(Unit: RMB)

	2020	2019	Increase/decrease (%)
Total sales	8,187,236,558.24	9,835,583,688.78	-16.76%
Operating profit	806,544,475.51	1,111,596,433.94	-27.44%
Total profit	804,430,912.84	1,096,889,363.69	-26.66%
Net profit attributable to shareholders of listed company	666,480,783.76	838,143,797.93	-20.48%
Basic earnings per share (yuan/share)	0.813	1.022	-20.45%
Return on weighted average net assets	9.95%	13.82%	-3.87%
	End of June 2020	Beginning of 2020	Increase/decrease (%)
Total assets	11,106,014,667.89	11,847,953,986.45	-6.26%
Net assets attributable to shareholders of listed company	6,193,418,784.14	6,836,417,032.56	-9.41%
Share capital	821,119,910.00	821,119,910.00	0.00%
Net assets per share	7.54	8.33	-9.48%

attributable to shareholders of listed company			
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Note: The total sales during the reporting period decreased on a YoY basis due to the effects of the COVID-19 epidemic and sales offsetting under the New Income Standards. The Ministry of Finance modified and promulgated the Accounting Standards for Business Enterprises No. 14 - Income (hereinafter referred to "New Income Standards" on July 5, 2017 that domestic listing enterprises shall implement the New Income Standards from January 1, 2020. In accordance with the new standards and related transition regulations, the Group implemented the New Income Standards from January 1, 2020. Under the New Income Standards, the Group's payable customer expenses that meet the sale offsetting requirements were offset by the operating income of "This reporting period" and "Same period last year" in the above table represents the operating income under original standards. Therefore, the total sales of the two periods are different in terms of standards. If the total sales of "This reporting period" is recalculated based on standards of that under "Same period last year", the total sales declined by 12.05% on a YoY basis.

II. Introduction of Business Performance and Financial Status

The total sales for first half year of 2020 reach 8,187,236,558.24 yuan, declined by 16.76% YoY; total profit is 804,430,912.84 yuan, declined by 26.66% YoY; and the net profit attributed to the listed company is 666,480,783.76 yuan, declined by 20.48% YoY. In which,

1. The decrease rate of 16.76% for total sales: the total sales declined mainly due to the negative effects of the COVID-19 epidemic in Q1. With the good control of epidemic situation in China, the operation and production capacity of the Company was under gradual resumption. The Company achieved an increase rate of 10.84% YoY in Q2 (if considering the impact of sales offsetting, the growth rate is 5.59%), realizing the stable development of the Company.

2. The decrease rate of 26.66% for total profits: the gross profit margin decreased by 1.65% YoY (if considering the impact of sales offsetting, the gross profit margin decreased by 5.66%) affected by COVID-19 epidemic so that the Company promoted online marketing and sales further, decreasing profits by RMB 143.09 million yuan. During the reporting period, the investment return of monetary capital reached fast increase compared with the same period of last year mainly due to the enhanced utilization efficiency of capital fund, which partly offset the negative effects towards total profits caused by the declined gross profit margin.

3. The decrease rate of 20.48% for net profits attributed to the listed company (lower than the decrease rate of total profits): mainly due to decreased income tax caused by the change of income tax rate of the subsidiary.

4. The decrease rate of 6.26% for total assets: mainly due to decreased current assets and total assets compared with that at beginning of the year caused by implementation of Profit Distribution Plan 2019, the promotion of share repurchase plan and decreased balance of stock by enhanced

management towards inventories.

III. Documents for Reference

1. The Comparative Balance Sheet and Profit Statement signed by the legal representative of the Company Mr. Thierry de LA TOUR D'ARTAISE and the person responsible for accounting work and Accounting Department Mr. Xu Bo, and sealed by the Company;

2. Internal Audit Report of 2020 Semiannual Financial Statement of Zhejiang Supor Co., Ltd. issued by the Company's internal Audit Department.

Board of Directors of Zhejiang Supor Co., Ltd.

July 23, 2020