

Stock Code: 002032

Short Form: Supor

Announcement No.: 2021-032



Main Body of the First Quarterly Report 2021

Zhejiang Supor Co., Ltd.

April 2021

SECTION I IMPORTANT NOTES

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 quarterly report is true, accurate and complete, and does not contain any false 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 authenticity, accuracy and integrity hereof.

All directors were present at the board meeting on which the quarterly report was reviewed.

Mr. Thierry de LA TOUR D’ARTAISE, principal of the Company, and Mr. Xu Bo, person in charge of accounting (accountant in charge), hereby confirm that the Financial Report enclosed in this Quarterly Report is authentic, accurate and complete.

SECTION II BASIC INFORMATION OF THE COMPANY

I. Major accounting data and financial indicators

Did the company need to retroactively adjust or restate previous year's accounting data?

☐ Yes ☒ No

	This reporting period	Same period last year	Increased or decreased
Operating revenue (RMB)	5,136,308,321.66	3,581,192,389.40	43.42%
Net profits attributable to shareholders of listed company (RMB)	504,799,303.45	306,697,847.90	64.59%
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss (RMB)	468,498,175.18	293,127,328.99	59.83%
Net cash flows resulting from operating activities (RMB)	576,498,821.51	103,090,780.09	459.21%
Basic earnings per share (RMB/share)	0.616	0.374	64.71%
Diluted earnings per share (RMB/share)	0.615	0.374	64.44%
Return on weighted average net assets	6.78%	4.39%	2.39%
	End of this reporting period	End of last year	Increased or decreased
Total assets (RMB)	12,323,490,473.38	12,292,270,384.71	0.25%
Net assets attributable to shareholders of listed company (RMB)	7,577,896,075.65	7,200,939,908.92	5.23%

Items and amount of non-recurring profit and loss

☒ Applicable ☐ Not applicable

Unit: Yuan

Item	Amount from beginning of the year to end of the reporting period	Notes
Profit and loss on disposal of non-current assets (including the write-off of provision for asset impairment)	155,536.48	
Government subsidy included in current profit or loss (excluding government subsidies closely related to operating activities of the Company and subject to uniform national standards on amount and quantity)	17,737,849.49	
Profit and loss from fair value changes due to holding of the transactional financial assets, derivative financial assets,	-762,390.20	

transactional financial liabilities and derivative financial liabilities, and investment income from disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other investment in debt securities, in addition to effective hedging business related to normal businesses of the Company.		
Other non-operating revenues or expenditures except for the foregoing items	1,503,239.49	
Other profit and loss items that comply with the definition of non-recurring profit and loss	26,947,704.64	
Minus: income tax impact	9,143,752.20	
Effects on minority interest (after tax)	137,059.43	
Total	36,301,128.27	--

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

☐ Applicable ☒ Not applicable

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

II. Total number of shareholders and shareholdings of top 10 shareholders at the end of the reporting period

1. Total number of common shareholders, number of preferred shareholders whose voting rights are recovered and shareholdings of top 10 shareholders

Unit: share

Total number of common shareholders at the end of the reporting period	14,785	Total number of preferred shareholders whose voting rights are recovered at the end of reporting period (if any)	0			
Shareholdings of top 10 shareholders						
Name	Nature	Shareholding ratio	Quantity of shares	Quantity of restricted shares	Pledged or frozen	
					Status of share	Share quantity
SEB INTERNATIONALE S.A.S	Overseas legal person	81.20%	666,681,904	206,367,590		
Hong Kong Securities Clearing Company Ltd.	Overseas	5.24%	42,995,782	0		

