

Hangzhou Robam Appliances Co., Ltd.

Semi-Annual Report 2021

ROBAM老板
创造中国新厨房

连续6年
全球更畅销

August 2021

Chapter 1 Important Notes, Contents and Interpretations

The Board of Directors, the Board of Supervisors, as well as the directors, supervisors and senior management of Hangzhou Robam Appliances Co., Ltd. (the Company) hereby guarantee that there are no false representations, misleading statements, or material omissions in this Semi-Annual Report (“the Report”), and are severally and jointly liable for the authenticity, accuracy and completeness of the information contained herein.

Ren Jianhua, the head of the Company, Zhang Guofu, the person in charge of the Company’s accounting, and Zhang Guofu, the head of the accounting department (the accountant in charge) hereby declare and warrant that the financial report contained in the Report is authentic, accurate, and complete.

All the directors attended a board meeting, during which they reviewed the Report.

The Company does not plan to distribute cash dividends or bonus shares, or convert capital reserve into capital stock.

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Documents available for reference

- I. Financial statement signed by the legal representative, the person in charge of accounting and the accounting firm principal and affixed with seal.
- II. Original copies of documents and announcements of the Company published in the newspaper designated by China Securities Regulatory Commission during the Reporting Period.
- III. The Semi-Annual Report 2021 signed by the legal representative.
- IV. Other information.

Interpretations

Item	refer(s) to	Contents
The Company, Company, Robam Appliances	refer to	Hangzhou Robam Appliances Co., Ltd.
MingQi	refers to	Hangzhou MingQi Electric Co., Ltd.
The Group	refers to	Robam Appliances, MingQi, Beijing Robam Appliances Sales Co., Ltd., Shanghai Robam Appliances Sales Co., Ltd., Kinde Intelligent
Robam Group	refers to	Hangzhou Robam Industrial Group Co., Ltd., controlling shareholder of the Company
The reporting period	refers to	The first half of 2021
Kinde	refers to	Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.
AVC	refers to	Beijing All View Cloud Data Technology Co., Ltd.

Chapter 2 Company Profile and Major Financial Indicators

I. Company Profile

Stock abbreviation	Robam	Stock code	002508
Stocks traded on	Shenzhen Stock Exchange		
Chinese name of the Company	杭州老板电器股份有限公司		
Short Chinese name of the Company (if any)	老板电器		
Legal representative of the Company	Ren Jianhua		

II. Contact Person and Contact Information

	Secretary of the Board of Directors	Representative of securities affairs
Name	Wang Gang	Jiang Yu
Contact address	No. 592, Linping Avenue, Yuhang Economic Development Zone, Hangzhou, Zhejiang Province	No. 592, Linping Avenue, Yuhang Economic Development Zone, Hangzhou, Zhejiang Province
Telephone	0571-86187810	0571-86187810
Fax	0571-86187769	0571-86187769
E-mail	wg@robam.com	jy@robam.com

III. Other Information

1. Contact information

Whether the registered address, office address and zip code as well as the website and email address of the Company changed during the reporting period?

Applicable Not Applicable

There are no changes in the registered address, office address and zip code as well as the website and email address of the Company during the reporting period. For details, please refer to the Annual Report 2020.

2. Information disclosure and filing location

Whether the information disclosure and filing locations changed during the reporting period?

Applicable Not Applicable

The location for filing the semi-annual report of the Company. For details, please refer to the Annual Report 2020.

IV. Key Accounting Data and Financial Indicators

Whether the Company needs to retroactively adjust or restate the accounting data of previous years?

Yes No

	The reporting period	The same period last year	YoY change
Operating Income (RMB)	4,326,082,031.62	3,211,172,335.79	34.72%
Net profit attributable to shareholders of the listed company (RMB)	790,388,759.79	612,317,249.29	29.08%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains/losses (RMB)	746,385,371.21	551,320,432.05	35.38%
Net cash flow from operating activities (RMB)	530,226,316.50	407,687,133.56	30.06%
Basic earnings per share (EPS) (RMB/share)	0.83	0.65	27.69%
Diluted EPS (RMB/share)	0.83	0.65	27.69%
Weighted average return on net assets	9.49%	8.64%	An increase of 0.85%
	End of the reporting period	End of last year	Change
Total assets (RMB)	13,072,209,609.54	12,457,568,276.25	4.93%
Net assets attributable to shareholders of the listed company (RMB)	8,146,337,365.16	8,050,626,815.35	1.19%

V. Differences in Accounting Data under Domestic and Foreign Accounting Standards

1. Whether there are differences in the net profit and net asset disclosed in the Financial Report under International Accounting Standards (IAS) and China's accounting standards?

 Applicable Not Applicable

There is no difference in the net profit and net asset disclosed in the Financial Report under IAS and China's accounting standards during the reporting period.

2. Whether there are differences in the net profit and net asset disclosed in the Financial Report under foreign accounting standards and China's accounting standards during?

 Applicable Not Applicable

There is no difference in the net profit and net asset disclosed in the Financial Report under foreign accounting standards and China's accounting standards during the reporting period.

VI. Items and Amounts of Non-recurring Gains and Losses

 Applicable Not Applicable

In RMB

Item	Amount	Description
Gains and losses on disposal of non-current assets (including the part written-off with provision for asset impairment accrued)	-2,037,766.59	

Government subsidy included in current gains and losses (except the government subsidy closely related to the Company's business and enjoyed by quota or ration in accordance with the unified national standard)	55,099,765.01	
Other gain/loss items conforming to the definition of non-recurring gains/losses	-393,630.96	
Less: Affected amount of income tax	8,184,399.67	
Affected amount of minority shareholders' equity (after tax)	480,579.21	
Total	44,003,388.58	--

Chapter 3 Management Discussion and Analysis

I. Main Businesses during the Reporting Period

In the first half year of 2021, the kitchen appliances industry continued its recovery, with rapid growth in all channels. In terms of the retail channel, the offline consuming willingness of the consumers increased significantly. As shown in AVC monthly data report based on offline retail monitoring (“AVC Offline Report”), the year-on-year (YoY) growths of the retail sales of the main categories of kitchen appliances, i.e. range hoods and gas stoves, registered 19.4% and 12.2% respectively, reversing the trend of sharp decline in three consecutive years and achieving double-digit growth. In terms of the e-commerce channels, online consumption habits continue, driving high growth in online consumption. As shown in AVC monthly data report based on online retail monitoring (“AVC Online Report”), the year-on-year (YoY) growth of the retail sales of the kitchen appliances package registered 24.3%. In terms of the engineering channel, as shown in AVC 2021 H1 China Range Hood and Stove Market Summary Report (“AVC Fine Decoration Report”), from January to June 2021, the ratio of finely decorated houses was 32%, and the matching rate of range hood and stove was 97.3% and 95.9% respectively. The matching rate of built-in combi-steam oven and built-in dishwasher was 2.5% and 17.6%, with YoY growth of 1.7% and 8.1% respectively. The popularity rate and package rate of fine decoration continued to rise with huge room for future improvements.

As a leader in the industry, the Company closely adhered to the annual operation philosophy of "building dreams and moving forward amidst difficulties", firmly seized the opportunity given by industry concentration, steadily increased its share in the industry of traditional kitchen appliances and made rapid breakthroughs in new kitchen categories. In the first half year of 2021, the Company achieved operating revenue of RMB 4.326 billion, with a YoY increase of 34.72%, and net profit attributable to shareholders of the listed company was RMB 790 million, with a YoY increase of 29.08%, which were both significantly higher than the industry average level. As of June 30, 2021, according to AVC Offline Report, the market shares and market rankings of the Company's main product categories in terms of offline retail sales are shown in the following table:

Range hoods	Gas stove	Disinfection cabinet	Built-in combi-steam oven	Built-in electric steam oven	Built-in electric oven	Built-in dishwasher
30.50%	29.50%	22.10%	34.00%	21.60%	39.80%	18.10%
1	1	2	1	2	2	2

As of June 30, 2021, according to AVC Online Report, the market shares and market rankings of the Company's main product categories in terms of online retail sales are shown in the following table:

Kitchen appliance package	2-piece package of range hood and stove	Range hoods	Gas stove	Built-in combi-steam oven	Built-in electric steam oven	Built-in dishwasher
28.50%	30.00%	17.10%	9.8%	13.50%	22.5%	6.3%
1	1	1	3	3	2	5

As of May 31, 2021, according to AVC Fine Decoration Report, the market share of Robam range hoods in the fine decoration channel was 36.5%, ranking No.1 in the industry.

In the first half year of 2021, the Company continued to increase its investment in technology research and development. The performance and appearance of products in each category group

continued to be upgraded, and the "Creating New Chinese Kitchen" program was fully implemented. The Company released the standards for the 5th generation of large suction hood, carried out comprehensive upgrade of hoods in terms of smart judgment, double collection, direct suction, frequency conversion and wash-free, launched Robam dual-chamber large suction hood series, and officially introduced the 5th generation of large suction hood to Chinese kitchen. The Company released the quality flame industry standard of gas stove, adopted innovative bi-directional and double internal flame combustion structure as well as double fixed temperature plate, and launched Robam purple flame great fire gas stove 9B515. The Company introduced new upgraded built-in combi-steam oven series and Robam frying-steaming-baking ovenCQ926, integrating frying, steaming and baking, equipped with Pengpai Great Steam System and realizing multi-stage combined cooking of steaming and baking. In addition, the Company released the *Chinese Kitchen Dishwasher Technical Specifications* and launched Robam Power Washing Dishwasher WB755, which is more suitable for Chinese cabinet and Chinese tableware placement and applies the four-layers three-way spraying technology to overcome the difficulty of washing and cleaning heavy oil and heavy dirt and realize washing, disinfection, drying and storage in one step. In the first half year of 2021, the Company applied for 287 patents, including 48 invention patents, and 254 patents were granted, including 6 invention patents. In addition, the Company led the development of four standards such as the *Noise and Quality Evaluation Grade of Range Hoods* and the *Combi-steam Oven*; The Company participated in the development of 11 standards such as the *Range Hoods* and the *Technical Requirements* and the *Test Methods of Antibacterial and Degerming Function for Dishwashers*. The Company won the first prize of Science and Technology Progress of China National Light Industry Council, the second prize of Award for Scientific and Technological Advancement of Zhejiang Province, the second prize of Quality Technology Award of China Association for Quality and other awards.

In the first half year of 2021, in terms of the marketing, Robam deepened the high-end positioning of the brand, relied on a rich product matrix and took advantage of multiple channels to provide consumers with professional kitchen appliances solutions. In terms of the retail channel, the Company strengthened the "Robam Four-piece" package sales strategy, focused on improving the scale and share of range hoods, and empowered its products of the second and third categories; the Company strengthened the flat construction of KA and specialty store system, and implemented digital reform of marketing to improve efficiency. In terms of the e-commerce channels, the Company consolidated the advantages as one of the mainstream e-commerce platforms through continuous update and iteration of new products; the Company exploited new media platforms and carried out content-based marketing to strengthen the viscosity of brand with customers Robam combined marketing with services, and grabbed the share in the stock market. In terms of the engineering channel, the Company continued to optimize the customer and product structure, promoted the kitchen appliances package solutions for refine decoration, and further popularized the application of central range hoods. As regards the innovation channel, the Company worked more closely with leading whole house customization companies and home decoration companies, expanded the scale of long-tail customers, seized the front-end traffic entrance, and comprehensively improved the conversion rate and matching rate. For the overseas channel, the Company strengthened its global layout, actively responded to the risk of overseas outbreak and steadily promoted the internationalization of the brand.

In the first half year of 2021, in terms of the production, the Company was committed to exploring a new pathway for the transformation and upgrading of Chinese high-end kitchen appliances manufacturing and creating one of the most competitive manufacturing benchmarks for the comprehensive competitiveness of Chinese manufacturing industry. The data-driven Robam Jiutian Central Digital Platform closely connected manufacturing with users and realized the integration of industrial internet and consumer internet systems. Robam digital cooking chain centered on Chinese cooking curve, collected cooking scenarios and user data to achieve zero distance between R&D and users and zero distance between manufacturing and users. With the

vision of "zero emission, zero inventory and zero distance", Robam Lingdian Manufacturing System took data as the core to drive people and equipment and achieve the ultimate optimization of resource allocation efficiency. Robam Future Factory is the first intelligent unmanned factory in Chinese kitchen appliances industry, and the project is one of the first "future factories" in Zhejiang Province. In addition, the building of Maoshan Intelligent Manufacturing Park Project is well underway. After completion, it will promote the iteration and upgrading of products and the upgrading of intelligent manufacturing, laying a solid foundation for the long-term development of the Company.

In the first half year of 2021, in terms of the brand, Robam insisted on the concept of "Creating New Chinese Kitchen" to develop into the No. 1 brand in the market of Chinese high-end kitchen appliances. As for the hardware, the Company reinforced the standard solution of "New Chinese Kitchen, Robam 4-piece", and continuously carried out the iteration and upgrading of its product matrix of range hoods, gas stove, combi-steam oven and dishwasher, etc. In terms of the software, Robam established the world's largest research library of Chinese AI cooking curves, and set up a joint laboratory of cooking digitization together with China Household Electric Appliance Research Institute to create, share, record and restore the taste of Chinese kitchens with digitization and enhance the soft power of kitchen appliances. As for activities, the Company successfully held AWE brand exhibition as well as China Dishwasher Festival and held the news conference of New Chinese Kitchen Plan. The Company hired Xu Kai as its new kitchen spokesman, invited CCTV, academicians and experts to learn more about the brand of Robam, carried out many campaigns such as Chinese Trendy Dinner, Creative Peach Banquet and AI Feast through multiple channels, and deepened Robam family banquet, Longing for Kitchen Festival and other thematic activities IP. In addition, Robam was the exclusive title sponsor of the reality show "It Sounds Incredible" and served as the delicious food creativity officer of the TV shows of "The Pursuit of Happiness" to give an in-depth interpretation of the brand value of culinary creativity. It became the exclusive household kitchen appliance supplier for 2022 Asian Games held in Hangzhou to facilitate the development of urban Asian Games and brand Asian Games, and help promote the Chinese culinary culture.

In the first half year of 2021, MingQi actively explored the new retail model for integrated categories and integrated kitchens, and strived to achieve online and offline empowerment and create a new retail operation position. Kinde focused on product innovation and released the dual chamber integrated stove series to meet more cooking needs. Upon completion, the industrialization project of the intelligent integrated kitchen ecology will further improve the R&D and production capabilities of integrated kitchen appliances.

In the first half year of 2021, the Company continued to be recognized by the capital market in terms of corporate governance, internal management, shareholder returns, etc. It won a large number of awards, such as the "Best Board of Directors Award of Mainboard", "Best Investor Relations Award of Mainboard" and "Best Board Secretary Award of Mainboard" at the "Tianma Award - The 12th Chinese Listed Company Investor Relations Selection" of Securities Times, to name just a few. In addition, the Company received an A grade (excellent) again in the annual information disclosure assessment of 2020, and has received the highest rating from Shenzhen Stock Exchange for information disclosure assessment for eight consecutive years. The Company has been adhering to the standard operation, and will continue to make efforts in the kitchen field and facilitate value investment.

II. Analysis of Core Competitiveness

There is NO material change in the Company's core competitiveness during the reporting period. The Company's core competitiveness is mainly reflected in its high-end brand positioning, R&D capability for continuous innovation, comprehensive and efficient operation capability, as

shown in the Annual Report 2020.

