Stock Code: 002032 Short Form: Supor Announcement No.: 2020-015

Zhejiang Supor Co., Ltd.
Abstract of Annual Report 2019

I. Important Notes

This is the abstract of Annual Report 2019. 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 821,099,910 shares at the end of 2019 (total capital stock of 821,119,910 shares at the end of 2019 deducted by 20,000 shares of repurchased shares in the Company's special stock repurchase account), the Company will distribute all shareholders cash dividends of RMB 13.30 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	
Tel.:	0571-86858778	0571-86858778	
Fax:	0571-86858678	0571-86858678	
Email	yjd@supor.com	flin@supor.com	

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 81.19% 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, 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 51 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

	2019	2018	Increase/ decrease (%)	2017
Operating income (Yuan)	19,853,477,882.97	17,851,264,801.72	11.22%	14,542,193,769.70
Net profit attributable to shareholders of listed company (Yuan)	1,919,914,191.25	1,669,873,440.00	14.97%	1,326,195,778.24
Net profit attributable to shareholders of listed company with non-recurring profit or loss deducted (Yuan)	1,734,302,272.66	1,512,687,605.44	14.65%	1,207,290,206.76
Net cash flows from operating activities (Yuan)	1,732,940,977.12	2,013,658,744.84	-13.94%	1,101,068,593.63
Basic earnings per share (Yuan/share)	2.347	2.041	14.99%	1.623
Diluted earnings per share (Yuan/share)	2.338	2.033	15.00%	1.615
Weighted average return on net assets	30.54%	28.84%	1.70%	26.15%
	2019 year end	2018 year end	Increase/decrease in the period (%)	2017 year end

Total assets (Yuan)	11,847,953,986.45	10,633,161,177.21	11.42%	9,462,215,289.52
Net assets attributable to shareholders of listed company (Yuan)	6,836,417,032.56	5,907,337,461.81	15.73%	5,407,071,353.16

(2)Quarter-based Major Financial Indicators

Unit: RMB Yuan

	The 1st quarter	The 2nd quarter	The 3rd quarter	The 4th quarter
Total sales	5,473,577,143.92	4,362,006,544.86	5,060,731,903.21	4,957,162,290.98
Net profit attributable to shareholders of listed company	514,945,858.67	323,197,939.26	410,255,559.78	671,514,833.53
Net profit attributable to shareholders of listed company deducted by non-recurring profit or loss	498,562,959.33	318,146,512.78	405,075,621.41	512,517,179.14
Net cash flows from operating activities	-118,659,387.09	91,273,566.62	216,040,859.11	1,618,285,938.48

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	9,435	Number of common shareholders at the end of last month before the disclosure date of the annual report	9,904	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	81.19%	666,681,904	206,367,590		
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	6.01%	49,335,017	0		
Bank of China -E Fund	Others	1.52%	12,500,000	0		

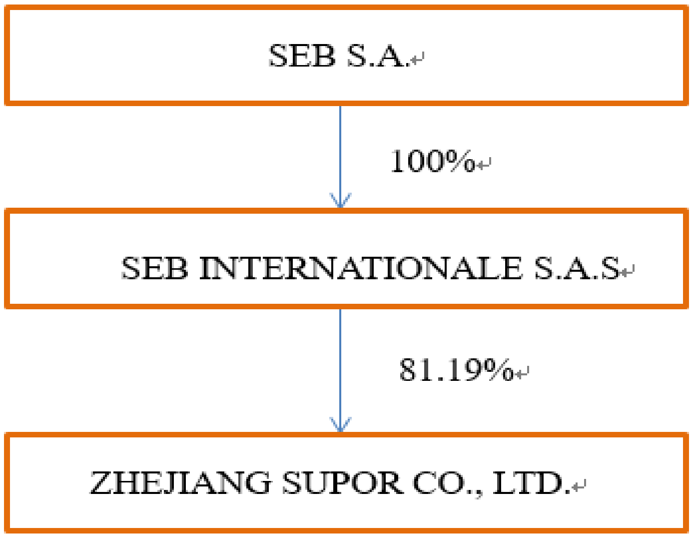
Medium and Small Cap Complex Securities Investment Fund						
BNP Paribas - own funds	Foreign legal entity	0.68%	5,585,446	0		
China Construction Bank - E-Fund New Silk Road Flexible Complex Securities Investment Fund	Others	0.68%	5,549,250	0		
Fidelity Mutual Fund & Investment Management - clients' capital	Foreign legal entity	0.67%	5,472,437	0		
Agricultural Bank of China - E-fund Consumption Industry Securities Investment Fund	Foreign legal entity	0.60%	4,919,542	0		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.54%	4,423,640	0		
China Construction Bank - Xingquan Social Responsibility Complex Securities Investment Fund	Others	0.48%	3,972,702	0		
National Social Security Fund No. 109	Others	0.29%	2,400,065	0		
Related relationship or concerted parties among the above shareholders		The Company had no idea if the top ten shareholders have connected relationship or if they belong to the consistent action makers as specified in the *Measures on the Purchase Management 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