	legal person					
Bank of China - E-Fund Medium and Small Cap Complex Securities Investment Funds	Others	2.90%	23,800,112	0		
ABC - E-Fund Consumption Industry Securities Investment Funds	Others	0.88%	7,257,537	0		
E-Fund Management Co., Ltd. -Social Security Fund 1104 Portfolio	Others	0.82%	6,700,067	0		
BNP Paribas - Own Funds	Overseas legal person	0.59%	4,826,581	0		
Central Huijin Asset Investment Ltd.	State-owned legal person	0.54%	4,423,640	0		
Fidelity Mutual Fund & Investment Management - Clients' Capital	Overseas legal person	0.32%	2,627,022	0		
Ningbo Bank – Fullgoal Balanced Strategy Complex Securities Investment Funds	Others	0.29%	2,390,687	0		
Bank of China – Fullgoal Periodic Advantage Complex Securities Investment Funds	Others	0.15%	1,254,667	0		
Shareholdings of top 10 shareholders holding non-restricted shares						
Name	Quantity of non-restricted shares		Type of share		Share quantity	
			Type of share			
SEB INTERNATIONALE S.A.S	460,314,314		RMB common share		460,314,314	
Hong Kong Securities Clearing Company Ltd.	42,995,782		RMB common share		42,995,782	
Bank of China - E-Fund Medium and Small Cap Complex Securities Investment Funds	23,800,112		RMB common share		23,800,112	
ABC - E-Fund Consumption Industry Securities Investment Funds	7,257,537		RMB common share		7,257,537	
E-Fund Management Co., Ltd. -Social Security Fund 1104 Portfolio	6,700,067		RMB common share		6,700,067	
BNP Paribas - Own Funds	4,826,581		RMB common share		4,826,581	
Central Huijin Asset Investment Ltd.	4,423,640		RMB common share		4,423,640	
Fidelity Mutual Fund & Investment Management - Clients' Capital	2,627,022		RMB common share		2,627,022	
Ningbo Bank – Fullgoal Balanced Strategy Complex Securities Investment Funds	2,390,687		RMB common share		2,390,687	

Bank of China – Fullgoal Periodic Advantage Complex Securities Investment Funds	1,254,667	RMB common share	1,254,667
Description on the above-mentioned shareholder relationships or concerted actions	Both Bank of China - E-Fund Medium and Small Cap Complex Securities Investment Fund and ABC - E-Fund Consumption Industry Securities Investment Funds belong to E-Fund. Both Ningbo Bank – Fullgoal Balanced Strategy Complex Securities Investment Funds and Bank of China – Fullgoal Periodic Advantage Complex Securities Investment Funds belong to Fullgoal Fund. It is unknown whether other shareholders are associated with each other, or 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, or whether they are persons acting in concert as stipulated in the Measures for the Administration of the Acquisition of Listed Companies.		
Description on participation of the top 10 shareholders in margin trading (if any)	None		

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

☐ Yes ☒ No

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

2. Total number of preferred shareholders and shareholdings of top 10 preferred shareholders

☐ Applicable ☒ Not applicable

SECTION III IMPORTANT ITEMS

I. Changes in major accounting items and financial indicators during the reporting period and change reasons

√ Applicable □ Not applicable

Items on Balance Sheet:

1. Advance payment increased by 43.66% compared to that in the beginning of the period, mainly due to the increase in advance payment for the materials purchased in the current period.
2. Other receivables decreased by 57.26% compared to that in the beginning of the period, mainly because the export rebate of VAT receivable for the last year was received in the current period.
3. Construction in progress increased by 39.40% compared to that in the beginning of the period, mainly because of the rise in infrastructure projects of the Company's subsidiaries in the current period.
4. Right-of-use assets increased by 100.00% compared to that in the beginning of the period, mainly because new lease standards have been implemented in the current period, which stipulate that right-of-use lease assets within the leasehold can be listed in right-of-use assets.
5. Notes payable increased by 100.00% compared to that in the beginning of the period, mainly because the Company and its subsidiaries issued bank acceptances to suppliers.
6. Employee benefits payable decreased by 31.73% compared to that in the beginning of the period, mainly due to the payment in the current period of employee benefits at the end of last year.
7. Contract liabilities decreased by 37.41% compared to that in the beginning of the period, mainly due to the decline in advances received from some distributors of the Company's subsidiaries in the current period.
8. Lease liabilities increased by 100.00% compared to that in the beginning of the period, mainly because new lease standards have been implemented in the current period, which stipulates that lease payments not yet to be paid during the leasehold can be listed in lease liabilities.
9. Treasury shares increased by 32.87% compared to that in the beginning of the period, mainly because the Company repurchased its shares from secondary market with self-owned funds in the current period.