III. Analysis of Main Business

Year-on-year changes in key financial data

In RMB

	The reporting period	The same period last year	YOY change	Reason for change
Operating income	4,326,082,031.62	3,211,172,335.79	34.72%	During the reporting period, the Company's operations at multiple categories and channels had improved significantly compared with the same period last year, and the operating costs, sale expenses and administrative expenses had increased compared with the same period last year.
Operating costs	1,887,148,054.31	1,450,728,576.58	30.08%	
Sale expenses	1,270,526,179.87	892,679,297.76	42.33%	
Administrative expenses	149,993,109.17	116,085,321.98	29.21%	
Financial expense	-47,926,579.43	-47,782,493.84	0.30%	
Income tax expense	143,489,604.07	111,490,061.67	28.70%	
R&D input	143,433,206.12	117,824,032.62	21.74%	
Net cash flow from operating activities	530,226,316.50	407,687,133.56	30.06%	During the reporting period, the company's operating conditions improved substantially compared with the same period last year, and the operating cash flow increased.
Net cash flow from investment activities	214,520,601.79	352,943,572.24	-39.22%	Mainly due to the increase in the amount of bank financial products purchased during the reporting period.
Net cash flow from financing activities	-489,082,997.19	-474,512,025.00	3.07%	
Net increase in cash and cash equivalents	255,399,364.87	286,659,233.75	-10.90%	

Major changes on profit composition or profit resources in reporting period

Applicable Not Applicable

No major changes on profit composition or profit resources occurred in reporting period

Composition of operating income

In RMB

	The reporting period		The same period last year		YOY change
	Amount	% of operating	Amount	% of operating	

		income		income	
Total operating income	4,326,082,031.62	100%	3,211,172,335.79	100%	34.72%
By industry					
Kitchen and bathroom appliances	4,225,828,188.22	97.68%	3,146,865,561.70	98.00%	34.29%
Other operating income	100,253,843.40	2.32%	64,306,774.09	2.00%	55.90%
By product					
Category 1					
Incl: Range hood	2,091,007,767.04	48.35%	1,650,449,733.67	51.40%	26.69%
Gas stove	1,045,144,595.58	24.16%	758,465,499.75	23.62%	37.80%
Disinfection cabinet	239,178,201.99	5.53%	228,310,465.33	7.11%	4.76%
Category 2					
Incl: All-purpose oven	262,228,450.48	6.06%	133,537,304.02	4.16%	96.37%
Steam oven	80,562,429.90	1.86%	85,061,189.53	2.65%	-5.29%
Baking oven	67,544,092.31	1.56%	46,615,942.85	1.45%	44.89%
Category 3					
Incl: Dishwasher	170,976,797.67	3.95%	68,865,113.63	2.14%	148.28%
Water purifier	24,371,501.10	0.56%	24,211,752.65	0.75%	0.66%
Water heater	48,894,607.25	1.13%	19,183,739.79	0.60%	154.88%
Other					
Integrated stove	143,366,801.65	3.31%	98,976,247.02	3.08%	44.85%
Other small appliances	52,552,943.25	1.21%	33,188,573.46	1.03%	58.35%
Other operating income	100,253,843.40	2.32%	64,306,774.09	2.00%	55.90%
By region					
East China-Main Products	2,054,958,956.16	47.50%	1,543,503,690.71	48.07%	33.14%
East China-Others	100,253,843.40	2.32%	64,306,774.09	2.00%	55.90%
South China	533,053,014.50	12.32%	451,116,850.34	14.05%	18.16%
Central China	390,795,590.34	9.03%	301,333,669.68	9.38%	29.69%
North China	457,558,221.06	10.58%	292,319,457.85	9.10%	56.53%
Northeast China	229,898,842.06	5.31%	169,670,983.55	5.28%	35.50%
Northwest China	218,086,613.97	5.04%	135,468,027.41	4.22%	60.99%
Southwest China	317,765,047.05	7.35%	242,691,912.60	7.56%	30.93%
Overseas	23,711,903.08	0.55%	10,760,969.56	0.34%	120.35%

Industries, products and regions accounting for more than 10% of the Company's operating income or profit

√ Applicable □ Not Applicable

In RMB

	Operating income	Operating costs	Gross margin	YoY change in operating income	YoY change in operating costs	YoY change in the gross margin
By industry						
Kitchen and bathroom appliances	4,225,828,188.22	1,861,343,526.44	55.95%	34.29%	30.17%	1.39%
By product						
Range hoods	2,091,007,767.04	874,043,318.91	58.20%	26.69%	27.35%	-0.21%
Gas stove	1,045,144,595.58	411,330,038.38	60.64%	37.80%	27.33%	3.23%
By region						
East China	2,054,958,956.16	861,626,488.59	58.07%	33.14%	25.30%	2.62%
South China	533,053,014.50	251,004,993.05	52.91%	18.16%	17.54%	0.25%
North China	457,558,221.06	190,253,209.81	58.42%	56.53%	48.65%	2.20%

IV. Analysis of Non-core Business

□ Applicable √ Not Applicable

V. Analysis of Assets and Liabilities

1. Significant changes in assets composition

In RMB

	End of the reporting period		End of last year		Change in percentage	Note on significant changes
	Amount	% of total assets	Amount	% of total assets		
Cash and cash equivalents	4,190,050,005.34	32.05%	3,921,052,700.31	31.48%	0.57%	
Accounts receivable	988,037,922.96	7.56%	1,008,235,946.40	8.09%	-0.53%	
Inventory	1,578,814,810.48	12.08%	1,386,089,344.84	11.13%	0.95%	
Investment real estate	18,576,015.36	0.14%	2,591,001.84	0.02%	0.12%	
Long-term equity investment	2,012,699.52	0.02%	3,452,769.59	0.03%	-0.01%	
Fixed assets	922,791,998.04	7.06%	824,978,354.71	6.62%	0.44%	
Construction in process	515,737,483.33	3.95%	463,424,647.46	3.72%	0.23%	
Right of use assets	20,079,054.20	0.15%	0.00	0.00%	0.15%	
Short-term borrowings	11,913,223.08	0.09%	6,076,177.30	0.05%	0.04%	
Contract liabilities	1,032,445,046.81	7.90%	949,591,228.35	7.62%	0.28%	
Lease liabilities	18,756,723.23	0.14%	0.00	0.00%	0.14%	

2. Main overseas assets

Applicable Not Applicable

3. Assets and liabilities measured at fair value

Applicable Not Applicable

4. Restricted asset rights by the end of the reporting period

N/A

VI. Analysis of Investment

1. Overview

Applicable Not Applicable

2. Major equity investments obtained during the reporting period

Applicable Not Applicable

3. Major ongoing non-equity investments during the reporting period

Applicable Not Applicable

4. Financial asset investment

(1) Securities investment

Applicable Not Applicable

The Company had no securities investment during the reporting period.

(2) Derivative investment

Applicable Not Applicable

The Company had no derivatives investment during the reporting period.

VII. Sale of Major Assets and Equities

1. Sale of major assets

Applicable Not Applicable

The Company did not sell major assets during the reporting period.

2. Sale of major equities

Applicable Not Applicable

VIII. Analysis of Main Holding and Joint-stock Companies

Applicable Not Applicable

The Company has no information on main holding and joint-stock companies that should be disclosed during the reporting period.

IX. Structured Entities Controlled by the Company

Applicable Not Applicable

X. Risks facing and countermeasures taken by the Company

(1) Risk of fluctuations in the real estate market

The Company is long engaged in the kitchen business, offering integrated solutions for built-in kitchen appliances, such as range hoods, gas stoves, disinfection cabinets, combi-steam oven, steam ovens, baking ovens, dishwashers, water purifiers, integrated stoves, purified sinks, etc. The demands for kitchen appliances are generated in the kitchen renovation after the purchase of the house, with certain "decoration" and "furniture" attributes. At present, consumers are still mainly buying new kitchen appliances rather than renewing their existing kitchen appliances at home, so their demand is affected by the fluctuation of the real estate market. The Company has certain anti-fluctuation ability by virtue of its market leadership, although fluctuations in the real estate market will still have an impact on the Company's operating results.

(2) Risk of price fluctuation of raw materials

The main raw materials of the Company's equipment are stainless steel, cold-rolled sheet, copper and glass, etc., whose price fluctuations will directly affect the cost of the Company's products and in turn have an impact on its profitability. From the fourth quarter of 2020 to the first half of 2021, the prices of major raw materials have increased significantly, affecting the Company's operating results. If the prices of major raw materials continue to be high or continue to rise in the second half of 2021, it will have a greater impact on the Company's operating results.

(3) Risk of intensified market competition

In recent years, due to the recession in demand caused by real estate regulation, the entry of comprehensive home appliance brands, Internet brands and other companies, the market competition in the kitchen appliances industry has become increasingly fierce, and the intensification of market competition will have a certain impact on the Company's operating results.

Chapter 4 Corporate Governance

I. Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders during the Reporting Period

1. Shareholders' meeting during the reporting period

Session of meeting	Type of meeting	Proportion of attending investors	Date of meeting	Date of disclosure	Resolutions
2020 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	65.90%	May 19, 2021	May 20, 2021	For details, please refer to the relevant formulation disclosure media and the <i>Announcement of Resolutions of the 2020 Extraordinary General Meeting of Shareholders of Robam Appliances</i> (Announcement No. 2021-037) published on www.cninfo.com.cn.
The first extraordinary general meeting of shareholders in 2021	Extraordinary general meeting of shareholders	54.62%	April 30, 2021	May 6, 2021	For details, please refer to the relevant formulation disclosure media and the <i>Announcement of Resolutions of the 1st Extraordinary General Meeting of Shareholders of Robam Appliances in 2021</i> (Announcement No. 2021-031) published on www.cninfo.com.cn.

2. Preferred shareholders with voting rights recovered requested to convene an extraordinary general meeting of shareholders

Applicable Not Applicable

II. Changes in Directors, Supervisors and Senior Management

Applicable Not Applicable

There was no change in directors, supervisors, and senior management of the Company during the reporting period. For details, please refer to the Annual Report 2020.

III. Profit Distribution and Conversion of Capital Reserve into Capital Stock during the Reporting Period

Applicable Not Applicable

The Company has no plans of distributing cash dividends or bonus shares, or converting capital reserve into capital stock for the first half of 2021.

IV. Implementation of the Equity Incentive Plan, Employee Stock Ownership Plan or other Employee Incentives

Applicable Not Applicable

1. On April 14, 2021, the Company held the Fourth Meeting of the Fifth Session of the Board of Directors, during which the *Proposal on 2021 Stock Option Incentive Plan (Draft) of the Company and Its Summary and its Summary* and other related proposals were deliberated and approved, and the independent directors expressed their independent opinions on and approved the matters related to the Company's stock option incentive plan. The Fourth Meeting of the Fifth Session of the Board of Supervisors of the Company deliberated and approved the above-mentioned proposal and expressed its concurring opinion. The Company disclosed the above matters on April 15, 2021.

2. From April 15, 2021 to April 24, 2021, the Company internally disclosed the names and titles of the incentive targets of the stock option incentive plan. On April 27, 2021, the Company's Board of Supervisors published the *Review Opinions of the Board of Supervisors on the List of Incentive Targets of the Stock Option Incentive Plan in 2021 and Explanation on the Publicity*. On the same day, the Company disclosed the *Self-inspection Report on the Purchase and Sale of the Company's Shares by Insiders and Incentive Targets of the Stock Option Incentive Plan in 2021*.

3. On April 30, 2021, the Company held the first extraordinary general meeting of shareholders in 2021, and deliberated and adopted the *Proposal on 2021 Stock Option Incentive Plan (Draft) of the Company and Its Summary and its Summary* and other related proposals. The plan was approved by the first extraordinary general meeting of shareholders in 2021, and the Board of Directors was authorized to determine the stock option grant date when stock option will be granted to the incentive targets when they are eligible and all matters relevant to the grant of stock option shall be handled.

4. On May 10, 2021, the Sixth Meeting of the Fifth Session of the Board of Directors and the Sixth Meeting of the Fifth Session of the Board of Supervisors of the Company deliberated and approved the *Proposal on the Granting Stock Options to Incentive Targets*. The Board of Supervisors verified the list of incentive targets again and expressed its agreement, and the independent directors of the Company expressed their independent opinion on it.

5. On June 9, 2021, the Company completed the registration of stock option grant under the Stock Option Incentive Plan in 2021. Please refer to the *Announcement of Completion of Registration of Stock Option Grant under the Stock Option Incentive Plan in 2021* (Announcement No.: 2021-041) for details.

Chapter 5 Environmental and Social Responsibilities

I. Major Environmental Issues

Whether the listed company and its subsidiaries are the key pollution-discharging units announced by the environmental protection authorities.

Yes No

II. Social Responsibility

The Company actively responds to the national goal of achieving a moderately prosperous society by 2020, as well as the call to achieve rural revitalization and win the anti-poverty war, and strives to optimize and integrate resources and create the greatest synergy to achieve targeted poverty alleviation. In the first half of 2021, Robam Charity Foundation carried out projects such as serious illness assistance, hardship assistance, poverty alleviation in Ningxian County and Diebu County in Gansu Province, poverty relief in Tianjin Jinnan District and charity assistance in poor villages in Badong County, with donations totaling more than RMB 500,000. In addition, on every March 5th Lei Feng Remembrance Day, Children's Day, Double Ninth Festival and other holidays, Robam also actively organizes public welfare activities to send warmth and care to the general public, children and elderly people of no family, taking practical action to repay society and being a well-respected enterprise.

Chapter 6 Significant Matters

I. Commitments made by the Company's actual controllers, shareholders, affiliates, purchasers and the Company itself and other relevant parties already fulfilled during the reporting period and not yet fulfilled at the end of the reporting period

√ Applicable □ Not Applicable

Commitment	Committing Party	Commitment Type	Content of Commitment	Time of Commitment	Term of Commitment	Performance
Commitment made during initial public offering or re-financing	Directors, supervisors and senior management directly and indirectly holding shares of the Company	Commitment on restriction for sales of shares	Upon the expiration of the above 36-month restricted sales period, the shares transferred by any of them each year shall not exceed 25% of the total shares of the Company held directly or indirectly by him/her; and shall not transfer the shares of the Company held directly or indirectly by him/her within half year after leaving the Company	November 23, 2010	Long-term commitment	Strict performance
	Hangzhou Robam Industrial Group Co., Ltd.: Ren Jianhua	Commitment on avoiding horizontal competition	1. The Company/I and other companies under the Company's/my control do not and will not, directly or indirectly engage in any activities which are in horizontal competition with existing and future businesses of ROBAM and its holding subsidiaries; 2. If any business opportunities obtained from any third party by the Company/I and the Company/other companies under	November 23, 2010	Long-term commitment	Strict performance

			my control constitute or may constitute substantial competition with the businesses of ROBAM, the Company/I will immediately notify ROBAM and transfer such opportunities to ROBAM; 3. The Company/I and the Company/other companies under my control promise not to provide any technical information, process flow, sales channel and other trade secrets to any other company, enterprise, organization or individual whose business is in competition with those of ROBAM.			
Other commitments made to small and medium shareholders of the Company	Company	Dividend	The total distributed profits for three (3) consecutive years shall be no less than 40% of the yearly average attributable profits achieved by the Company in such three (3) years.	April 10, 2018	Three years	Strict performance
Whether the commitments are performed on time	Yes					

II. Non-operating Occupation of Funds of the Listed Company by the Controlling Shareholder and Other Affiliated Parties

Applicable Not Applicable

There was no non-operating occupation of funds of the listed company by the controlling shareholder and other affiliated parties during the reporting period.

III. Illegal External Guarantee

Applicable Not Applicable

There is no illegal external guarantee during the reporting period.

IV. Appointment and Dismissal of Accounting Firm

Whether the semi-annual financial report has been audited

Yes No

The semi-annual financial report of the Company has not been audited.

V. Statements of the Board of Directors and the Board of Supervisors on the “Non-standard Audit Report” Issued by the Accounting Firm for the Reporting Period

Applicable Not Applicable

VI. Statements of the Board of Directors on the “Non-standard Audit Report” for the Last Year

Applicable Not Applicable

VII. Matters Related to Bankruptcy Reorganization

Applicable Not Applicable

The Company did not have any matters related to bankruptcy reorganization during the reporting period.

VIII. Litigation Matters

Material litigation and arbitration

Applicable Not Applicable

The Company had no major litigation and arbitration during the reporting period.

Other litigation matters

Applicable Not Applicable

IX. Punishment and Rectification

Applicable Not Applicable

There was no punishment or rectification during the reporting period.

X. Integrity Conditions of the Company and its Controlling Shareholders

Applicable Not Applicable

XI. Major Connected Transactions

1. Connected transactions concerning daily operations

Applicable Not Applicable

The Company had no connected transactions concerning daily operations during the reporting period.

2. Connected transactions related to the acquisition or sales of assets or equity

Applicable Not Applicable

The Company had no connected transactions related to the acquisition or sales of assets or equity during the reporting period.

3. Connected transactions related to joint outward investment

Applicable Not Applicable

The Company had no connected transactions related to joint outward investment during the reporting period.

4. Connected transactions on credit and debt

Applicable Not Applicable

The Company had no connected transactions on credit and debt during the reporting period.

5. Transactions with connected finance companies and finance companies controlled by the Company

Applicable Not Applicable

There are no deposits, loans, credits or other financial operations between the Company and connected finance companies, finance companies controlled by the Company and affiliates.

6. Other major connected transactions

Applicable Not Applicable

There were no other major connected transactions during the reporting period.

