

Stock Code: 002032

Short Form: Supor

Announcement No.: 2021-016

Zhejiang Supor Co., Ltd.

Abstract of Annual Report 2020

I. Important Notes

This is the abstract of Annual Report. For detailed information, please refer to the full text of Annual Report as posted on the media designated by China Securities Regulatory Commission.

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

Non-standard audit opinions

Applicable Not Applicable

Profit Distribution Preplan of the Company's Common Shares

Applicable Not Applicable

Convert capital reserves to capital

Yes No

The profit distribution plan adopted at this Board Meeting specifies that: based on the 815,173,860 shares at the end of 2020 (total capital stock of 821,083,860 shares at the end of 2020 deducted by 5,910,000 shares of repurchased shares in the Company's special stock repurchase account), the Company will distribute all shareholders cash dividends of RMB 12.90 per 10 shares (tax included), issue 0 bonus shares (tax included) and will not convert capital reserves to capital.

During the period from the disclosure of this profit distribution preplan to the actual implementation date, if the Company's capital stock 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 capital stock, and the above distribution ratio remains unchanged.

Profit Distribution Preplan of the Company's Preferred Stock

Applicable Not Applicable

II. The Company's Basic Information

1. Profile

Short Form of the Stock:	Supor	Stock Code	002032
Stock Exchange for Stock Listing	Shenzhen Stock Exchange		
	Board Secretary	Representative of Securities Affairs	
Name	Ye Jide	Fang Lin	
Address	23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou China	23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou China	
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2. The Company's Main Businesses during Report

As China's famous cookware R&D and manufacturing company, Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company") is a China's leading manufacturer of small kitchen electrical appliances and also the first listed company in China's cookware industry. Established in 1994, the headquarters of the Company locates in Hangzhou owning 5 R&D and manufacture bases located in Yuhuan City, Wuhan City, Hangzhou City, Shaoxing City and Ho Chi Minh City with more than 12,000 employees.

Developed strategic cooperation relationship with the Company since 2006, French SEB Group has become the actual controller of the Company. By the end of the reporting period, SEB Group held 81.20% shares of the Company. With a long history of more than 160 years, SEB Group is the world's famous cookware R&D manufacturer and small home appliance manufacturer with about 200 million products sold to more than 150 countries worldwide per year.

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

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

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

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

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

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

3. Major Accounting Data and Financial Indicators

(1) Major Accounting Data and Financial Indicators in latest three years

Has the Company retroactively adjusted or restated the accounting data of previous years?

Yes No

Unit: RMB Yuan

	2020	2019	Increase/ decrease (%)	2018
Operating income (Yuan)	18,596,944,289.02	19,853,477,882.97	-6.33%	17,851,264,801.72
Net profit attributable to shareholders of listed company (Yuan)	1,846,221,538.10	1,919,914,191.25	-3.84%	1,669,873,440.00
Net profit attributable to shareholders of listed company with non-recurring profit or loss deducted (Yuan)	1,595,178,564.27	1,734,302,272.66	-8.02%	1,512,687,605.44
Net cash flows from operating activities (Yuan)	2,076,592,774.00	1,732,940,977.12	19.83%	2,013,658,744.84
Basic earnings per share (Yuan/share)	2.254	2.344	-3.84%	2.039
Diluted earnings per share (Yuan/share)	2.248	2.338	-3.85%	2.034
Weighted average return on net assets	26.97%	30.54%	Decreased by 3.57%	28.84%
	2020 year end	2019 year end	Increase/decrease in the period (%)	2018 year end

Total assets (Yuan)	12,292,270,384.71	11,847,953,986.45	3.75%	10,633,161,177.21
Net assets attributable to shareholders of listed company (Yuan)	7,200,939,908.92	6,836,417,032.56	5.33%	5,907,337,461.81

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 1.35% on a YoY basis.