Items on Profit Statement:

1. Operating revenue increased by 43.42% on a YoY basis, mainly because the operating income in the same period of last year decreased due to the outbreak of the COVID-19, while as the epidemic has been brought under effective control in China, the Company's business performance has returned to normal and sales revenue has increased significantly compared to that in the same period of last year.
2. Selling expense increased by 55.91% on a YoY basis, mainly due to the delay of sales promotion in the same period of last year caused by the outbreak of the COVID-19.
3. Financial expenses increased by 74.59% on a YoY basis, mainly due to the decrease in interest income of bank deposits and exchange gains in the current period.
4. Other incomes increased by 366.44% on a YoY basis, mainly owing to the increase in government subsidies of the Company's subsidiaries in the current period.
5. Return on investment increased by 110.59% on a YoY basis, mainly because of the growth in the interest income from the increased investment on fixed deposits in the current period.
6. Gains and losses on changes of fair value decreased by 94.11% on a YoY basis, mainly due to the reduction in gains on changes of fair value as a result of the decreased investment on financial products with floating earnings.

7. Credit impairment loss increased by 69.52% on a YoY basis, mainly due to the decrease in operating income and accounts receivable at the end of the same period of last year caused by the COVID-19 outbreak as well as the decline in accounts receivable at the end of the current period, compared to those in the beginning of the current period.
8. Asset impairment loss increased by 67.96% on a YoY basis, mainly because of the decrease in the inventory devaluation provision transferred from current period back to the previous period, compared to that in the same period of last year.
9. Non-operating expense decreased by 76.42% on a YoY basis, mainly due to the increase in expenses on donation of epidemic prevention and logistic support materials in the same period of last year.
10. Income tax increased by 96.86% on a YoY basis, mainly owing to the growth in the total profit and the increase in the enterprise income tax rate of the Company in the current period.

Items on Cash Flow Statement:

1. The net cash flows resulting from operating activities increased by 459.21% on a YoY basis, which was mainly attributable to the growth in cash received for sale of goods and rendering of services in cash inflow from operating activities in the current period.
2. The net cash flows resulting from investing activities decreased by 110.49% on a YoY basis, which was mainly attributable to the increase in net cash expense for financial product investment in cash outflow from investing activities.
3. The net cash flows resulting from financing activities decreased by 570.55% on a YoY basis, which was mainly attributable to the expenditure increased for the Company to repurchase its shares from secondary market in cash outflow from financing activities.

II. Analysis and description on the progress of important items as well as their influence and solutions

☐ Applicable ☒ Not applicable

Progress in the implementation of share repurchase

☒ Applicable ☐ Not applicable

The Proposal on Public Shares Repurchase Plan was reviewed and approved by the 14th Session of the Sixth Board of Directors held on August 29, 2019. With the confidence in the Company's future development, in order to effectively protect the interests of shareholders and enhance investor confidence, and in consideration of the Company's overall financial situation, the Company planned to repurchase the Company's shares with self-owned capital for reducing registered capital and implementing equity incentive. The Proposal on Adjustment of the Public Shares Repurchase Plan was reviewed and approved by the 2nd Session of the Seventh Board of Directors held on August 27, 2020, approving the adjustment of the share price, the total amount of funds for the repurchase and the implementation period of the repurchase in the Share Repurchase Plan to ensure the smooth completion of the Plan. The Company would repurchase its shares from secondary markets through centralized bidding with the highest price of RMB 90.97/share, and the number of shares repurchased not less than 4,105,600 units (inclusive) and not more than 8,211,199 units (inclusive). As of the end of the reporting period, the Company has repurchased 7,805,000 shares, accounting for 0.95% of the total shares of the Company, at the highest price of RMB 79.89/share and lowest price of RMB 62.88/share with total payment of RMB 546,053,400 (excluding transaction fee).