XII. Major Contracts and Their Performance

1. Entrustment, contracting and leasing

(1) Entrustment

Applicable Not Applicable

The Company had no entrustment during the reporting period.

(2) Contracting

Applicable Not Applicable

There was no contracting during the reporting period.

(3) Lease

Applicable Not Applicable

There was no leasing during the reporting period.

2. Material guarantee

Applicable Not Applicable

The Company had no material guarantee during the reporting period.

3. Financial management entrusting

Applicable Not Applicable

(Unit: RMB 10,000)

Specific type	Sources of financial management entrusting	Incurred amount of financial management entrusting	Unexpired balance	Amount overdue but not recovered	Impairment amount accrued of overdue but not recovered financial management
Bank financial products	Own funds	90,000	201,900	0	0

The specific situation of high-risk entrusted financial management with large single-item amount or low safety, poor liquidity and no break-even

Applicable Not Applicable

Entrusted financial management is expected to be unable to recover the principal or where there are other circumstances that may result in impairment

Applicable Not Applicable

4. Material contracts for daily operation

Applicable Not Applicable

5. Other material contracts

Applicable Not Applicable

The Company had no other material contracts during the reporting period.

XIII. Explanation of Other Significant Matters

Applicable Not Applicable

The Company had no other significant matters that need to be explained during the reporting period.

XIV. Significant Matters of Subsidiaries of the Company

Applicable Not Applicable

Chapter 7 Changes in Shares and Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before change		Change (+. -)					After change	
	Quantity	Percentage (%)	Issue of new shares	Bonus shares	Shares converted from capital reserve	Other	Subtotal	Quantity	Percentage (%)
I. Shares subject to sales restrictions	14,123,269	1.49%						14,123,269	1.49%
Shares held by other domestic investors	14,123,269	1.49%						14,123,269	1.49%
Of which: shares held by domestic natural persons	14,123,269	1.49%						14,123,269	1.49%
II. Shares without sales restrictions	934,900,781	98.51%						934,900,781	98.51%
RMB ordinary shares	934,900,781	98.51%						934,900,781	98.51%
III. Total shares	949,024,050	100.00%						949,024,050	100.00%

Share repurchase by the Company

1. On May 11, 2021, the Company repurchased the Company's shares for the first time through a special securities account for repurchase by means of centralized bidding. The number of repurchased shares was 1,707,934, accounting for 0.1800% of the total number of shares of the Company, with a highest closing cost of RMB 37.60 per share and a lowest closing cost of RMB 35.89 per share, and the total amount paid for the repurchase was RMB 63,433,861.04. For details, please refer to the *Announcement on the Repurchase of Public Shares for the First Time* (Announcement No.: 2021-036) disclosed on www.cninfo.com.cn and the Company's designated information disclosure newspapers.

2. In accordance with the *Measures on Administration of Listed Companies' Repurchasing the Public Shares (Trial)*, the *Supplementary Provisions on Repurchase of Shares by Listed Companies by Means of Centralized Bidding*, the *Rules of Shenzhen Stock Exchange for Implementation of Repurchase of Shares by Listed Companies* and other relevant provisions, the Company shall disclose the progress of the repurchase as of the end of the previous month within the first three trading days of each month. For details, please refer to the *Announcement on the Progress of the Repurchase of Public Shares* (Announcement No.: 2021-040) disclosed on www.cninfo.com.cn and the Company's designated information disclosure newspapers.

3. The Company repurchased a total of 4,929,134 shares through a special securities account for repurchase by means of centralized bidding, accounting for 0.5194% of the total number of shares of the Company, at a highest closing cost of RMB 44.40 per share and a lowest closing cost of RMB 35.89 per share, and the total closing price was RMB 199,991,892.40. For details, please refer to the *Announcement on the Completion of the Repurchase of Public Shares* (Announcement No.: 2021-044) disclosed on www.cninfo.com.cn and the Company's designated information disclosure newspapers.

2. Changes in shares subject to sales restrictions

Applicable Not Applicable

II. Securities Issuance and Listing

Applicable Not Applicable

III. Number of Shareholders of the Company and Their Shareholdings

Unit: share

Total number of common shareholders at the end of the reporting period		39,493	Total number of preference shareholders with voting rights recovered at the end of the reporting period (if any) (see Note 8)		0			
Shareholdings of common shareholders holding more than 5% of the Company's shares or top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of common shares held at the end of the reporting period	Change during the reporting period	Number of shares subject to sales restrictions	Number of shares without sales restrictions	Pledged, marked or frozen shares	
							Status	Quantity
Hangzhou Robam Industrial Group Co., Ltd.	Domestic non-state-owned corporation	49.68%	471,510,000			471,510,000		
Hong Kong Securities Clearing Company Limited	Overseas corporation	11.13%	105,614,710	18,614,801		105,614,710		
Shen Guoying	Domestic natural person	1.29%	12,240,000			12,240,000		
PICC Life Insurance Company Limited - traditional	Other	1.00%	9,499,622	9,499,622		9,499,622		

ordinary insurance product								
Industrial Bank Co., Ltd. - ICBC Credit Suisse Culture & Sports Industry Stock Securities Investment Fund	Other	0.98%	9,338,619	9,338,619		9,338,619		
TEMASEK FULLERTON ALPHA PTE LTD	Overseas corporation	0.89%	8,400,379	2,061,167		8,400,379		
Hangzhou Jinchuang Investment Co., Ltd.	Domestic non-state-owned corporation	0.70%	6,640,085	2,811,900		6,640,085		
People's Insurance Company of China - traditional - ordinary insurance product	Other	0.69%	6,525,176	6,525,176		6,525,176		
Hangzhou Yinchuang Investment Co., Ltd.	Domestic non-state-owned corporation	0.67%	6,318,000			6,318,000		
Ren Jianhua	Domestic natural person	0.62%	5,923,150		4,442,362	1,480,788		
Description of the associated relationship or consistent actions of the above shareholders	Mr. Ren Jianhua is the controlling shareholder of the Company, shareholder of Hangzhou Robam Industrial Group Co., Ltd., and the actual controller of Hangzhou Jinchuang Investment Co., Ltd.; and the natural person shareholder, Shen Guoying, is his wife. Therefore, there is a possibility that these shareholders will act in concert.							
Statements of the above shareholders on proxy/trustee voting rights and abstention from voting rights	None							
Shareholdings of the top 10 common shareholders not subject to sales restrictions								
Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Type of share						
		Type of share	Quantity					
Hangzhou Robam Industrial Group Co., Ltd.	471,510,000	RMB ordinary shares	471,510,000					
Hong Kong Securities	105,614,710	RMB	105,614,710					

Clearing Company Limited		ordinary shares	
Shen Guoying	12,240,000	RMB ordinary shares	12,240,000
PICC Life Insurance Company Limited - traditional - ordinary insurance product	9,499,622	RMB ordinary shares	9,499,622
Industrial Bank Co., Ltd. - ICBC Credit Suisse Culture & Sports Industry Stock Securities Investment Fund	9,338,619	RMB ordinary shares	9,338,619
TEMASEK FULLERTON ALPHA PTE LTD	8,400,379	RMB ordinary shares	8,400,379
Hangzhou Jinchuang Investment Co., Ltd.	6,640,085	RMB ordinary shares	6,640,085
People's Insurance Company of China - traditional - ordinary insurance product	6,525,176	RMB ordinary shares	6,525,176
Hangzhou Yinchuang Investment Co., Ltd.	6,318,000	RMB ordinary shares	6,318,000
China Merchants Bank Co., Ltd. - ICBC Credit Suisse Yuanxing Hybrid Securities Investment Fund	5,769,700	RMB ordinary shares	5,769,700
Description on associated relationship or consistent actions among the top 10 common shareholders not subject to sales restrictions and between the top 10 common shareholders not subject to sales restrictions and the top 10 common shareholders	Mr. Ren Jianhua is the controlling shareholder of the Company, shareholder of Hangzhou Robam Industrial Group Co., Ltd., and the actual controller of Hangzhou Jinchuang Investment Co., Ltd.; and the natural person shareholder, Shen Guoying, is his wife. Therefore, there is a possibility that these shareholders will act in concert.		

Did any of the top 10 common shareholders and the top 10 common shareholders not subject to sales restrictions of the Company have any agreed repurchase trading during the reporting period?

Yes No

There was no agreed repurchase trading between the top 10 common shareholders and the top 10 common shareholders not subject to sales restrictions of the Company during the reporting period.

IV. Changes in Shares Held by Directors, Supervisors, and Senior Management

Applicable Not Applicable

Name	Title	State of title	Number of shares at the beginning of	Number of shares increased in	Number of shares decreased in the current period	Number of shares held at the end of the
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			the period (share)	the current period (shares)	(shares)	period (shares)
Ren Fujia	Vice Chairman, General Manager	In office	2,800,075	/	700,000	2,100,075
Ren Luozhong	Director	In office	1,690,062	/	422,500	1,267,562
Zhao Jihong	Director	In office	1,690,065	/	422,500	1,267,565
Shen Guoliang	Director	In office	1,524,264	/	381,000	1,143,264
Zhang Linyong	Supervisor	In office	1,112,315	/	278,000	834,315
Zhang Songnian	Supervisor	In office	1,112,312	/	278,000	834,312
Tang Genquan	Supervisor	In office	1,112,312	/	278,000	834,312
Total	--	--	11,041,405	/	2,760,000	8,281,405

V. Changes in the Controlling Shareholder and the Actual Controller

Changes in the controlling shareholder during the reporting period

Applicable Not Applicable

There was no change in the controlling shareholder of the Company during the reporting period.

Changes in the actual controller during the reporting period

Applicable Not Applicable

There was no change in the actual controller of the Company during the reporting period.

Chapter 8 Preferred Shares

Applicable Not Applicable

The Company had no preferred shares during the reporting period.

Chapter 9 Bonds

Applicable Not Applicable

Chapter 10 Financial Report

I. Audit Report

Whether the semi-annual report has been audited

Yes No

The semi-annual financial report of the Company has not been audited.

II. Financial Statements

The financial statement notes are represented in RMB.

1. Consolidated Balance Sheet

Prepared by: Hangzhou Robam Appliances Co., Ltd.

June 30, 2021

In RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	4,190,050,005.34	3,921,052,700.31
Deposit reservation for balance		
Lendings to banks and other financial institutions		
Financial assets held for trading	2,019,000,000.00	2,352,000,000.00
Derivative financial assets		
Notes receivable	1,942,517,288.74	1,832,701,443.08
Accounts receivable	988,037,922.96	1,008,235,946.40
Accounts receivable financing		
Prepayments	161,216,428.52	69,889,399.47
Receivable premium		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	93,254,368.24	56,589,791.38
Inc: Interests receivable		
Dividends receivable		
Redemptory monetary capital for sale		
Inventory	1,578,814,810.48	1,386,089,344.84
Contract assets		
Assets held for sale		

Non-current assets due within one year		
Other current assets	59,794.96	667,378.56
Total current assets	10,972,950,619.24	10,627,226,004.04
Non-current assets:		
Loans and advances		
Creditors investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	2,012,699.52	3,452,769.59
Investment in other equity instruments	102,116,023.22	102,116,023.22
Other non-current financial assets		
Investment properties	18,576,015.36	2,591,001.84
Fixed assets	922,791,998.04	824,978,354.71
Construction in process	515,737,483.33	463,424,647.46
Biological assets for production		
Oil & gas assets		
Right of use assets	20,079,054.20	
Intangible assets	228,847,740.27	235,217,240.32
Development expenditure		
Goodwill	80,589,565.84	80,589,565.84
Long-term prepaid expenses	3,793,662.64	1,798,358.85
Deferred tax assets:	190,215,852.52	112,492,030.71
Other non-current assets	14,498,895.36	3,682,279.67
Total non-current assets	2,099,258,990.30	1,830,342,272.21
Total assets	13,072,209,609.54	12,457,568,276.25
Current liabilities:		
Short-term borrowings	11,913,223.08	6,076,177.30
Borrowings from the central bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	697,267,275.89	751,802,498.92
Accounts payable	2,122,755,661.60	1,723,832,208.09
Advance receipts		
Contract liabilities	1,032,445,046.81	949,591,228.35
Financial assets sold for repurchase		

Deposits from customers and interbank		
Receivings from vicariously traded securities		
Receivings from vicariously traded securities		
Payroll payable	32,973,810.40	126,130,391.24
Taxes payable	315,550,444.85	181,887,237.51
Other payables	255,046,157.84	242,559,615.30
Inc: Interests payable		
Dividends payable		
Fees and commissions payable		
Dividends payable for reinsurance		
Liabilities held for sale		
Non-current liabilities due within one year	2,217,436.33	
Other current liabilities	137,774,706.49	126,535,407.26
Total current liabilities	4,607,943,763.29	4,108,414,763.97
Non-current liabilities:		
Reserves for insurance contracts		
Long-term loans		
Bonds payable		
Inc: Preferred shares		
Perpetual bonds		
Lease liabilities	18,756,723.23	
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	140,955,451.16	150,163,523.90
Deferred income tax liabilities	4,956,977.89	5,210,759.74
Other non-current liabilities		
Total non-current liabilities	164,669,152.28	155,374,283.64
Total liabilities	4,772,612,915.57	4,263,789,047.61
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Inc: Preferred shares		
Perpetual bonds		
Capital reserve	402,602,023.28	401,799,332.67
Less: treasury share	199,995,742.59	
Other comprehensive income	-15,157,634.16	-15,157,634.16

Special reserves		
Surplus reserves	474,516,412.50	474,516,412.50
General risk reserves		
Undistributed profits	6,535,348,256.13	6,240,444,654.34
Total owners' equity attributable to the parent company	8,146,337,365.16	8,050,626,815.35
Minority interests	153,259,328.81	143,152,413.29
Total owner's equity	8,299,596,693.97	8,193,779,228.64
Total liabilities and owner's equity	13,072,209,609.54	12,457,568,276.25

Legal representative: Ren Jianhua

Person in charge of accounting: Zhang Guofu

Head of the accounting department: Zhang Guofu

2. Balance Sheet of the Parent Company

In RMB

Item	June 30, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	4,008,212,230.41	3,660,573,828.66
Financial assets held for trading	1,900,000,000.00	2,260,000,000.00
Derivative financial assets		
Notes receivable	1,931,059,123.12	1,826,318,388.55
Accounts receivable	933,624,686.74	933,609,909.29
Accounts receivable financing		
Prepayments	145,852,138.58	54,046,490.84
Other receivables	80,511,071.80	49,092,820.31
Inc: Interests receivable		
Dividends receivable		
Inventory	1,490,270,132.49	1,310,365,800.56
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	10,489,529,383.14	10,094,007,238.21
Non-current assets:		
Creditors investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	238,550,318.40	229,958,703.32
Investment in other equity instruments	102,116,023.22	102,116,023.22
Other non-current financial		

assets		
Investment properties	18,863,580.98	2,890,836.38
Fixed assets	896,601,464.89	798,041,764.29
Construction in process	376,938,399.94	388,628,789.02
Biological assets for production		
Oil & gas assets		
Right of use assets		
Intangible assets	149,666,719.60	153,598,124.59
Development expenditure		
Goodwill		
Long-term prepaid expenses	1,367,040.07	1,626,828.83
Deferred tax assets:	188,814,668.77	110,283,291.78
Other non-current assets	7,482,799.36	3,005,279.67
Total non-current assets	1,980,401,015.23	1,790,149,641.10
Total assets	12,469,930,398.37	11,884,156,879.31
Current liabilities:		
Short-term borrowings	11,913,223.08	6,076,177.30
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	651,648,401.71	706,096,531.24
Accounts payable	1,973,906,127.28	1,643,087,806.83
Advance receipts		
Contract liabilities	966,646,621.85	863,047,926.93
Payroll payable	23,529,799.23	102,753,699.88
Taxes payable	308,750,096.63	170,747,570.08
Other payables	235,809,677.45	225,015,032.38
Inc: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	128,752,608.42	115,284,778.08
Total current liabilities	4,300,956,555.65	3,832,109,522.72
Non-current liabilities:		
Long-term loans		
Bonds payable		
Inc: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term accounts payable		

Long-term payroll payable		
Estimated liabilities		
Deferred income	112,098,466.16	121,306,538.90
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	112,098,466.16	121,306,538.90
Total liabilities	4,413,055,021.81	3,953,416,061.62
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Inc: Preferred shares		
Perpetual bonds		
Capital reserve	402,557,040.27	401,754,349.66
Less: treasury share	199,995,742.59	
Other comprehensive income	-15,157,634.16	-15,157,634.16
Special reserves		
Surplus reserves	474,516,412.50	474,516,412.50
Undistributed profits	6,445,931,250.54	6,120,603,639.69
Total owner's equity	8,056,875,376.56	7,930,740,817.69
Total liabilities and owner's equity	12,469,930,398.37	11,884,156,879.31