(2) Quarter-based Major Financial Indicators

Unit: RMB Yuan

	The 1st quarter	The 2nd quarter	The 3rd quarter	The 4th quarter
Total sales	3,581,192,389.40	4,606,044,168.84	5,117,457,143.46	5,292,250,587.32
Net profit attributable to shareholders of listed company	306,697,847.90	359,782,935.86	414,411,763.41	765,328,990.93
Net profit attributable to shareholders of listed company deducted by non-recurring profit or loss	293,127,328.99	297,987,216.47	391,077,395.53	612,986,623.28
Net cash flows from operating activities	103,090,780.09	-180,692,737.85	691,142,073.23	1,463,052,658.53

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

Applicable Not Applicable

4. Share Capital and Shareholders

(1) Number of shareholders of the Company and share-holding conditions

Total number of common shareholders by end of reporting period	15,390	Number of common shareholders at the end of last month before the disclosure date of the annual report	13,416	Total number of preferred stockholders with restored voting right (if any).	0	Total number of preferred stockholders with restored voting right at the end of last month before the disclosure date of the annual report (if any)	0
Information on top 10 shareholders							
Shareholder's name	Nature of shareholder	Proportion of share-holding	Number of shares held at period-end	Number of restricted outstanding shares	Number of shares pledged or frozen		
					State of shares	Quantity	
SEB INTERNATIONALE S.A.S	Foreign legal entity	81.20%	666,681,904	206,367,590			
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	5.50%	45,130,713	0			

Bank of China- E-Fund Medium and Small Cap Complex Securities Investment Fund	Others	2.64%	21,700,078	0		
ABC- E-Fund Consumption Industry Securities Investment Fund	Others	0.88%	7,257,537	0		
E-Fund Management Co., Ltd. - Social Security Fund No. 1104 Portfolio	Others	0.69%	5,700,068	0		
BNP Paribas - Own funds	Foreign legal entity	0.63%	5,174,498	0		
Central Huijin Investment Ltd.	State-owned legal person	0.54%	4,423,640	0		
China Construction Bank-E-Fund New Silk Road Flexible Complex Securities Investment Fund	Others	0.49%	4,000,000	0		
Bank of Communication -ICBC Credit Suisse Dual-Interest Bond-type Securities Investment Fund	Others	0.44%	3,600,070	0		
Fidelity Mutual Fund & Investment Management - Clients' capital	Foreign legal entity	0.32%	2,627,022	0		
Related relationship or concerted parties among the above shareholders	Bank of China – E-Fund Medium and Small Cap Complex Securities Investment Fund, ABC- E-Fund Consumption Industry Securities Investment Fund, and China Construction Bank- E-Fund New Silk Road Flexible Complex Securities Investment Fund all belong to E-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. The Company is not aware of whether other shareholders are associated with each other, and whether they are persons acting in concert as stipulated in the Measures for the Administration of the Acquisition of Listed Companies.					
Information on top 10 common shareholders involved in securities margin trading business (if any)	None					

(2) Number of shareholders of the Company and share-holding conditions of Preferred Stock

Applicable Not Applicable

No preferred stock existed in the reporting period.

(3) Property right and controlling relationship diagram between the Company and the actual controller



5. The Company's Bonds

None

III. Operation Discussion and Analysis

1. Overview

The performance of the Company declined slightly in 2020 due to the outbreak of COVID-19. During the reporting period, the Company saw its total sales reaching RMB18,596,944,289.02, with a YoY decrease of 6.33% (the total sales decreasing 1.35% if sales offsetting was excluded); and total profit reaching RMB2,200,318,697.16, with a YoY decrease of 3.22%. Basic earnings per share reaching RMB2.254, with a YoY decrease of 3.84%. Among them, the realized revenue from the main business of cookware was RMB5,506,457,504.14, with a YoY decrease of 10.31%; the realized revenue from the main business of electric appliance was RMB12,914,536,288.80, with a YoY decrease of 4.51%; the realized revenue from the main business of domestic sales was RMB12,719,055,243.77, with a YoY decrease of 12.71%; the realized revenue from the main business of export sales was RMB5,727,200,509.45, with a YoY increase of 12.08%.