Matters regarding shares repurchase were reviewed and approved by the Second Interim General Meeting of Shareholders in 2019 held on September 23, 2019 and the *Repurchase Report on Public Shares* was published on September 25; adjustments to shares repurchase were reviewed and approved by the 2nd Session of the Seventh Board of Directors held on August 27, 2020 and the *Repurchase Report on Public Shares (Revision)* was published on August 28. For detailed contents, please see the *Repurchase Report on Public Shares* (Announcement No.: 2019-058), *Announcement on Adjusting Share Price Ceiling for Public Shares Repurchase* (Announcement No.: 2019-064 and 2020-036), *Announcement on Adjusting Public Shares Repurchase Plan* (Announcement No.: 2020-049), *Repurchase Report on Public Shares (Revision)* (Announcement No.: 2020-050), *Announcement on the Progress of Public Shares Repurchase* (Announcement No.: 2019-059, 2019-070, 2019-074, 2020-001, 2020-005, 2020-008, 2020-009, 2020-027, 2020-034, 2020-037, 2020-043, 2020-051, 2020-052, 2020-059, 2020-062, 2021-001, 2021-013 and 2021-026), and the

Announcement on the First Share Repurchase (Announcement No.: 2019-073) disclosed on Securities Times, China Securities Daily, Securities Daily, and <http://www.cninfo.com.cn>.

As of the disclosure date of this report, the Company has completed this shares repurchase plan. As a result of automatic matching by the centralized bidding trading system, the actual number of shares repurchased by the Company exceeded the upper limit stipulated in relevant shares repurchase plan: the Company actually repurchased 8,214,314 shares, demonstrating an excess number of 3,115 shares. The aforesaid excess shares will be used for implementing equity incentive. For detailed contents, please refer to the *Announcement on Completion of Public Shares Repurchase Plan* (Announcement No.: 2021-027) and the *Announcement on Adjusting the Use of Shares for Exceeded Part in Public Shares Repurchase Plan* (Announcement No.: 2021-033) disclosed on the Securities Times, China Securities Daily, Securities Daily and <http://www.cninfo.com.cn> respectively on April 9, 2021 and April 23, 2021.

Progress in the reduction of shareholding of repurchased shares through centralized bidding

☐ Applicable ☒ Not applicable

III. Commitments that should be fulfilled by actual controller, shareholders, affiliates, acquirer of the Company within the reporting period and were not fully fulfilled within the reporting period

☐ Applicable ☒ Not applicable

There were no commitments that should be fulfilled by actual controller, shareholders, affiliates, acquirer of the Company within the reporting period and were not fully fulfilled within the reporting period.

IV. Financial asset investment

1. Securities investment

☐ Applicable ☒ Not applicable

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

2. Derivative investment

☒ Applicable ☐ Not applicable

Unit: RMB10,000

Name of derivative investment operating side	Correlated relation	Whether to be related transactions	Derivative investment type	Initial investment amount for derivative investment	Start date	Expiry date	Investment amount at the beginning of the period	Purchase amount during the reporting period	Sales amount during the reporting period	Amount of impairment provision accrued (if any)	Investment amount at the end of the period	Proportion of investment amount at the end of the period in the Company's net assets at the end of the reporting period	Actual profit and loss amount during the reporting period
Banks	None	No	FX derivative	12,664.16	January 1,	March 31,	12,664.16	25,462.33	19,044.71		19,081.78	2.51%	-100.16