3. Consolidated Income Statement

In RMB

Item	The first half of 2021	Semi-annual 2020
I. Total operating income	4,326,082,031.62	3,211,172,335.79
Inc: Operating income	4,326,082,031.62	3,211,172,335.79
Interest income		
Earned premium		
Fee and commission income		
II. Total operating costs	3,435,552,198.16	2,554,722,969.33
Inc: Operating costs	1,887,148,054.31	1,450,728,576.58
Interest expenses		
Fee and commission expenses		
Surrender value		
Net payments for insurance claims		
Net allotment of reserves for insurance liabilities		
Policy dividend expenditures		
Reinsurance expenses		
Taxes and surcharges	32,378,228.12	25,188,234.23

Sale expenses	1,270,526,179.87	892,679,297.76
Administrative expenses	149,993,109.17	116,085,321.98
R&D expenses	143,433,206.12	117,824,032.62
Financial expense	-47,926,579.43	-47,782,493.84
Inc: Interest expenses	1,228,635.41	139,284.26
Interest income	50,677,538.57	47,604,818.42
Add: other income	55,086,765.01	73,726,234.28
Investment income (“-” for losses)	31,429,517.67	24,102,232.36
Inc: Income from investment in joint ventures and affiliated enterprises	-1,440,070.07	-2,239,220.46
Gains on derecognition of financial assets measured at amortized cost		
Exchange gains (“-” for losses)		
Net exposure hedging gains (“-” for losses)		
Gains from changes in fair value (“-” for losses)		
Losses from credit impairment (“-” for losses)	-31,492,439.21	-18,511,769.59
Losses from asset impairment (“-” for losses)		
Gains on disposal of assets (“-” for losses)	-2,035,843.51	11,388.98
III. Operating profits (“-” for losses)	943,517,833.42	735,777,452.49
Add: non-operating income	1,195,370.24	586,353.17
Less: non-operating expenditure	1,577,924.28	1,695,304.64
IV. Total profits (“-” for total losses)	943,135,279.38	734,668,501.02
Less: income tax expenses	143,489,604.07	111,490,061.67
V. Net profits (“-” for losses)	799,645,675.31	623,178,439.35
(I) By operational sustainability		
1. Net profits from continuing operations (“-” for net losses)	799,645,675.31	623,178,439.35
2. Net profits from discontinued operations (“-” for net losses)	799,645,675.31	623,178,439.35
(II) By ownership		
1. Net profits attributable to owners of the parent company	790,388,759.79	612,317,249.29
2. Minority shareholders’ gains and losses	9,256,915.52	10,861,190.06
VI. After-tax net amount of other comprehensive income		
After-tax net amount of other comprehensive income attributable to owners of the parent company		
(I) Other comprehensive income that cannot be reclassified into gains and losses		
1. Changes in re-measured and defined benefit plans		
2. Other comprehensive income which cannot be transferred to gains or losses under the equity method		
3. Changes in fair value of the investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		
5. Others		

(II) Other comprehensive income which will be reclassified into gains and losses		
1. Other comprehensive income which can be transferred into gains and losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cashflow hedge reserve		
6. Converted difference in foreign currency statements		
7. Others		
After-tax net amount of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	799,645,675.31	623,178,439.35
Total comprehensive income attributable to owners of the parent company	790,388,759.79	612,317,249.29
Total comprehensive income attributable to minority shareholders	9,256,915.52	10,861,190.06
VIII. Earnings per share (EPS):		
(I) Basic EPS	0.83	0.65
(II) Diluted EPS	0.83	0.65

As for business combination under common control in the current period, net profit of the combined party prior to combination is: RMB, while the net profit of the combined party in the prior period was: RMB.

Legal representative: Ren Jianhua Person in charge of accounting: Zhang Guofu Head of the accounting department: Zhang Guofu

4. Income Statement of the Parent Company

In RMB

Item	The first half of 2021	Semi-annual 2020
I. Operating income	3,957,294,958.01	2,980,914,680.77
Less: Operating costs	1,773,395,471.27	1,349,585,204.35
Taxes and surcharges	29,052,610.83	22,974,970.25
Sales expenses	1,089,455,480.72	812,123,731.90
Administrative expenses	107,028,148.18	82,217,605.50
R&D expenses	136,896,643.39	112,943,235.17
Financial expenses	-46,049,005.34	-47,002,146.56
Including: Interest expenses	1,228,635.41	139,284.26
Interest income	47,935,867.95	46,641,570.65
Add: other income	51,032,167.31	68,634,379.72
Investment income (“-” for losses)	52,446,657.81	18,620,433.19

Including: Income from investment in joint ventures and affiliated enterprises	-1,440,070.07	-2,239,220.46
Gains on derecognition of financial assets measured at amortized cost (“-” for losses)		
Net exposure hedging gains (“-” for losses)		
Gains from changes in fair value (“-” for losses)		
Losses from credit impairment (“-” for losses)	-32,279,529.57	-16,715,314.38
Losses from asset impairment (“-” for losses)		
Gains on disposal of assets (“-” for losses)	-2,072,673.59	-3,117.74
II. Operating profits (“-” for losses)	936,642,230.92	718,608,460.95
Add: non-operating income	917,022.51	547,098.05
Less: non-operating expenditure	1,203,445.87	1,556,999.22
III. Total profits (“-” for total losses)	936,355,807.56	717,598,559.78
Less: income tax expenses	137,593,038.71	108,263,459.97
IV. Net profits (“-” for net losses)	798,762,768.85	609,335,099.81
(I) Net profits from going concern (“-” for net losses)		
(II) Net profits from discontinued operations (“-” for net losses)		
V. After-tax net amount of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into gains and losses		
1. Changes in re-measured and defined benefit plans		
2. Other comprehensive income which cannot be transferred to gains or losses under the equity method		
3. Changes in fair value of the investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		
5. Others		
(II) Other comprehensive income which will be reclassified into gains and losses		
1. Other comprehensive income which can be transferred into gains and losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cashflow hedge reserve		
6. Converted difference in foreign currency statements		
7. Others		
VI. Total comprehensive income	798,762,768.85	609,335,099.81
VII. EPS:		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated Cash Flow Statement

In RMB

Item	The first half of 2021	Semi-annual 2020
I. Cash flow from operating activities:		
Cash received for the sale of goods and rendering of services	4,738,990,263.73	3,214,555,668.77
Net increase in clients' deposits and deposits from banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in borrowings from other financial institutions		
Cash received from receiving insurance premium of the original insurance contract		
Net cash from receiving reinsurance premium		
Net increase in deposits and investment of insured persons		
Cash received from interests, fees and commissions		
Net increase in borrowed funds		
Net increase in repurchase business funds		
Net cash received from vicariously traded securities		
Refunds of taxes	7,323,753.03	
Cash received relating to other operating activities	118,704,652.16	143,788,116.65
Subtotal of cash inflow from operating activities	4,865,018,668.92	3,358,343,785.42
Cash paid for purchased products and received services	2,252,759,526.62	1,594,931,903.80
Net increase in loans and advances to customers		
Net increase in deposits with the central bank and other financial institutions		
Cash paid for claims of original insurance contract		
Net increase in lending funds		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	637,119,817.59	363,952,500.04
Cash paid for taxes	369,427,461.40	277,030,839.79
Cash paid related to other operating activities	1,075,485,546.81	714,741,408.23
Subtotal of cash outflow from operating activities	4,334,792,352.42	2,950,656,651.86
Net cash flow from operating activities	530,226,316.50	407,687,133.56
II. Cash flow from investing activities:		
Cash received from return of investments	1,234,000,000.00	1,140,000,000.00
Cash received from return on investments	33,853,727.02	42,018,525.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,206,278.90	35,000.00
Net cash received from disposal of subsidiaries and other business entities		
Cash received related to other investment activities		
Subtotal of cash inflow from investment activities	1,270,060,005.92	1,182,053,525.66
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	154,539,404.13	124,109,953.42

Cash paid to investments	901,000,000.00	705,000,000.00
Net increase in pledged loans		
Net cash from subsidiaries and other operating entities		
Cash paid related to other investment activities		
Subtotal of cash outflow from investment activities	1,055,539,404.13	829,109,953.42
Net cash flow from investment activities	214,520,601.79	352,943,572.24
III. Cash flow from financing activities:		
Cash from acquiring investments	850,000.00	
Including: Cash received by subsidiaries from investments of minority shareholders	850,000.00	
Cash from acquiring debts		
Other cashes received in relation to financing activities	5,552,160.81	
Subtotal of cash inflow from financing activities	6,402,160.81	
Cash repayments of debts		
Cash paid for distribution of dividends, profits or interest expenses	495,485,158.00	474,512,025.00
Including: Dividends and profits paid by the subsidiaries to minority shareholders		
Other cashes paid in relation to financing activities		
Subtotal of cash outflow from financing activities	495,485,158.00	474,512,025.00
Net cash flow from financing activities	-489,082,997.19	-474,512,025.00
IV. Effect of change in exchange rate on cash and cash equivalents	-264,556.23	540,552.95
V. Net increase in cash and cash equivalents	255,399,364.87	286,659,233.75
Plus: Opening balance of cash and cash equivalents	3,886,096,513.56	4,029,296,265.50
VI. Closing balance of cash and cash equivalents	4,141,495,878.43	4,315,955,499.25

6. Cash Flow Statement of the Parent Company

In RMB

Item	The first half of 2021	Semi-annual 2020
I. Cash flow from operating activities:		
Cash received for the sale of goods and rendering of services	4,346,968,618.40	3,026,131,726.09
Refunds of taxes	7,323,753.03	
Cash received relating to other operating activities	99,542,054.03	109,796,058.70
Subtotal of cash inflow from operating activities	4,453,834,425.46	3,135,927,784.79
Cash paid for purchased products and received services	2,138,946,028.17	1,530,403,008.52
Cash paid to and on behalf of employees	540,731,054.64	293,387,839.45
Cash paid for taxes	330,152,814.67	253,274,191.18

Cash paid related to other operating activities	932,462,696.53	634,242,077.40
Subtotal of cash outflow from operating activities	3,942,292,594.01	2,711,307,116.55
Net cash flow from operating activities	511,541,831.45	424,620,668.24
II. Cash flow from investing activities:		
Cash received from return of investments	960,000,000.00	900,000,000.00
Cash received from return on investments	54,819,617.81	36,406,272.24
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,156,298.90	10,000.00
Net cash received from disposal of subsidiaries and other business entities		
Cash received related to other investment activities		
Subtotal of cash inflow from investment activities	1,016,975,916.71	936,416,272.24
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	112,968,774.96	97,961,767.61
Cash paid to investments	610,000,000.00	500,000,000.00
Net cash from subsidiaries and other operating entities		
Cash paid related to other investment activities		
Subtotal of cash outflow from investment activities	722,968,774.96	597,961,767.61
Net cash flow from investment activities	294,007,141.75	338,454,504.63
III. Cash flow from financing activities:		
Cash from acquiring investments		
Cash from acquiring debts		
Other cashes received in relation to financing activities	5,552,160.81	
Subtotal of cash inflow from financing activities	5,552,160.81	
Cash repayments of debts		
Cash paid for distribution of dividends, profits or interest expenses	473,435,158.00	474,512,025.00
Other cashes paid in relation to		

financing activities		
Subtotal of cash outflow from financing activities	473,435,158.00	474,512,025.00
Net cash flow from financing activities	-467,882,997.19	-474,512,025.00
IV. Effect of change in exchange rate on cash and cash equivalents	-264,437.65	540,502.02
V. Net increase in cash and cash equivalents	337,401,538.36	289,103,649.89
Plus: Opening balance of cash and cash equivalents	3,627,178,859.95	3,951,074,513.16
VI. Closing balance of cash and cash equivalents	3,964,580,398.31	4,240,178,163.05

7. Consolidated Statement of Changes in Owners' Equity

Current amount

In RMB

Item	The first half of 2021														
	Owners' equity attributable to the parent company												Minority interests	Total owner's equity	
	Capital stock	Other equity instruments			capital reserve	Less: treasury share	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Other			Subtotal
	Preferred shares	Perpetual bonds	Other												
I. Closing balance of last year	949,024,050.00				401,799,332.67		- 15,157,634.16		474,516,412.50		6,240,444,654.34		8,050,626,815.35	143,152,413.29	8,193,779,228.64
Plus: Changes in accounting policies															
Correction of errors of the previous period															
Businesses combination under common control															
Other															
II. Opening balance of this year	949,024,050.00				401,799,332.67		- 15,157,634.16		474,516,412.50		6,240,444,654.34		8,050,626,815.35	143,152,413.29	8,193,779,228.64
III. Change in current period ("-" for decrease)					802,690.61	199,995,742.59					294,903,601.79		95,710,549.81	10,106,915.52	105,817,465.33
(I) Total comprehensive income											790,388,759.79		790,388,759.79	9,256,915.52	799,645,675.31
(II) Capital invested and decreased by the owners					802,690.61								802,690.61	850,000.00	1,652,690.61
1. Common shares invested by the owners														850,000.00	850,000.00
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments recognized in owners' equity					802,690.61										802,690.61
4. Others															
(III) Profit distribution											-495,485,158.00		-495,485,158.00		-495,485,158.00
1. Withdrawal of surplus reserve															
2. Appropriation of general risk reserve															
3. Distribution to owners (or shareholders)											-495,485,158.00		-495,485,158.00		-495,485,158.00
4. Others															
(IV) Internal carry-forward of owners' equity															

1. Capital reserve converted into capital (or capital stock)															
2. Surplus reserve converted into capital (or capital stock)															
3. Surplus reserves making up for losses															
4. Changes of defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawn in current period															
2. Used in current period															
(VI) Others						199,995,742.59							-199,995,742.59		-199,995,742.59
IV. Closing balance of current period	949,024,050.00				402,602,023.28	199,995,742.59	15,157,634.16		474,516,412.50		6,535,348,256.13		8,146,337,365.16	153,259,328.81	8,299,596,693.97

Amount of the previous period

In RMB

Item	Semi-annual 2020														
	Owners' equity attributable to the parent company													Minority interests	Total owner's equity
	Capital stock	Other equity instruments			capital reserve	Less: treasury share	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Other	Subtotal		
	Preferred shares	Perpetual bonds	Other												
I. Closing balance of last year	949,024,050.00				401,799,332.67		-15,157,634.16		474,516,412.50		5,054,206,720.45		6,864,388,881.46	109,894,468.24	6,974,283,349.70
Plus: Changes in accounting policies															
Correction of errors of the previous period															
Businesses combination under common control															
Other															
II. Opening balance of this year	949,024,050.00				401,799,332.67		-15,157,634.16		474,516,412.50		5,054,206,720.45		6,864,388,881.46	109,894,468.24	6,974,283,349.70
III. Change in current period ("-" for decrease)											137,805,224.29		137,805,224.29	10,861,190.06	148,666,414.35
(I) Total comprehensive income											612,317,249.29		612,317,249.29	10,861,190.06	623,178,439.35

(II) Capital invested and decreased by the owners															
1. Common shares invested by the owners															
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution										-474,512,025.00		-474,512,025.00		-474,512,025.00	
1. Withdrawal of surplus reserve															
2. Appropriation of general risk reserve															
3. Distribution to owners (or shareholders)										-474,512,025.00		-474,512,025.00		-474,512,025.00	
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Capital reserve converted into capital (or capital stock)															
2. Surplus reserve converted into capital (or capital stock)															
3. Surplus reserves making up for losses															
4. Changes of defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawn in current period															
2. Used in current period															
(VI) Others															
IV. Closing balance of current period	949,024,050.00				401,799,332.67		-15,157,634.16		474,516,412.50		5,192,011,944.74		7,002,194,105.75	120,755,658.30	7,122,949,764.05