1. Domestic sales in 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 users 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 terms of cookware, despite the impact of COVID-19 on Supor's domestic sales of cookware and all its offline retail channels suffered from a dramatic decline in customer traffic in 2020, especially the key stores. But it still managed to outperform the industry's average in the retail end through the enrichment of new categories and innovative marketing. According to data regarding cookware market share of 30 Chinese big cities as monitored by GFK, the offline market shares of Supor's seven major categories of products, including wok, pressure cooker, frying pan, stockpot, steamer, cookware set and ceramic slow cooker, reached 49.2% in 2020, with a 1.4% YoY growth than 2019, further expanding its market share. As indicated by the network-wide market share data from AVC, in 2020, Supor was the undisputed leader in the online market of eleven categories of products, including wok, pressure cooker, frying pan, milk pot, stockpot, kettle, casserole, hot pot, steamer, enamel pot and cookware set. As for R&D of new products, the Company, through the in-depth exploration of consumer needs, launched the "Core Iron II" wok, featuring a novel appearance, unique producing technologies and an excellent user experience, a product very popular with consumers. At the same time, the Company actively developed potential markets and entered a new market for infants, where it's positioned as an expert of healthy, complementary food for babies, with the focus on complementary food pots and feeding supplies. With respect to new kitchenware,

new products like chopping board, gadgets and bakeware marked excellent results. In terms of water glass, the cloud series was marketed by the brand spokesman Wang Yuan, so as to reach the Z generation from multiple dimensions. For high-end business, the high-end brand matrix built on WMF, KRUPS and LAGOSTINA was further perfected. According to GFK, the market share of WMF in the high-end cookware segment increased by 5.0% on a YoY basis in 2020.

In terms of electric appliances, Supor was likewise affected by the decline in traffic in offline channels due to the pandemic in 2020. Adhering to product innovation, the Company launched a row of innovative, intelligent and creative products with healthy and nutritious cooking functions. About its product innovation, an "air-cooled, Xpress electric rice cooker" that cooks delicacies in half the time, catering people's demand for cooking efficiency in an era stressing rapidness, was released during the reporting period; the "IH high power electric pressure cooker" cooks fast, and redefines the speed of electric pressure cookers; the "detachable high-speed blender" solves the two challenges - noise and cleaning, thereby bringing consumers a better experience; and the "multi-function cooking pot" is competent in various tasks, with a stylish and compact build. Considering China's traditional cooking and dietary habits, existing products were enriched and expanded constantly to meet young consumers' needs. New categories such as air fryer, sandwich maker, electric heating glass, disinfection & sterilization series, electric grill, grinder, and dough mixer, featuring exquisite, novel and bright appearances that young consumers find more attractive, were developed, so as to drive growth points for new products. According to monitoring data of market survey company CMM, Supor's offline market shares of nine major categories, including electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, electric slow cooker, blender, juice extractor and electric baking pan, reached 31.5% in 2020, increasing by 1.6% on a YoY basis; as shown by monitoring data of market survey company AVC, Supor's cumulative online market shares of twelve major categories, including electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, electric slow cooker, food processor, juice extractor, electric baking pan, electric steamer, electric oven and health kettle, reached 18.9% in 2020, ranking the second in the industry. In addition, Supor was also insisted on promoting the development of H&PC appliances. As indicated by CMM data, the cumulative offline market share of its garment steamer increased by 2.2 percentage points on a YoY basis, and reached 33.1% in 2020, further stabilizing its status as the industry leader. According to AVC, the total proportion of Supor garment steamers sold online reached 10.5%, ranking the second in the industry. In terms of large kitchen appliances, the construction of Supor's brand image was sustained and strengthened. According to AVC data, the online market shares of Supor cooking utensils ranked the first in the industry in 2020.

(2) Channel strategy

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

With respect to E-commerce channels, Supor continued to strengthen the construction of such channels, thereby maintaining a rapid growth in E-commerce business, and the proportion of sales through E-commerce channels kept expanding. The Company further optimized the layout of E-commerce stores, so as to meet the needs of users and changes in purchase patterns at different levels by means of professional service providers and polymorphic operation modes. At the same time, a matrix of live streaming talents, with "product" as its core and "live streaming" as its tipping point, was established to standardize the self-sustained operation of each store, thus realizing new growth in sales. In terms of social E-commerce, the Company improved its layout of stores, refined the operation and management of each store, and enriched new ways of resource utilization. In November 11 Promotion Activity, the sales volumes of Supor's several single products from different categories ranked the first.