			es		2021	2021							
Total				12,664.16	--	--	12,664.16	25,462.33	19,044.71		19,081.78	2.51%	-100.16
Capital source of derivative investment				Self-owned capital									
Litigation-related situation (if applicable)				Not applicable									
As for examination and approval of derivative investment, the Board of Directors will announce disclosure date (if any)				April 1, 2021									
As for examination and approval of derivative investment, the Board of Shareholders will announce disclosure date (if any)				Not applicable									
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)				To reduce the risks arising from fluctuations in exchange and interest rates, and to strengthen the monitoring and control of foreign currency-denominated asset positions, the Company has conducted trading business of FX derivatives.									
				(I) Risks of conducting FX derivatives transactions 1. Price fluctuation risk: 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 risk: considering the specialty and complexity of FX derivatives trading 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 risk: FX 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. (II) Risk control measures 1. Clarify the principles of foreign exchange derivatives trading. FX derivatives trading 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 Derivatives Transactions, in which the scope of authorization, approval procedures, key operation points, risk management and information disclosure concerning derivatives transactions are well defined, so that the conduct and risks of FX derivatives training can be effectively regulated. 3. Product selection: prior to any FX derivative transactions, 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. 4. Counterparty management: be prudent when selecting counterparties for FX derivatives business. The company only conducts foreign exchange derivatives trading business with large commercial banks and other foreign exchange organization with legal qualifications,									

	thus avoiding potential 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 FX derivatives 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 profit and loss incurred by FX derivatives was RMB -1,001,600.00 during the reporting period; it was obtained by the evaluation of spot and forward foreign exchange quotes from banking institutions.
Explanation on whether the Company's accounting policies and specific accounting principles of derivatives have significantly changed during the reporting period compared with those in the previous reporting period	Not applicable
Special opinion on situations of the Company's derivative investment and risk control from independent directors	Independent directors of the Company believe: the FX derivatives trading business of the Company is closely related to its daily operation needs, and conducive to the aversion of risks caused by exchange rate fluctuations, which enhances the Company's financial soundness and is in line with its operational development requirements. The Company has developed the Management Measures for Foreign Exchange Derivatives Transactions and relevant risk control measures, which are conducive to strengthening the risk management and control of foreign exchange derivatives transactions. The Company has fulfilled corresponding obligations with respect to approval procedures and information disclosure, and there're no such circumstances that would harm the interests of the Company and all of its shareholders, especially minority ones.

V. Progress of investments with capital raised

☐ Applicable ☒ Not applicable

VI. Forecast on business performance from January to June in 2021

Warning and reason for the prediction that the cumulative net profit from the beginning of the year to the end of the next reporting period may suffer a loss or a significant change from that in the same period of last year

☐ Applicable ☒ Not applicable

VII. Major contracts for daily operations

☐ Applicable ☒ Not applicable

VIII. Entrusted financing

☒ Applicable ☐ Not applicable

Unit: RMB10,000

Specific type	Source of fund for entrusted financing	Amount incurred of entrusted financing	Undue balance	Overdue amount unclaimed
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Bank financial products	Self-owned capital	11,500.30	8,500.30	0
Total		11,500.30	8,500.30	0

Specific description of high-risk entrusted finance with single significant amount, or with low security, poor liquidity and un-guaranteed principal

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not-applicable

IX. Irregular external guaranty

☐ Applicable ☒ Not applicable

The Company did not involve in any irregular external guaranty during the reporting period.

X. Non-operating occupation of capital of listed companies by controlling shareholders and their affiliates

☐ Applicable ☒ Not applicable

There was no non-operating occupation of capital of listed companies by controlling shareholders or their affiliates during the reporting period.

XI. Record form for investigation, communication, interview and other activities during the reporting period

☐ Applicable ☒ Not applicable

There was no investigation, communication, interview or other activities in the company during the reporting period.

Zhejiang Supor Co., Ltd.

Board Chairman: Thierry de LA TOUR D'ARTAISE

April 23, 2021