8. Statement of Changes in Owners' Equity of the Parent Company

Current amount

In RMB

Item	The first half of 2021														
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	Capital stock	Other equity instruments			capital reserve	Less: treasury share	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total owner's equity
		Preferred shares	Perpetual bonds	Other								
I. Closing balance of last year	949,024,050.00				401,754,349.66		-15,157,634.16		474,516,412.50	6,120,603,639.69		7,930,740,817.69
Plus: Changes in accounting policies												
Correction of errors of the previous period												
Other												
II. Opening balance of this year	949,024,050.00				401,754,349.66		-15,157,634.16		474,516,412.50	6,120,603,639.69		7,930,740,817.69
III. Change in current period ("-" for decrease)					802,690.61	199,995,742.59				325,327,610.85		126,134,558.87
(I) Total comprehensive income										798,762,768.85		798,762,768.85
(II) Capital invested and decreased by the owners					802,690.61							802,690.61
1. Common shares invested by the owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payments recognized in owners' equity					802,690.61							802,690.61
4. Others												
(III) Profit distribution										-473,435,158.00		-473,435,158.00
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)										-473,435,158.00		-473,435,158.00
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Capital reserve converted into capital (or capital stock)												
2. Surplus reserve converted into capital (or capital stock)												
3. Surplus reserves making up for losses												
4. Changes of defined benefit plans carried forward to retained												

earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawn in current period											
2. Used in current period											
(VI) Others						199,995,742.59					-199,995,742.59
IV. Closing balance of current period	949,024,050.00				402,557,040.27	199,995,742.59	-15,157,634.16		474,516,412.50	6,445,931,250.54	8,056,875,376.56

Amount of the previous period

In RMB

Item	Semi-annual 2020											
	Capital stock	Other equity instruments			capital reserve	Less: treasury share	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Other	Total owner's equity
		Preferred shares	Perpetual bonds	Other								
I. Closing balance of last year	949,024,050.00				401,754,349.66		-15,157,634.16		474,516,412.50	4,955,109,022.86		6,765,246,200.86
Plus: Changes in accounting policies												
Correction of errors of the previous period												
Other												
II. Opening balance of this year	949,024,050.00				401,754,349.66		-15,157,634.16		474,516,412.50	4,955,109,022.86		6,765,246,200.86
III. Change in current period ("-" for decrease)										134,823,074.81		134,823,074.81
(I) Total comprehensive income										609,335,099.81		609,335,099.81
(II) Capital invested and decreased by the owners												
1. Common shares invested by the owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution										-474,512,025.00		-474,512,025.00
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)										-474,512,025.00		-474,512,025.00
3. Others												

(IV) Internal carry-forward of owners' equity											
1. Capital reserve converted into capital (or capital stock)											
2. Surplus reserve converted into capital (or capital stock)											
3. Surplus reserves making up for losses											
4. Changes of defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawn in current period											
2. Used in current period											
(VI) Others											
IV. Closing balance of current period	949,024,050.00				401,754,349.66		-15,157,634.16		474,516,412.50	5,089,932,097.67	6,900,069,275.67

III. Basic Information of the Company

Hangzhou Robam Appliances Co., Ltd. (hereinafter referred to as ROBAM or the Company) is an incorporated company established by overall changing Hangzhou Robam Home Appliances Co., Ltd. on November 7, 2000. Approved by China Securities Regulatory Commission (ZJXX [2010] No.1,512) in 2010, the Company offered 40 million ordinary shares in RMB to the public for the first time on November 23, 2010 (stock code: 002,508), with the par value of RMB 1 per share and the issue price of RMB 24.00 per share.

As of June 30, 2021, the total capital stocks of the Company reached RMB 949,024,050 after several equity changes. The Company's unified social credit code is 91330000725252053F; the legal representative is Ren Jianhua; and the address is No.592, Linping Avenue, Yuhang Economic Development Area, Yuhang District, Hangzhou.

The Company is a manufacturing company, with major businesses covering research & development, production, sales and comprehensive services of kitchen appliances. Its main products include range hoods, gas stoves, disinfection cabinets, steam ovens, baking ovens, dishwashers, water purifiers, microwave ovens, integrated stoves, and purification tanks.

Its business mainly covers the manufacturing, processing and sales of range hoods, gas stoves, disinfection cabinets, baking ovens, steam ovens, microwave ovens, dishwashers, water purifiers, multi-purpose tanks, kitchen supplies and other kitchen appliances, as well as import and export business and technical service for household appliances. (For business subject to approval according to law, relevant operating activities may not be carried out until they are approved by relevant authorities).

The consolidated financial statements of the Company cover seven companies, including Beijing Robam Electric Appliance Sales Co., Ltd., Shanghai Robam Appliances Sales Co., Ltd., Hangzhou MingQi Electric Co., Ltd., De Dietrich Household Appliances Trading (Shanghai) Co., Ltd., Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.(hereinafter referred to as Shengzhou Kinde), Hangzhou Robam Fuchuang Investment Management Co., Ltd. and Zhejiang Cookingfuture Technology Co., Ltd. (hereinafter referred to as Cookingfuture).

For details, see relevant contents in the section of "VII. Interests in Other Entities" herein.

IV. Basis for Preparation of Financial Statements

1. Preparation basis

The financial statements of the Company are prepared on a going concern basis, and in light of the Company's actual transactions and events, in accordance with the *Accounting Standards for Business Enterprises* promulgated by the Ministry of Finance of China and relevant provisions, as well as the accounting policies and estimates stated in the section of "Significant Accounting Policies and Estimates" herein.

2. Going concern

After taking into account of factors such as macro policy risks, market management risks, and the current and long-term profitability, solvency, and financial flexibility of the Company, as well as the intention of the management to change the operation policies, the management of the Company believes that there are no matters affecting the Company's going concern within 12 months from the end of the reporting period onwards.

V. Significant Accounting Policies and Estimates

The specific accounting policies and estimates prepared by the Company according to its actual

production and operation include the operating cycle, the recognition and measurement of receivables and bad debts, measurement of inventory delivered, fixed assets classification as well as depreciation methods, invisible asset amortization, conditions for the capitalization of R&D expenses, and revenue recognition and measurement.

1. Statement on compliance with *Accounting Standards for Business Enterprises*

The financial statements prepared by the Company comply with the requirements of the *Accounting Standards for Business Enterprises*, and truthfully and completely reflect financial position, business results, cash flow and other relevant information of the Company.

2. Accounting period

The Company's accounting period starts on January 1 and ends on December 31 on the Gregorian calendar.

3. Operating cycle

The normal operating cycle of the Company shall be one year (12 months).

4. Bookkeeping base currency

The Company adopts RMB as the bookkeeping base currency.

5. Accounting approaches to business combinations under or not under common control

The assets and liabilities acquired by the Company as the combining party in a business combination under common control shall be measured at the book value of the combined party in the final controller's consolidated statements on the combination date. The capital reserve shall be adjusted against the difference between the book value of the net assets acquired by the combining party and the book value of the combination consideration paid by it. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired from the acquiree in a business combination not under common control shall be measured at fair value on the acquisition date. The combination cost is the sum of fair values of cash or non-cash assets paid, liabilities issued or undertaken, equity securities issued, etc. by the Company for the purpose of taking control over the acquired party on the acquisition date and all directly related expenses incurred during the business combination (in case of business combination accomplished through multiple transactions step by step, the combination cost is the sum of the cost of every single transaction). If the combination cost is greater than the fair value share of the acquiree's identifiable net assets acquired from the acquiree in the combination, the case is recognized as goodwill. Where the combination cost is less than the fair value share of the identifiable net assets acquired from the acquiree, the fair values of the identifiable assets, debts and contingent liabilities acquired in the combination and those of non-cash assets subject to combination consideration or issued equity securities shall be rechecked first, and then in case the combination cost is less than the fair value shares of the identifiable net assets acquired from the acquiree, the difference shall be included in the non-operating income in the period of the combination.

6. Methods of preparing consolidated financial statements

All subsidiaries under the control of the Company are included into the consolidated financial statements.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company when preparing the consolidated financial statements, where the accounting policies and accounting periods are inconsistent between the Company and its subsidiaries.

All major internal transactions, inter-company balances, and unrealized profits with the scope

of consolidation shall be offset when preparing consolidated financial statements. The portion of owner's equity of subsidiaries not held by the parent company and net current profit & loss, other comprehensive incomes and the portion of total comprehensive incomes belonging to minority equity are presented under "minority equity, minority interest income, other comprehensive incomes belonging to minority shareholders and total comprehensive incomes belonging to minority shareholders, respectively."

For a subsidiary acquired from a business combination under common control, its operating results and cash flows are included into the consolidated financial statements since the beginning of the consolidation year. When the comparable consolidated financial statements are being prepared, relevant items in the financial statements of the last year are adjusted with the stated party formed after merging deemed to exist from the time of the ultimate controlling party starting to control.

For a subsidiary acquired through business combination not under the same control, its operating results and cash flows shall be included into the consolidated financial statement since the date when the Company obtains control. When preparing the consolidated financial statements, the subsidiary's financial statements shall be adjusted on basis of the fair value of all identifiable assets, liabilities and contingent liabilities ascertained on the purchasing date.

For equity interests in an investee not under common control realized by two or more transactions, which finally bring about the business combination, equity interests in the investee before the acquisition date shall be re-measured at fair value on the acquisition date and the balance between the fair value and the book value shall be included in the investment gains for the current period when preparing the consolidated statements. If the related acquiree's equity held before the acquiring date contains other comprehensive income and the other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions, it shall be transferred to investment gains or losses on the date of acquisition, excluding the other comprehensive income derived from changes of net liabilities or net assets due to re-measurement on defined benefit plan by the investee.

Without losing any control rights, the Company has partially disposed the long-term equity investment in the subsidiary. In the consolidated financial statement, according to the difference between the disposal prices of part of the equity investment in the subsidiary and net assets of the subsidiary attributed to the Company as a result of disposal of long-term equity investment continuously calculated from the purchase date or consolidation date in the subsidiary, capital premium or stock premium is adjusted, where the capital reserve is not sufficient to be offset, they are adjusted to the retained earnings.

Where the Company loses the controlling right of the invested party for such reason as disposing partial equity investment, the remaining equity is re-measured as per the fair value of such equity on the day of losing controlling rights when preparing the consolidated financial statements. The balance from the sum of the consideration obtained upon the disposal of equity and the fair value of the remaining equity less the appropriable share of the net asset of the former subsidiaries, calculated as per the former shareholding proportion from the purchase day or merging day, is included in the investment income for the period when the right of control is lost and the goodwill is deducted. Other comprehensive incomes related to former equity investment in subsidiaries shall be recognized as current investment profits & losses upon losing of controls.

7. Classification of joint arrangement and accounting methods for joint operation

The joint arrangement of the Company includes the joint venture. The Company, serving as one part of the joint venture, shall, in accordance with the provisions of the *Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments*, conduct accounting treatment of the investment of the joint venture.

8. Recognition standard of cash and cash equivalents

Cash presented in the Company's cash flow statement refers to cash on hand and deposits that are available for payment at any time. Cash equivalents presented in the cash flow statement refer to short-term investments (not exceeding three months) with high liquidity and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

9. Foreign currency business and conversion of foreign currency statement

Foreign currency transactions

The Company translates the foreign-currency amount of foreign-currency transactions into an RMB amount based on the spot exchange rate applicable on the transaction date. On the balance sheet date, the monetary items in foreign currencies shall be converted at the spot rate on the said balance sheet date. The conversion differences arising therefrom, with the exception of the exchange balance arising from the foreign currency borrowings special for acquisition or production of qualifying assets which shall be processed according to the capitalization principle, shall be directly included in the current profit or loss. The foreign currency non-monetary items measured at fair value shall be converted according to the spot rate on the date when the fair value is confirmed. If the difference between the converted bookkeeping base currency amount and the original booking base currency amount belongs to the salable financial asset, such difference shall be included in the capital reserve. If such a difference belongs to the foreign currency non-monetary item, which is measured at fair value and whose change is included in the profits and losses of the current period, it shall be included in current profits and losses. The foreign currency non-monetary items measured by historical cost shall still be translated according to the spot rate on the transaction date, while RMB amount remains unchanged.

Translation of foreign currency financial statements

Assets and liabilities items in the balance sheets of foreign operations are translated into RMB using the spot exchange rate at the balance sheet date, while the shareholders' equity items, except for the "undistributed profit items," are translated into RMB using the spot exchange rate at the date of transaction. The income and expense items in the income statements of overseas operations are translated at the exchange rate approximate to the spot rate at the date of transaction. The difference arising from the above translation is presented separately under other comprehensive income. For monetary items denominated in foreign currencies that materially constitute overseas net investment in overseas operations, exchange differences arising from changes in exchange rates, when preparing the consolidated financial statements, are also separately presented under the Shareholders' equity as foreign currency translation differences. In case of disposal of an overseas operation, foreign currency translation differences relating to the overseas operation are proportionately transferred to the profits or losses of the period when the disposal was transacted. During the disposal of an overseas operation, other comprehensive incomes related to the overseas operation are transferred in proportion into the disposal of current profits and losses.

The foreign currency cash flow and the cash flow of overseas subsidiaries shall be converted using the exchange rate approximate to the spot rate of the transaction date of the cash flow. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

10. Financial instruments

The Company shall recognize a financial asset or a financial liability when it becomes a party to a financial instrument contract.

Financial assets

The Company translates the foreign-currency amount of the foreign-currency transactions into the RMB amount using the spot exchange rate applicable at the transaction date.

Based on the business model for management of financial assets and the contractual cash flow

characteristics of financial assets, the Company classifies the financial assets into three types: 1) the financial asset measured at amortized cost; 2) the financial asset measured at the fair value with its changes included into other comprehensive incomes; and 3) and the financial asset measured at the fair value with its changes included into current profits or losses.

The financial assets meeting all of the following conditions can be classified as those measured at amortized cost by the Company: ① the Company adopts the business management mode of financial assets for the purpose of collecting contractual cash flow. ② In accordance with the contract terms of the financial assets, the cash flow generated at the specific date is only the payment of the principal and the interest on the basis of the outstanding principal amount. Such financial assets are initially measured at their fair values, with related transaction costs included into the amount of initial recognition, and subsequent measurement conducted with the amortized cost. Apart from those designated as hedged items, the difference between the initial amount amortized with the effective interest method and the amount due, profits or losses incurred upon amortization, impairment, exchange profits and losses and derecognition shall be included into current profits and losses.

Where the following conditions are reached at the same time, the financial assets can be classified by the Company as those measured at fair value with the changes included into other comprehensive income: ① the Company adopts the business management mode of the financial assets for the purpose of collecting contractual cash flow and selling the financial assets. ② In accordance with the contract terms of the financial assets, the cash flow generated at the specific date is only the payment of the principal and the interest on the basis of the outstanding principal amount. Such financial assets are initially measured at their fair values, with related transaction costs included into the amount of initial recognition. Apart from those designated as the hedged items, profits or losses incurred by such financial assets shall be included into the comprehensive incomes, except for credit impairment losses or gains, exchange profits and losses, and the interests calculated as per the actual interest rate for such financial assets. Upon derecognition of the financial asset, the accumulated gains or losses previously recorded in other comprehensive incomes shall be transferred out of such other comprehensive incomes and included into the current profits and losses.

The interest income is recognized by the Company using the effective interest method. The interest income is determined by multiplying the book balance of financial assets by the effective interest rate, except for under the following conditions: ① For the financial assets purchased by or originating from the Company with credit impairment, from the initial confirmation, the interest income shall be determined as per the amortized cost of the financial asset and the effect interest rate subject to credit adjustment. ② The financial assets purchased by or originating from the Company with no credit impairment but having credit impairment during the follow-up period shall be subject to interest income calculation by the Company based on the amortized cost and actual interest rate of the financial assets during the follow-up period.

The non-trading equity instrument is designated by the Company as the financial asset which is measured at its fair value with changes included into current profits and losses. The designation shall not be canceled once it is made. The non-trading equity instrument investment, designed by the Company to be measured at the fair value with their changes included into other comprehensive incomes, is initially measured at fair value, with related transaction cost included into the amount of initial confirmation. Except for the obtained dividends (excluding those of the recovered investment cost), which are included into current profits and losses, other related profits and losses (including exchange profits and losses) are completely included into the other comprehensive incomes and will not then be converted into current profits and losses. Upon derecognition, the accumulated gains or losses previously included into other comprehensive incomes are transferred from other comprehensive incomes and included into retained earnings.

Except for the financial assets classified to be measured by the amortized cost and those measured at fair value through other comprehensive income, other financial assets are classified by the Company as those measured at fair value through current profits and losses. Such financial assets are initially measured at their fair values, with related transaction costs directly included into the current profits and losses. Profits or losses of such financial assets shall be included in the current profits and losses.

The financial asset formed by the contingent consideration confirmed during business combination not under the same control are classified as those measured by its fair value by the Company, with changes included into current profits and losses.