Turing to offline channels, the pandemic had a great impact on the offline retail system. While offline channels were facing a significant drop in consumer flow, Supor made a positive response and initiated changes to promote marketing activities such as live streaming, internal purchases and WeChat flash sale, thus stabilizing its overall market standing. Meanwhile, Supor also took active part in implementing and further deepening its development strategy for tier-3 and 4 markets, and facilitated the comprehensive cooperation with E-commerce platforms in O2O channels in lower-tier market, where its advantages in the differentiation of mid- to high-end products and stable distributors can be leverage to create new growth points in tier-3 and 4 markets.

(3) Brand building

During the reporting period, the Company continued to rejuvenate its brand and entered into contracts with new generation young star Wang Yuan as spokesperson to reach younger consumer groups. It was active in IP marketing, and launched co-branded products with popular IPs, such as Minions, Doraemon, Pac-Man and Dunhuang, thereby drawing young consumers' attention to the brand and increasing their willingness to purchase. In response to the pandemic, it proactively adapted to changes in consumers' purchasing habits, and consciously invested more in internet marketing resources, and helped to rejuvenate its brand image and E-commerce sales by engaging in events like Tmall Super Brand Day. The Company also set up a membership center for the operation of private traffic, improved brand loyalty and higher repurchase rates. Supor, once again was listed in the BrandZ Top 100 Most Valuable Chinese Brands in 2020, which is a significant increase in brand value.

2. Export sales in the reporting period

As for export business, which was affected by the global pandemic, most countries took preventive and control measures in stages, resulting in the shut-down of some foreign factories, and as a result, the supply of cookware and electric appliances was urged to transfer into China. Meanwhile, thanks to the continuous transfer of orders from SEB Groupe, the Company's revenue from its main export business marked an all-round year-on-year increase by 12.08%.

3. Progress of SEB integration project in the reporting period

In reporting period, SEB integration project ran smoothly and synergistic effect was further intensified. Both parties' integration in R&D, design and manufacturing was further deepened and the Company's overall competitiveness was further improved.

2. Significant Chang in Main Business in the reporting period

Yes No

3. The Company's industry, products or area with total sale of operating profits occupying more than 10%

Applicable Not Applicable

Product	Total sale	Operating profit	Gross profit rate	Increase / decrease YoY (%) for total sale	Increase / decrease YoY (%) for operating profit	Increase / decrease YoY (%) for gross profit
Electric pots	3,971,436,887.17	980,903,188.01	24.70%	-18.28%	-433,192,301.02	-4.40%

4. Periodic features of Business need to be focused on

Yes No

5. Statement of significant change in total sales, business cost, net profit attributed to the listed company compared with the last reporting period

Applicable Not Applicable

6. Suspension of Listing or Delisting

Applicable Not Applicable

7. Relevant Information on Financial Statement**(1) Change of accounting policy, accounting estimate and calculation method compared with last year's financial report**

Applicable Not Applicable

1. Change of accounting policies caused by the adoption of the new financial instruments standards

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017) (CK [2017] No. 22) (hereinafter referred to as "New Revenue Standards") on July 5, 2017. The Group began to implement the New Revenue Standards from January 1, 2020.

New Revenue Standards establish a new revenue recognition model that regulates the revenue derived from the contract with customers. For the purpose of implementing New Revenue Standards, the Group re-evaluates the confirmation, measurement, accounting and reporting of main contract revenue. Under New Revenue Standards, only the accumulated amount affected by the contract outstanding by January 1, 2020 is adjusted, and contractual changes before the beginning of the earliest comparable period (i.e. January 1, 2019) or January 1, 2020 are simplified, that is, the identification of performance obligations fulfilled and outstanding, and the determination of the transaction price and its apportionment between performed and outstanding performance obligations in accordance with the final arrangements for contractual changes. The retained earnings at the beginning of the current adjustment of cumulative influence amount for the first time (namely on January 1, 2020) and the amount of the other relevant items in financial statement aren't adjusted in the comparable period.

For details, please refer to "V Important accounting policies and estimates" and "32. Change of important accounting policies and estimates" of SECTION XII "FINANCIAL STATEMENT".

(2)Instruction for Important Financial Errors, Correction and Restatement in Reporting Period

Applicable Not Applicable

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

(3)Information on Change of the Scope of Consolidated Statement Compared with the Previous Year's Financial Statements

Applicable Not Applicable

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

Zhejiang Supor Co., Ltd.

Board Chairman: Thierry de LA TOUR D'ARTAISE

April 1, 2021