In 2019, the global economic environment was still complicated and severer. However, the domestic sales and exports of the Company had been growing steadily due to consumption upgrading in China and continuous transfer of overseas SEB orders. During reporting period, the Company saw its business income reaching RMB 19,853,477,882.97, with a YoY growth of 11.22%, and total profits reaching RMB 2,273,457,833.79, increasing by 14.73% on a YoY basis. The earnings per share were RMB 2.347 with a YoY growth of 14.99%. In particular, annual main business income of CW was RMB 6,139,116,531.65, with a 5.49% YoY growth; annual main business income of electric appliance was RMB 13,524,375,233.08, increasing by 13.98% on a YoY basis. In the whole year, the Company realized main business income of RMB 14,571,549,991.86 in domestic sales, with a 12.44% YoY growth, and harvested RMB 5,109,929,961.99 in export business, a 7.75% YoY growth.

1. Domestic sales in the reporting period

(1) Product strategy

During the reporting period, Supor kept making ingenuous innovations with product innovation as its core and based on the exploration of consumer needs using Internet and big data, continuously introducing innovative, smart and ingenious products with healthy and nutritious cooking functions; kept enriching and expanding product categories based on traditional Chinese cooking and eating habits to meet young consumers' needs.

In terms of CW, according to data regarding cookware market share of 30 Chinese big cities as monitored by GFK, the market shares of Supor's seven categories of products in the whole year of 2019 reached 47.8% and still took the leading status in the market. In terms of new product development, the Company kept expediting the development and launch of new products and the increase of their market shares: firstly, Supor launched Thermal-Spot Titanium Pro Fumeless Wok, and the X-Crystal stainless wok in 2019, driving the sales increase of medium-to-high-end frying pans; launched the Modern-times series and Woodson series of Northern Europe styles for young consumers; and also developed the new Little-meow series baby food pots, which are dedicated and professional pots for mothers. Secondly, Supor realized dual growth of offline retail and online E-commerce channels in new categories of kitchen utensils through continuous innovation and upgrading and brand promotion for water cup category.

In terms of SDA, Supor launched new products constantly and took the lead in industrial development. It put multiple innovative products into market, such as "low-GI rice cooker", "double-valve pressure cooker", "detachable high speed blender", “elevation-type steam frying machine”, and “COCO-IH multi-purpose cooking pot”, all of which were popular in market. Meanwhile, Supor enriched and expanded product categories and developed new products such as electric oven, electric lunch box, mother and baby series and portable rechargeable juice machine so as to drive new product category growth point. As shown by monitoring data of CMM, a market survey company, Supor had accumulated offline market shares of nine categories (electric rice cooker, electric pressure cooker, electric kettle, soymilk maker, juice extractor, blender, electric baking pan and electric slow cooker) reaching 30.1%, ranking the second in the industry. Supor developed its household appliance business continuously and steadily. In 2019, the Company expanded product lines of garment steamer, dust collector and air purifier constantly. According to monitoring data of market survey company CMM, Supor’s offline market share of garment steamer category reached 30.9% in 2019, taking the first place in the industry.