Recognition basis and measurement method for transfer of financial assets

Financial assets meeting one of the following conditions shall be derecognized by the Company: ① the contractual right to collect the cash flow of the financial asset is terminated. ② The financial assets have been transferred by the Company, and almost all risks and returns associated with the ownership of the financial asset are transferred. ③ The financial assets have been transferred, and the Company had neither transferred nor retained almost all risks and rewards in the ownership of the financial assets, but given up the control over the financial assets.

For a financial asset that is entirely transferred and meets the conditions of derecognition, the difference is calculated between the book value of the transferred financial asset and the sum of consideration received from such transfer and the accumulated changes in fair value, which is directly included into other comprehensive income and corresponds to the derecognized amount (in accordance with the contract terms of the financial assets involved in such transfer, the cash flow generated at the specific date is only the payment of the principal and the interest on the basis of the outstanding principal amount). This difference is included into the current profits and losses.

For a financial asset that is partially transferred and meets the conditions of derecognition, the overall book value of the transferred financial asset is split according to the relative fair value between the part derecognized and the part not derecognized, and the difference between the following two amounts is recognized in current profits and losses: the sum of consideration received due to transfer and the amount amortized to the derecognized part and corresponding to the accumulative change of fair value which is firstly included into the other comprehensive income (in accordance with the contract terms of the financial assets, the cash flow generated at the specific date is only the payment of the principal and the interest on the basis of the outstanding principal amount), and the overall book value of aforesaid financial assets.

Financial liabilities

Classification, recognition and measurement of financial liability

The Company's financial liabilities are grouped, upon initial recognition, into financial liabilities measured at fair value, with the changes included in the current profit or loss and other financial liabilities.

Financial liabilities measured at fair value with changes included in the current profits and losses include trading financial liabilities and financial liabilities designated to be measured as at fair value with changes included in the current profits and losses upon initial recognition. The net gain or loss arising from changes in fair value, dividends and interest paid related to such financial liabilities are recorded in profits and losses for the period in which they are incurred.

Other financial liabilities are measured subsequently at the amortized cost by adopting the effective interest method. Apart from the following items, the Company will classify the financial liabilities as those measured at amortized cost: ① the financial liabilities measured at fair value with changes included into current profits and losses include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated to be

measured at fair value with changes included into current profits and losses. ② The financial liabilities formed by transferring of the financial assets failed to meet the conditions for derecognition or formed by continuous involvement of transferred financial assets. ③ The financial guarantee contracts that do not fall under the above ① and ② as well as loan commitments at a rate below the market rate of interest that do not fall under the above ①.

Where a contingent consideration is recognized by the Company as a financial liability in a business combination not under common control, such financial liability shall be measured at fair value with changes included into the current profits and losses during accounting treatment.

Derecognition conditions for financial liabilities

When the current obligation of the financial liabilities has been relieved in whole or part, the part of the financial liabilities or obligations that have been relieved upon confirmation is terminated. If the Company reaches an agreement with the creditor to replace the existing financial liabilities by undertaking new financial liabilities and the contract terms of the existing and new liabilities are different in substance, the existing financial liabilities shall be derecognized while the new liabilities shall be recognized. Where all or part of the contract terms of the existing financial liabilities are subject to material modification, the Company shall derecognize all or part of the existing financial liabilities while recognizing the financial liabilities with modified terms as new financial liabilities. The difference between the book value of the terminated part upon confirmation and the considerations paid is included in the current profit and loss.

Method for determining the fair value of financial assets and financial liabilities

The Company measures the fair value of financial assets and financial liabilities in the main market. If there is no major market, the Company measures the fair value of financial assets and financial liabilities with most beneficial price for the market and adopts evaluation techniques with much available data and other information support that is applicable at that time. Input data for determining fair values has three levels, wherein the first level is the unadjusted price available for the same asset or liability on the date of evaluation in an active market. The second level inputs are directly or indirectly observable inputs of relevant assets or liabilities apart from inputs of the first level. The inputs of the third level are unobservable inputs of relevant assets or liabilities. The Company gives priority to using the first-level inputs and takes the third-level inputs as the last. The lowest layer that has significant impact on the overall fair value evaluation determines which layer this fair value evaluation result shall belong to.

Investments in equity instruments of the Company are measured at fair value. However, under certain circumstances, if recent information needed to determine the fair value is insufficient, or if the estimated amount of the fair value features an extensive distribution scope and the cost represents the best estimate of the fair value in that distribution scope, the cost may represent the appropriate estimate on the fair value within that distribution scope.

Offsetting financial assets and financial liabilities

Financial assets and liabilities of the Company are presented separately in the balance sheet without offsetting. However, the net amount resulting from the offsetting between financial assets and financial liabilities shall be presented in the balance sheet only if all of the following criteria are met: (1) The Company has the statutory right to set off recognized amounts which is currently enforceable. (2) The Company intends either to settle on a net basis, or to realize the financial assets and pay off the financial liabilities simultaneously.

Distinction and relevant treatment methods of financial liabilities and equity instruments

The Company distinguishes between financial liabilities and equity instruments according to the following principles: (1) Where the Company cannot unconditionally avoid fulfilling certain contractual obligation by delivering cash or other financial assets, then such contractual obligation

is in line with the definition of the financial liability. Although certain financial instruments do not expressly contain terms and conditions for the contractual obligation to deliver cash or other financial instruments, the contractual obligation may be indirectly formed according to other terms and conditions. (2) Where a financial instrument must or is able to be settled by the Company's own equity instrument, the Company shall consider whether the Company's own equity instrument as the settlement instrument is a substitute of cash or other financial assets, or the residual interest in the assets of an entity after deducting all of its liabilities. If it is the first case, the instrument shall be the financial liability of the issuer. If it is the latter case, the instrument shall be the equity instrument of the issuer. Under some circumstances, the contract of a financial instrument may require that the financial instrument must or is able to be settled by the Company's own equity instrument. The amount of contractual right or contractual obligation equals to the amount of its own equity instrument receivable or payable multiplied by its fair value at the time of settlement. Whether the amount of such contractual right or obligation is fixed, or varies, wholly or partially, based on variables other than the market value of the Company's own equity instrument (such as interest rates, the price of a commodity or the price of a financial instrument), such contract is classified as financial liability.

In classifying financial instruments (or components) in the consolidated statements, the Company shall take into account all the terms and conditions agreed between members of the Company and holders of the financial instruments. If the Company, as a whole, undertakes the obligation to deliver cash, other financial assets or settle in other ways that cause the financial instrument to become a financial liability, the instrument shall be classified as a financial liability.

If a financial instrument or any of its components is a financial liability, the relevant interests, dividends, gains or losses, and gains or losses from redemption or re-financing and so on are included in the current profits & losses of the Company.

If a financial instrument or its component belongs to an equity instrument, for its issue (including re-financing), repurchase, sale or cancellation, the Company will treat it as a change in equity and will not recognize the change in fair value of equity instruments.

Impairment of financial instruments

The Company, based on expected credit losses, performed impairment accounting and recognized credit impairment losses on financial assets measured at amortized cost, financial assets classified to be measured at the fair value with the changes included into other comprehensive incomes as well as financial guarantee contracts.

The expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. 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 Company, namely, the present value of a shortage of cash. Among them, financial assets purchased or underlying with credit impairment of the Company shall be discounted at the financial assets' effective interest rate after credit adjustment.

For account receivables arising from transactions scoped in ASBE on Revenue not containing significant financing components, the Company takes the simplified measurement method to measure its loss provisions based on the amount of expected credit losses during the entire duration.

For financial assets purchased or underlying with credit impairment, the cumulative change in expected credit loss during the entire duration since the date of balance sheet date after initial recognition will be recognized as provision for loss. On each date of balance sheet, the amount of change in expected credit loss during the entire duration is included into current profits and losses as impairment losses or gains. Even if the expected credit loss within the entire duration determined on the date of balance sheet is less than the amount of expected credit loss reflected by estimated cash flow upon initial recognition, any favorable change in expected credit loss will be recognized

as impairment gains.

In addition to other financial assets adopting the aforesaid simplified measurement method or financial assets purchased or underlying with credit impairment, the Company shall assess whether the credit risk of relevant financial instruments has increased significantly since the initial recognition on each balance sheet date, and shall respectively accrue their provision for loss and recognize the expected credit loss and its change:

In the event that the credit risk has not increased significantly since the initial recognition and it is in Stage I, the Company shall measure its loss provisions based on the amount of expected credit losses for the coming 12 months of such financial instrument and calculate the interest on the basis of book balance and effective interest rate.

In the event that the credit risk of the financial instrument has increased significantly since the initial recognition but with no credit impairment and it is in Stage II, the Company shall measure its loss provisions based on the amount of the expected credit loss of the financial instrument during the entire duration and calculate the interest on the basis of book balance and effective interest rate.

In case that credit impairment of the financial instrument has incurred since the initial recognition and it is in Stage III, the Company shall measure the loss provisions of the financial instrument based on the amount of expected credit losses during the entire duration, and calculate the interest at amortized cost and effective interest rate.

Increases or reversals of the provisions for credit losses of the financial instrument are recorded in the current profits and losses as impairment losses or gains. Except for financial assets classified to be measured at fair value through other comprehensive income, the book balance of financial assets is deducted with provision for credit losses. For financial assets classified to be measured at fair value, with the change included in other comprehensive incomes, the Company shall recognize the provision for credit loss in other comprehensive incomes, and shall not decrease the book value of such financial assets listed in the balance sheet.

Where the Company has measured the provisions for losses based on the amount of the expected credit loss over the entire duration of such financial instruments in the prior accounting period, but on the current balance sheet date, such financial instruments no longer fall into the scope of significantly increased credit risk since initial recognition, the Company measures the provisions for the losses of such financial instruments based on the amount equivalent to the expected credit losses over the coming 12 months on the current balance sheet date, with resulting carrybacks of provisions for losses recorded in the current profits and losses as impairment gains.

① Significant increase in credit risk

The Company determines if there is a significant increase in credit risk of financial instruments since initial recognition by comparing the risks of default of financial instruments on the balance sheet date and the date of initial recognition based on reasonable and well-grounded forward-looking information available. For the financial guarantee contract, when the Company applies the regulations on impairment of financial instruments, the date when the Company becomes the party which makes the irrevocable undertaking is regarded as the date of initial recognition. The Company will take into account the following factors when it assesses whether the credit risk is significantly increased: whether the operating results of the debtor has actually changed or is expected to significantly change or not; whether the regulatory, economic or technical environment where the debtor is located has significantly and adversely changed or not; whether the value of the collateral as the debt pledge or the guarantee provided by the third party or credit enhancement quality has significantly changed or not, as these changes are expected to reduce the economic motives of the debtor to make repayments within the time limits prescribed in the Contract or to impact the default probability; whether the expected performance or repayment behavior of the debtor has significantly changed or not; whether the Company has changed its management method

for financial instrument credit or not, etc.

On the balance sheet date, if the Company determines that the financial instrument only carries low credit risks, then the Company will assume that the credit risks of the financial instrument have not increased significantly since the initial recognition. If the risk of default on financial instruments is low, the borrower is highly capable of performing its contractual cash flow obligations in the short term, and even if the economic situation and operating environment are adversely changed over a long period of time but not necessarily reducing the borrower's performance of its contractual cash obligations, then the financial instrument is considered as having a lower credit risk.

② Credit-impaired financial assets

In case of one or more events adversely affecting the estimated future cash flows of a financial asset, the financial asset becomes a financial asset to which a credit impairment has occurred. Evidence of a credit impairment on a financial asset includes the following information: serious financial difficulties of the debtor; a breach of contract by the debtor, such as a default or overdue payment of interest or principle; the creditor, for economic or contractual considerations relating to financial difficulties of the debtor, offers the debtor concessions that are impossible in any other circumstances; it is probable that the debtor will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment of financial assets may be caused by the joint effect of the above multiple events, and may not be caused by individually identifiable events.

③ Determination of expected credit losses

In assessing the expected credit loss, the Company takes reasonable and well-founded information into consideration about past events, current condition and predictions of future economic status based on the expected credit loss of single and combined financial evaluation instruments.

The Company divides the financial instruments into different portfolios based on the common credit risk characteristics. See accounting policies of relevant financial instruments for single evaluation standards and combined credit risk characteristics.

The Company determines the expected credit losses of financial instruments under the following methods:

For financial assets, the credit loss is calculated as the present value of the difference between the contractual cash flows to be collected by the Company and cash flows that are expected to be collected.

For the financial guarantee contract, the credit loss is the expected payment made to the contract holder by the Company to reimburse the contract holder against the credit losses incurred by the contract holder, deducted by the present value of the differences between the amounts expected to be received by the Company from the contract holder, debtor or any other party.

For financial assets which have been credit-impaired on the balance sheet date but are not purchased or underlying with credit impairment, the credit loss is calculated as the difference between the book balance of such financial assets and present value of anticipated future cash flows discounted at the original effective interest rate.

11. Notes receivable

The Company, based on the acceptor credit risk of the notes receivable as common risk characteristics, divides the notes receivable into different combinations and determines the

accounting estimation policy of expected credit loss.

Classification of combination	Basis for determining combination	Provision method
Combination of bank acceptance	The acceptor is a banking financial institution.	The Company believed that there was no significant credit risk in the bank's acceptance held by the Company and there will be no significant loss due to the default of the bank.
Combination of trade acceptance	The acceptor is a non-bank financial institution or enterprise like a finance company.	The company shall measure the bad-debt provision of receivable trade acceptance based on the expected credit loss during the entire duration.

12. Account receivable

For the receivables arising from transactions regulated by the Accounting Standards for Business Enterprises No. 14 - Revenue Standards (whether or not containing significant financing components) and the lease receivables regulated by the Accounting Standards for Business Enterprises No. 21 - Leasing, the Company takes the simplified measurement method to measure its loss provisions based on the amount of expected credit losses during the entire duration.

For accounts receivable, the Company assesses whether the credit risk increases significantly on the basis of a single financial instrument or a combination of financial instruments. The Company singly evaluates the credit risk of receivables with significantly different credit risks and the following characteristics: receivables in dispute with the other party or involved in litigation and arbitration; accounts receivable that there are obvious indications showing that the debtor is likely to be unable to fulfill the repayment obligation. The Company is unable to obtain sufficient evidence of significant increase in credit risk at the level of single financial instrument at reasonable cost, but it is feasible to assess whether the credit risk increases significantly on the basis of the combination of financial instruments. When the assessment is performed on the combination of financial instruments, the Company can classify the financial instruments based on the common credit risk characteristics.

The Company classifies the accounts receivable into the following combinations based on their credit risk characteristics:

Classification of combination	Basis for determining combination	Provision method
Credit loss that accrues accounts receivable by aging analysis method	Accounts receivable with the same aging have similar credit Risk characteristics	Expected rates of credit loss
Related parties within the consolidation scope	Funds of subsidiaries within the consolidation scope of controlling shareholders	No expected credit loss under normal circumstances

If there is objective evidence showing that the credit impairment of certain account receivable has incurred, the Company shall singly withdraw the bad debt reserve of accounts receivable and confirm the expected credit loss.

For accounts receivable with credit loss accrued from receivables by aging analysis method, based on the actual credit loss of previous years and considering the forward-looking information of the current period, the accounting estimate policies of the Company for measuring the expected credit loss are as follows:

Age	Expected rates of credit loss
With 1 year	5.00%

1-2 years	10.00%
2-3 years	20.00%
3-4 years	50.00%
4-5 years	80.00%
More than 5 years	100.00%

The Company calculates the expected credit loss of receivables on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current receivables impairment provision, the Company will recognize the difference as impairment loss of receivables, debit "credit impairment loss" and credit "bad debt provision". Otherwise, the Company will recognize the difference as impairment gains and make opposite accounting records.

For the actual credit losses of the Company, if the relevant receivables are determined to be unrecoverable and are approved to be written off, the Company shall debit "bad debt provision" and credit "accounts receivable" according to the approved write-off amount. If the write-off amount is greater than the accrued loss provisions, the "credit impairment loss" will be debited according to the difference.

13. Receivables financing

Where the following conditions are reached at the same time, the financial assets can be classified as those measured at fair value and its change and included into other comprehensive income: the Company adopts the business management mode of the financial assets for the purpose of collecting contractual cash flow and selling the financial assets. As stipulated in contract terms of the financial assets, the cash flows generated on special dates are solely the payments to principals and interests on the principal amount outstanding.

The Company transfers the accounts receivable held in the form of discount or endorsement, and such business is more frequent and involves a large amount of money. Its business management model is, in essence, to collect and sell contract cash flow. According to the relevant provisions of financial instrument standards, the accounts receivable is classified into financial assets with changes measured at fair value and included in other comprehensive income.

14. Other receivables

The Company divides the process of credit impairment of other receivables into three stages and adopts different accounting treatment methods for the impairment of other receivables in different stages:

Credit risk has not increased significantly since initial recognition (Stage I)

For the financial instruments in this stage, the Company shall measure the loss provisions based on the expected credit loss in the next 12 months.

The Company classifies other receivables based on aging as a credit risk characteristic and measure them on the basis of combination, which is equivalent to the expected credit loss in the next 12 months.

Credit risk has increased significantly since initial recognition but has not been impaired (Stage II)

For the financial instruments in this stage, the Company shall measure the loss provisions based on the expected credit loss during the entire duration.

Credit impairment after initial recognition (Stage III)

For the financial instruments in this stage, the Company shall measure the loss provisions based on the expected credit loss during the entire duration.

15. Inventories

Inventories of the Company mainly include low-value consumables, raw materials, goods in-process, merchandise inventory and goods shipped in transit.

The inventories are managed based on perpetual inventory system, and valued at actual cost on acquisition. Actual cost is calculated using weighted average method when the inventories are issued or consumed. Low-value consumables and packaging materials are amortized using one-off amortization method.

At the end of accounting period, inventory is valued at cost or net realizable value, whichever is lower; provision for inventory depreciation reserves is made for the part of the cost uncollectible of inventory due to damage, fully or partially out of date or selling price lower than the cost, etc. Inventory revaluation reserves of merchandise inventories and raw materials are generally accrued as the excess of the higher cost of individual inventory over its net realizable value. For raw and auxiliary materials of larger amount and lower unit price, inventory revaluation reserves shall be accrued based on the category.

Net realizable value of stock goods, work in progress, or held-for-sale materials are determined by their estimated selling price deducted by estimated selling expenses and related taxes. Net realizable value for material held for production are determined by the estimated selling price of finished goods deducted by the estimated cost to completion, selling expenses and the related taxes.

16. Contract assets

Recognition method and standard of contract asset

Contract asset refers to the rights of the Company to receive consideration for goods transferred to the customer, which depend on other factors except for the lapse of time. Where the Company sells two clearly distinguished commodities to the customer and has the right to collect the payment because one commodity is delivered and the payment relies on the delivery of the other commodity, the Company will treat the collection rights as the contract assets.

Determination and accounting method for expected credit loss of contract assets

For the determination method for expected credit loss of contract assets, please refer to relevant contents in 10. Financial asset and liabilities; 11. Notes receivable and 12. Account receivable.

The Company calculates the expected credit loss of contract assets on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current impairment provision of contract assets, the Company will recognize the difference as impairment loss, debit "asset impairment loss" and credit "contract asset impairment provision". Otherwise, the Company will recognize the difference as impairment gains and make opposite accounting records.

For the actual credit losses of the Company, if the relevant contract assets are determined to be unrecoverable and are approved to be written off, the Company shall debit "contract asset impairment provision" and credit "contract assets" according to the approved write-off amount. If the write-off amount is greater than the accrued loss provisions, the "asset impairment loss" will be debited according to the difference.

17. Contract costs

Method for determining asset amount related to contract cost

The Company's assets related to the contract cost comprise the contract performance cost and the contract acquisition cost.

The contract performance cost is the cost incurred to perform the contract by the Company. The contract performance cost, not covered by other accounting standards for business enterprises,

shall be deemed as one asset if it meets the conditions below: the cost is directly related to one existing contract or one contract expected to be acquired and covers direct labor cost, direct material cost, manufacturing cost (or similar cost), the cost clearly specified to be borne by the customer and other costs incurred by the contract only. The cost increases the resources available to the Company to fulfill performance duties in the future. The cost is expected to be recovered.

The contract acquisition cost refers to the incremental cost incurred by the Company for the purpose of securing a contract, which will be recognized in the form of contract acquisition cost as an asset if it is expected to be recovered. If the amortization period of the assets does not exceed one year, such cost shall be included as current profit or loss. Incremental cost refers to the cost which will not incur unless a contract is secured by the Company (e.g. sales commission, etc.). Other costs (such as the travel expense, whether or not the contract will be acquired, except the incremental cost which can be recovered as expected) incurred the Company for purpose of acquiring the contract shall be included in the current profit or loss at the time of occurrence, unless those clearly specified to be borne by the customer.

Asset amortization related to contract cost

The Company's assets related to contract costs are amortized on the same basis as revenue recognition of goods related to the asset and recorded in the current profits or losses.

Asset impairment related to contract cost

When the Company recognizes the impairment loss related to contract cost, the Company shall firstly recognize the impairment loss of other assets which are recognized as per other account standards for business enterprises and are related to the contract. Then, if the book value is higher than the difference between the remaining consideration expected to be received for the transfer of the commodity associated with the asset and the estimated costs to be incurred for the relevant commodity, impairment provision will be made for the excess portion and recognized it as asset impairment loss.

If the factors causing the impairment of prior period change and make the previous difference between the above-mentioned items higher than the book value of the asset, the withdrew asset impairment provision shall be reversed and recorded in the current profits or losses, although the book value of asset after reversion shall not exceed the book value of the asset at the reversion date under the condition of not withdrawing the impairment provision.

18. Long-term equity investment

Long-term equity investment of the Company mainly includes the investment to the subsidiaries, associated enterprises and joint ventures.

The Company follows the basis to judge the joint control: all the participants or group of participants collectively control the arrangements, and the policies for activities related to such arrangement must be agreed by all such participants.

In general, it constitutes significant influence on an investee if the Company directly or indirectly through a subsidiary controls 20% (inclusive) or more (less than 50%) voting shares of the investee. Where the Company controls less than 20% voting shares of the investee directly or indirectly through a subsidiary, significant effects on the investee shall be judged based on the facts and circumstances in the case that appoint representative to the board of directors or similar authority under the investee, participate the development of financial and operating policies of the investee, conduct important trading with the investee, dispatch management personnel to the investee, or provide key technical data to the investee.

The one forming control over the investee is the subsidiary of the Company. For the long-term equity investment acquired through business combination under the same control, the share of the combined party in the book value of net assets presented in consolidated financial statements of

ultimate controlling party acquired at the date of combination is recognized as initial investment cost of long-term equity investment. The book value of net assets for the combined party is negative on the combining date, and the long-term equity investment cost is determined as zero.

In case the equity of the investee under the same control is obtained through multiple deals step by step to finally form business combination, for package deals, the Company shall account each deal as a deal to obtain the control. If it is not a package deal, the share of the book value of combined party's net assets presented in consolidated financial statements of ultimate controlling party acquired at the date of combination is recognized as initial investment cost of long-term equity investment. The difference between initial investment cost and the sum of the book value of long-term equity investment before the combination is realized and the book value of consideration additionally paid to further acquire shares on the date of combination is adjusted against the capital surplus; if the capital reserve is not sufficient to be offset, the remaining balance is adjusted against retained earnings.

For long-term equity investments acquired through business combinations not under common control, the combined cost is used as the initial investment cost.

In case the equity of the investee not under the same control is obtained through multiple deals step by step to finally form business combination, for package deals, the Company shall account each deal as a deal to obtain the control. If it is not a package deal, initial investment cost accounted using cost method will be the sum of the book value of original equity investment and new investment cost. For equity investments held before the date of acquisition where equity method is adopted, relevant other comprehensive income accounted originally by equity method shall not be adjusted for the time being, accounting treatment should be applied to the investment on the same basis as those adopted by the invested entity for direct disposal of related assets or liabilities. For equity held before the date of acquisition and accounted at fair value in the available-for-sale financial assets, the accumulated change in fair value which is originally included in other comprehensive income shall be transferred to the investment profit or loss for the current period on the combining date.

Apart from the long-term equity investments acquired through business combination mentioned above, the long-term equity investments acquired by cash payment is used as the cost of investment based on the purchase price actually paid. For long-term equity investments obtained by issuing equity securities, the fair value of the equity securities issued is recorded as the initial investment cost. For long-term equity investments obtained by exchange of non-monetary assets, the initial investment cost shall be determined in accordance with relevant provisions in the *Accounting Standards for Business Enterprises No. 7 - Exchange of Non-Monetary Assets*. The initial investment cost shall be determined in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 12 - Debt Restructuring* by the long-term equity investment of debt restructuring.

Investment in subsidiaries by the Company shall be calculated by cost method, while investment in joint ventures and associates by the Company shall be calculated by equity method.

For long-term equity investment calculated by cost method, the cost of long-term equity investment shall be adjusted when the investment is added or recovered. The cash dividends or profits declared to be distributed by the investee shall be recognized as the current investment income.

For long-term equity investment calculated by equity method in subsequent measurement, the book value of the long-term equity investment shall be increased or decreased accordingly with the changes in owner's equity of the investee. The shares of the net profits & losses of the investee attributable to the Company shall be recognized based on the fair value of all identifiable net assets of the investee upon acquisition of the investment in accordance with the accounting policies and accounting period of the Company, after deducting the parts of the profits & losses arising from

internal transactions between the associates and joint ventures attributable to the Company calculated on the basis of shareholding ratio and adjusting the net profits of the investee.

When disposing the long-term equity investment, the balance between the book value and the acquired price actually shall be included in the current profit and loss. As for long-term equity investments calculated by the equity method, when other changes in owners' equity other than net gain or loss of the investee are recorded in owners' equity, the amount initially recorded in owners' equity is proportionally transferred into current investment income.

If all transactions from step-by-step disposal of equity to loss of controlling interest do not belong to package transaction, the Company will conduct accounting treatment for each transaction. In case of package transaction, all transactions shall be calculated as one transaction of disposing subsidiaries and losing control power for accounting treatment. However, the difference between disposal cost of each transaction and book value of long-term equity investment corresponding to equity disposed before losing control power shall be recognized as other comprehensive income and then shall be transferred into current profits and losses of losing control power upon such loss.

19. Investment real estate

The investment real estates of the Company are depreciated or amortized by the composite life method. The estimated service life, net residual value ratio and annual depreciation (amortization) rate of the investment real estate are as follows:

Type	Depreciation period (year)	Estimated residual value ratio (%)	Annual depreciation rate (%)
Houses and buildings	20 years	5.00%	4.75%

20. Fixed assets

(1) Recognition conditions

Fixed assets of the Company refer to tangible assets with service life over one year, which are held for producing goods, rendering labor services, lease (exclusive of leased houses and buildings) or operation and management.

Fixed assets are recognized when the economic benefits related thereto are likely to flow into the Company and their costs can be measured reliably. Fixed assets include houses and buildings, machine and equipment, transportation equipment and other equipment, and the actual cost at the time of acquisition is taken as the entry value. Among them, the cost of purchased fixed assets includes the purchase price, import duties and other related taxes, as well as other expenditures that can be directly attributed to the fixed assets before the fixed assets reach the predetermined serviceable state; the cost of the self-constructed fixed assets consists of necessary expenses incurred before the constructed assets are ready for the intended use; the fixed assets invested by investors shall be accounted for at the value agreed in the investment contract or agreement, or at the fair value if the value agreed in the investment contract or agreement is unfair.

(2) Depreciation method

Type	Depreciation method	Depreciation method	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	20 years	5.00%	4.75%
Machine equipment	Straight-line method	10 years	5.00%	9.50%
Transportation equipment	Straight-line method	5 years	5.00%	19.00%

Other equipment	Straight-line method	5 years	5.00%	19.00%
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(3) Recognition basis, valuation and depreciation method of fixed assets under financing lease

The fixed assets rented in by way of financial lease shall be accounted for at the fair value. For fixed assets obtained by financing lease, the lower of the fair value of rented assets and the present value of the minimum lease payment on the lease start date shall be recorded as the entry value.

21. Construction in progress

Construction in progress is measured at the actual cost. The self-operating works is measured according to the direct material, direct wage, direct construction cost, etc.; the outsourced works is measured according to the project price payable; the project cost of the equipment installation works is determined according to the value of installed equipment, installation cost, commissioning cost and other expenditures incurred. The cost of construction in process shall also include borrowing costs that should be capitalized.

The fixed assets constructed by the Company shall be transferred into fixed assets at the estimated value based on project budget, construction cost and actual project cost from the date when fixed assets get ready for intended use and depreciation of such assets will be accrued in next month. Upon completion of the final accounts formalities, the original value difference of the fixed assets will be adjusted.

22. Borrowing costs

Recognition principle of borrowing cost capitalization: The borrowing costs incurred by the Company that can be directly attributable to the acquisition and construction or production of qualifying assets, will be capitalized and incurred in the relevant asset cost. Other borrowing costs are recognized as expenses based on the amount incurred and included in the current profit and loss. Qualifying assets are defined as assets that require a substantial amount of time (usually more than one year) for construction or production activities before the asset is ready for its intended use or sale. These include fixed assets, intangible assets and inventory.

Period of capitalizing the borrowing costs: The Company will start to capitalize the borrowing costs related to the qualifying assets when the asset expenditure has been incurred, the borrowing costs have been incurred, and the acquisition, construction or production activities necessary to prepare assets for their intended use or sale are in progress. Where the acquisition or production of a qualifying asset are interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. Capitalization of borrowing costs shall cease once the acquisition, construction or production necessary to prepare the qualifying asset for its intended use or sale are complete.

Method for calculating the amount of borrowing costs to capitalize: If borrowing funds are used specifically for acquiring, constructing or producing qualifying assets, the amount of interest eligible for capitalization by the Company will be the actual interest costs incurred during the specific borrowing period minus the interest income obtained by depositing or temporarily investing unspent borrowed funds. Where a general borrowing is used for the acquisition and construction or production of qualifying assets, the Company shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average of the accumulative asset expenditure minus the asset expenditure of the specific borrowing by the weighted average interest rate of the general borrowing used.

23. Right-of-use assets

The right-of-use asset refers to the right of the Company to use the leased assets as a lessee during the lease term.

(1) Initial measurement

On the commencement date of the lease term, the Company carries out initial measurement to the use-of-right asset. The cost comprises the following four items: ① initial measurement amount of lease liabilities; ② the amount of lease payment made on or before commencement date of lease term, net of relevant amount of used lease incentives (if any); ③ the initial direct cost incurred (i.e., the incremental cost incurred by reaching the lease agreement); ④ costs expected to be incurred to disassemble and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the conditions as agreed under the terms of the lease, excluding costs incurred to produce the inventory.

(2) Subsequent measurement

On the commencement date of the lease term, the Company carries out subsequent measurement to the use-of-right assets in the cost mode, that is, measuring the use-of-right assets by deducting the accrued depreciation amount and accrued impairment loss from the cost.

Where the Company remeasures the lease liabilities according to relevant provisions of the lease criterion, the book value of the use-of-right asset shall be adjusted correspondingly.

(3) Depreciation of right-of-use assets

On the commencement date of the lease term, the provision for depreciation shall be made by the Company to the right-of-use assets. Generally, the depreciation amount of the use-of-right assets is accrued from the month when the lease term starts. The accrued depreciation amount shall be recognized as the cost of relevant assets or current profit or loss according to the purpose of the right-of-use assets.

When determining the depreciation method of right-of-use asset, the Company shall make decisions according to the expected consumption method of the economic benefits related to the right-of-use asset and accrue depreciation to the right-of-use asset with the linear method.

When determining the depreciation years of the right-of-use asset, the Company shall follow the principles below: If the Company can reasonably determine that the ownership of the leased asset is acquired at the expiration of the lease term, depreciation shall be accrued within the remaining service life of the leased asset. Where it is not reasonably certain that the ownership of the lease assets can be obtained upon expiry of lease term, the lease assets shall be depreciated over the shorter of the lease term and the remaining service life of the lease assets.

In case of impairment of use-of-right asset, the Company shall make subsequent depreciation as per the book value of use-of-right asset after the impairment loss is deducted.

24. Intangible assets

(1) Valuation method, service life and impairment test

The intangible assets of the Company mainly include land use rights, software, trademarks and patents. As for intangible assets that are purchased, the actual cost is composed of the actual price paid and other relevant expenditures. For the intangible assets invested by investors, the actual cost is determined by the agreed value in the investment contract or agreement. However, if the agreed value is not fair, the fair value will be taken as the actual cost. Intangible assets are amortized using the composite life method, and the classifications and amortization periods of the Company's intangible assets are as follows:

Type	Amortization year
Land use right	50 years

30 patents	10 years
Software	3-5 years
Trademark or domain name	10 years

The Company's land use rights are amortized evenly according to the lease term, starting from the date of transfer. The Company's patent rights, non-patented technologies, special software use rights and other intangible assets are amortized evenly by stages according to whichever period is the shortest: the asset's estimated useful life, the beneficial period stipulated in the contract, or the period of legal validity. The amount of amortization is included into the current profits and losses or included into the relevant asset cost according to the beneficiaries.