(2) Channel strategy

During the reporting period, Supor focused on balanced development of online and offline retail modes based on the Internet development trend, and still insists on the operating strategy of winning consumers’ trust with high-quality product and dealers’ and retailers’ support with strong new product development ability and considerate service.

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

In e-commerce channel construction, Supor still strengthened the construction of e-commerce channel, and launched social e-commerce business by opening live streaming. The sales volume of e-commerce channel in its overall sales volume kept increasing constantly. In T-mall’s November 11 Promotion Activity, the sales volumes of Supor’s several single products from different categories ranked the first. According to market shares data monitored by AVC, Supor’s total market shares of nine major categories of kitchen SDA (small domestic appliances) stood firmly in the second place in 2019.

(3) Brand building

During the reporting period, the Company witnessed the constant improvement of brand popularity and preference by maintaining the brand value of “quality” and “innovative” and advancing brand building continuously. In 2019, the Company employed double brand spokesmen for the first time, that is, “Chang Junning as a brand spokesman for all categories and Li Xian as a brand spokesman for cup” to improve cognition of potential categories (e.g. cup, H&PC appliance and large kitchen appliance) dramatically. In addition, the Company realized operating management of the brand’s own users by setting up the Supor Membership Center platform.

According to 2019 research report of Nelson, the Company’s unaided brand awareness in both main brand in small kitchen electrical appliances and naked flame cooker ranked the first in the industry. The unaided awareness of SDA was still leading in the industry after occupying the first place for the first time in 2016. Meanwhile, Supor had been listed to BrandZ’s Top 100 Most Valuable Chinese Brands for 7 years, with growth rate of brand value reaching 40%.

2. Export sales

Though trade frequent friction in international market during reporting period, the Company’s main business income of export sales showed a 7.75% YoY growth as a whole, which was attributed to the continuous transfer of SEB Group’s orders.

3. Progress of SEB Integration Project

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 /	Increase /	Increase /

				decrease YoY (%) for total sale	decrease YoY (%) for operating profit	decrease YoY (%) for gross profit
Electric pots	4,859,761,871.46	1,414,095,489.03	29.10%	14.59%	14.48%	0.07%

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 promulgated the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised Version 2017) (C.K. [2017] No. 7), the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets (Revised Version 2017) (C.K. [2017] No. 8), and the Accounting Standards for Business Enterprises No. 24 - Hedging Accounting (Revised Version 2017) (C.K. [2017] No. 9) on March 31, 2017 and the Accounting Standards for Business Enterprises No. 37 - Financial Instruments Presentation (Revised Version 2017) (C.K. [2017] No. 14) on May 2, 2017 (the foregoing standards are collectively referred to as “new financial instruments standards”), requiring that listed enterprises in China shall implement the new financial instruments standards from January 1, 2019.

The Group began to implement the new financial instruments standards from January 1, 2019.

All identified financial assets under the new financial instruments standards are subsequently measured at amortized cost or fair value. On the implementation of the new financial instruments standards, the Group evaluated the business model for managing financial assets based on the actual facts and situation on the day and evaluated the contracted cash flow features of financial assets based on the facts and situation during the preliminary identification of financial assets, and divided the financial assets into: financial assets measured by amortized cost, financial assets at fair value through other comprehensive income and, financial assets at fair value through current profit or loss. For equity equipment investment at fair value through other comprehensive income, at the time of derecognition of such financial asset, accumulative gains or losses previously included in other comprehensive income should be transferred from other comprehensive income and included in retained earnings instead, and not included in current profit or loss.

Under the new financial instruments standards, the Group made provision for impairment reserve and identified credit impairment loss for financial assets measured at amortized cost and financial security contracts based on expected credit losses.

The Group adopted the new financial instruments standards in a retroactive manner and chose not to make a restatement on the inconsistency between classification and measurement (including decrease in value) in previous financial statements and in financial statements prepared under the new financial instruments standards. Therefore, with regards to the accumulated amount affected by the first implementation of the standards, the Group adjusted the amount of retained earnings or other comprehensive income and other related items in the financial statements at the beginning of 2019, and did not make a restatement in the financial statements of 2018.

For details, please refer to “V. Critical accounting policies and estimates” and “27. Change of important accounting policies and accounting 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 29, 2020