At the end of each year, the Company shall review, and adjust in case of changes, the estimated useful lives and amortization methods used for intangible assets with limited useful lives; in each accounting period, the Company carries out reviews of the estimated useful life of intangible assets whose useful life is uncertain. Where there is evidence showing that the useful life of these intangible assets is limited, the Company will estimate the useful life thereof and amortize these intangible assets during the estimated useful life remaining.

(2) Accounting policies for internal R&D expenditures

The internal R&D expenditures of the Company can be divided into expenditures made at the research stage and those made at the development stage, depending on the nature of the expenditure and the extent of uncertainty on whether the R&D activities will finally form intangible assets.

For internally-generated intangible assets, expenditures at the research stage are included in the current profits and losses when incurred expenditures at the development stage are recognized as an asset, when the following conditions are met:

It is technically feasible to complete the intangible assets so that they can be used or sold.

There is an intention to complete and use or sell the intangible assets.

There is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves.

There is sufficient support in terms of technological, financial and other resources in order to complete the development of the intangible assets, and there is the capability to use or sell the intangible asset.

The expenditures made on the intangible assets during the development stage can be measured reliably.

Expenditures made in the development stage that fail to meet the above conditions shall be included in the current profits and losses when incurred. The development expenditures previously included in the profit and loss statement will not be recognized as assets in subsequent periods. The expenditures incurred and capitalized at the development stage are recorded as development expenditures on the balance sheet and will be carried over as the intangible asset on the date when the project is ready for its intended use.

If the expenditures made at the research and development stages cannot be distinguished, all the R&D expenditures incurred will be fully included in the current profits and losses. The costs of the intangible assets generated by internal development activities only include the total expenditures incurred from the time when the capitalization conditions are met to the point when the intangible assets are used for their intended purposes; for expenditures that are already recorded as such in the profit and loss statement before the capitalization conditions are met during development of the same intangible asset, no adjustments will be made.

25. Impairment of long-term assets

On each balance sheet date, the Company shall audit the projects of its subsidiaries, joint ventures and associates, including long-term equity investments, fixed assets, projects under construction, and intangible assets with finite useful lives. If any of the signs listed below are identified, this is an indication that the asset may be impaired and the Company will conduct an impairment test. Impairment test is carried out on the intangible assets with uncertain goodwill and beneficial period at the end of each period, irrespective of whether there is any indication that the assets may be impaired. If there is difficulty in testing the recoverable amount of a single asset, a test shall be conducted on the asset group which the asset belongs to, or on a combination of asset groups.

After the impairment test, if the book value of the asset exceeds its recoverable amount, the difference shall be recognized as an impairment loss. Once such an impairment loss has been confirmed, it shall not be reversed in the subsequent accounting period. The recoverable amount of an asset is the greater of its fair value less the net value of asset disposal and present value of expected future cash flow.

The following signs may indicate asset impairment:

Current market price of the asset drops substantially, with the drop in price being notably higher than the expected drop over time or due to the asset's normal use.

Significant changes occur in the current period or will occur in the recent future in terms of the economic, technical or legal environment of the operation of an enterprise, and the asset market which have or will have negative impacts on the enterprise.

The market interest rate or other market investment return rates have risen in the current period, affecting the enterprise's discount rate for calculating the asset's present value of expected future cash flow, and leading to a substantial decrease in recoverable amounts of the assets.

There is any amount of evidence to prove the asset has been out of date or the physical asset has been damaged.

The asset has been or will be left unused, terminated for use or disposed of ahead of schedule.

There is evidence from the enterprise's internal reports proving that the economic performance of the asset has been lower or will be lower than expected. For example, the net cash flow generated by the assets or operating profits (or losses) realized is much lower (or higher) than the expected amounts.

Other signs indicating that the asset may have been impaired.

26. Long-term unamortized expenses

The long-term deferred expenses of the Company refer to the expenses that have been paid, but shall be borne in the current and future periods with an amortization period of more than one year. Moreover, such expenses shall be subject to average amortization within the benefit period. If long-term deferred expense items cannot benefit the future accounting periods, the amortized value of such items yet to be amortized shall be fully transferred into the current profits and losses.

27. Employee remuneration

(1) Accounting treatment method of short-term remuneration

Short-term remunerations mainly include wages, bonuses, allowances and subsidies, employee welfare, housing funds, labor union funds, employee education funds, medical insurance premiums, industrial injury insurance premiums, and maternity insurance premiums. In the accounting period during which the employee has rendered service, the actual short-term remuneration incurred is recognized as a liability and recorded in the current profits and losses or related asset costs based on the beneficiary.

(2) Accounting treatment method of post-employment benefits

The post-employment benefits mainly consist of basic endowment insurance, unemployment insurance, enterprise and annuity payments, which are classified into defined contribution plans according to the risks and obligations undertaken by the Company. Moreover, the contributions paid into a separate entity in exchange for the employee's services during the accounting periods at the balance sheet date are recognized as a liability, and recorded in current profits and losses or relevant asset costs based on the beneficiary.

(3) Accounting treatment method of dismissal benefits

Dismissal benefits are required in instances when the Company terminates labor relationships with a certain employee prior to the maturity of their labor contract. The Company shall recognize the employee remuneration liabilities incurred from termination benefits and include them into the current profits and losses. This occurs either when the Company cannot unilaterally withdraw the termination benefits provided by the plan on the termination of the labor relationship or dismissal proposal, or when the Company recognizes the costs or expenses related to restructuring the payment of termination benefits-whichever occurs earlier. The compensations paid exceeding one year will be discounted then included in the current profits or losses.

(4) Accounting treatment method of other long-term employee benefits

Other long-term benefits mainly include long-term incentive plans and long-term benefits. The Company conducts accounting treatment according to relevant provisions of the defined contribution plans.

28. Lease liabilities

(1) Initial measurement

The Company shall initially measure the lease liabilities according to the present value of the lease payment unpaid on the commencement date of the lease term.

1) Lease payment

The lease payment refers to the payment made by the Company to the leaser as for the right of use the leased assets during the lease term, including: ① fixed payment and practical fixed payment, with relevant lease incentive (if any) deducted; ② variable lease payments that are based on an index or rate, which shall be determined at the time of initial measurement based on the index or rate on the commencement date of the lease term; ③ the exercise price of a purchase option if the Company is reasonably certain to exercise that option; ④ the amount payable for exercising the option to terminate the lease if the Company intends to exercise the option to terminate the lease during the lease term; ⑤ expected payable amount based on secured residual value provided by the Company.

2) Discount rate

In calculating the present value of the lease payments, the Company adopts the interest rate embedded in the lease as the discount rate. If the Company is unable to determine the interest rate embedded in the lease, it will adopt the incremental borrowing rate as the discount rate. The incremental loan interest rate is defined as the interest rate that the Company would have to pay to borrow, for a term similar to the duration of the lease and with similar security, the funds necessary to obtain an asset of similar value to the asset by right of use in a similar economic environment.

(2) Subsequent measurement

When the lease term commences, the Company shall make subsequent measurement for the lease liabilities on the basis of principles below: ① the carrying account of increased lease liabilities when the interests of lease liabilities are recognized; ② the carrying account of decreased lease

liabilities when the lease payment is made; ③ the book value of remeasured lease liabilities when the lease payment is changed due to revaluation, lease change or other reasons.

The interest expenses of lease liabilities in each period of the lease term are calculated in accordance with the fixed periodic interest rate, and are included to the current profit or loss, unless capitalization is required. The periodic interest rate refers to the discount rate taken by the Company for initial measurement or the revised discount rate taken by the Company when it is necessary to remeasure the lease liabilities as per the revised discount rate due to lease payment change or lease change.

(3) Lease change

Lease change refers to the change in lease scope, lease consideration and lease term beyond the terms of the original contract, including increasing or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc. The effective date of lease change refers to the date when the Parties reach the agreement on lease change.

When the lease changes and meets the following conditions, the Company will treat it as a separate lease: ① the lease change expands the lease scope by adding one or more right-of-use leased assets; ② the increased consideration is equivalent to the single price of the expanded lease scope adjusted according to the contract.

In case where accounting treatment is not made for lease change as a single lease, on the effective date of lease change, the Company will appropriate the consideration of the changed contract according to the relevant provisions of the lease criteria and redefine the updated lease term. In addition, the Company will discount the changed lease payment according to the revised discount rate, so as to remeasure the lease liabilities. In calculating the present value of the lease payment after the change, the Company uses the interest rate implicit in lease for the remaining lease term as the discount rate. If the interest rate implicit in lease for the remaining lease term cannot be determined, the incremental borrowing interest rate of the lessee on the effective date of lease change shall be used as the discount rate by the Company. With regard to the impact of the above adjustment of lease liabilities, the Company adopts accounting methods in the following situations: ① In the event that the lease scope is narrowed down or the lease term is shortened as a result of the lease change, the lessee shall reduce the book value of the right-of-use assets, and the relevant gains or losses from the partial or complete termination of the lease shall be included into the current loss and profit. ② For the lease liabilities remeasured due to other lease changes, the lessee shall adjust the book value of the right-of-use assets accordingly.

29. Provisions

When obligations relating to contingencies such as external guarantee, pending litigation or arbitration, product quality assurance, layoff plans, loss contracts, restructuring obligations, environmental pollution control, commitments, and disposal obligation of fixed assets also meet the following conditions, the company recognizes it as a liability: the obligation is currently being undertaken by the company; there is a high possibility that the fulfillment of the obligation will result in the outflow of economic benefits from the enterprise; and the amount of the obligation can be reliably measured.

Provisions are initially measured according to the best estimate of the expenditure required to settle the present obligation, taking into account factors relating to contingencies such as risks, uncertainties and the time value of money. Where the time value of money has a significant impact, the best estimate shall be ascertained after discounting the future relevant cash outflow. The book value of provisions is reviewed at the balance sheet date and adjusted to reflect the current best estimate if there is any change.

For possible obligations arising from past transactions or events whose existence depends on whether one or more uncertain future events occur; or for present obligations formed by past transactions or events, where the fulfillment of the obligation is not likely to cause an outflow of economic benefits from the Company, or the amount of the obligation cannot be reliably measured, the Company will disclose these possible or present obligations as contingent liabilities.

30. Share-based payment

Share-based payment refers to transactions in which equity instruments are granted or liabilities are incurred based on equity instruments in order to obtain services provided by the employees or other parties. Share-based payments are divided into equity-settled and cash-settled share-based payments.

Equity-settled share-based payments made in exchange for the service of employees are measured at the fair value on the date at which the equity instrument is granted to employees. Where the right may only be exercised if the service is completed within the waiting period, or if specified performance conditions are met, the fair value shall be included in relevant costs or expenses using the straight-line method and capital reserve shall be increased accordingly, based on the best estimate of the number of vested equity instruments within the waiting period.

Cash-settled share-based payments shall be measured at the fair value of liabilities, and recognized on the basis of share options or other equity instruments undertaken by the Company. If excisable immediately after the grant, the fair value of the liabilities assumed shall be included in the relevant costs or expenses on the granting date, and the liabilities shall be increased accordingly. If it is necessary to complete the services in the waiting period or achieve the specified performance conditions before the right is excisable, on each balance sheet date of the waiting period, the services acquired in the current period shall be included in the cost or expense based on the best estimation of the excisable right, and the liabilities shall be adjusted accordingly according to the fair values of the liabilities assumed by the Company.

On each balance sheet date and settlement date prior to the settlement of relevant liabilities, the fair value of the liabilities will be re-measured, with any changes recorded in the profits and losses at the current period.

31. Revenue

Operating revenues of the company are mainly from sales of goods, rendering labor service and transferring right to use assets.

Revenue recognition principle

The Company recognizes the revenue upon fulfillment of its performance obligations within the contract, that is, when the client obtains control of the relevant goods or services. Acquisition of control over relevant goods or services means the ability to manage the use of such goods or the provision of services and to receive almost all economic benefits therefrom.

The Company assesses the contract from the commencement date of the contract and recognizes each individual performance obligation included by the contract, and determines if each individual performance obligation will be fulfilled during a certain period or at a certain time point.

The performance obligations are fulfilled within a certain period once the Company meets one of the following conditions. Otherwise, the Company is to fulfill the performance obligations at a specified time point:

1) The client obtains and consumes the economic benefits while the Company fulfills the performance obligations.

2) The client can control goods or services still under construction while the Company is still in the process of fulfilling the performance obligations.

3) The goods generated while the Company is in the process of performing the contract are indispensable, and the Company has the right to collect partial payments for the cumulative performance obligations that have been fulfilled so far within the contract period.

If the performance obligations are performed within the specified period, the Company will recognize the revenue within this period in accordance with the progress of the contract's performance. If the performance progress cannot be reasonably determined and the costs incurred by the Company are expected to be compensated, the revenue will be ascertained according to the costs incurred, until the performance progress can be reasonably determined.

If the performance obligations are performed at the specified time point, the Company will recognize the revenue at the time when the client obtains control over the relevant goods or services. In judging whether the client has obtained control over goods or services, the Company shall consider the following signs:

- 1) The Company has the current right to collect payment for the goods or services.
- 2) The Company has transferred the legal ownership of the goods to the client.
- 3) The Company has transferred physical possession of the goods to the client.
- 4) The Company has transferred the main risks and rewards of ownership of the goods to the client.
- 5) The customer has accepted the goods or services, etc.

The Company lists the right to receive considerations for transfer of goods or services to the customer as a contract asset, for which the impairment will be withdrawn on the basis of expected credit loss. The right of the Company to unconditionally receive considerations from the customer is listed as receivables. The Company presents the obligation to transfer goods or services to the customer for considerations received or receivable from the customer as a contract liability.

Revenue measurement principle

1) If there are two or more performance obligations in the contract, the Company will apportion the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the goods or services promised by the single performance obligation at the beginning of the contract, and the revenue shall be measured according to the transaction price apportioned to each single performance obligation.

2) The transaction price refers to the amount of consideration that the Company expects to collect due to the transfer of goods or services to the client, excluding the amount collected by third parties. The transaction price recognized by the Company shall not exceed the amount of the recognized accumulative revenue which is not likely to significantly turn back when relevant uncertainty is eliminated. The expected amount to be returned to the client will be listed as a liability and not be included into the transaction price.

3) If there is significant financing in the contract, the Company shall determine the transaction price according to the amount payable in cash when the client obtains control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the contract commencement date, if the Company estimates that the time between the client's acquisition of control over goods or services and the payment of the price by the client will not exceed one year, the significant financing in the contract shall not be considered.

Specific method for revenue recognition

Revenue recognized by time point

Selling electric appliances, fittings and materials by the Company is the performance

obligation at a time point.

Revenue recognition conditions for domestic sales commodity: The Company has delivered the product to the customer according to the contract terms and the customer has received the product; the payment has been collected or the receipt voucher has been provided and relevant economic profits might flow into the Company; main risks and remuneration as for the ownership of the commodity have been transferred; and legal ownership and control right of the commodity have been transferred.

Revenue recognition conditions for exported commodity: The Company has declared the product to the customs and the product has been delivered according to the contract terms; the bill of lading has been obtained, the payment has been collected or the receipt voucher has been provided and relevant economic profits might flow into the Company; main risks and remuneration as for the ownership of the commodity have been transferred; and legal ownership and control right of the commodity have been transferred.

Revenue recognized by performance progress

The technical service revenue of the Company and the business contract between the operating lease and the customer are the performance obligations to be performed within a period, for which the revenue shall be recognized according to the performance progress.

32. Government grants

The government grants of the Company include fiscal appropriation. Government grants relating to assets refer to government grants obtained by the Company for purchasing and acquiring long-term assets or forming long-term assets by other ways. The income-related government grants refer to those other than asset-related grants. In case the purpose of a grant is not expressly stipulated in the government document, the Company will categorize the grant according to these above principles. If it is difficult to categorize the grant, it will be categorized as the income-related government grant.

If a government grant is a monetary asset, it will be measured at the amount received; for the grant appropriated according to the fixed quota or for the grant where there is concrete evidence showing that the Company is qualified to receive governmental financial support and will be able to receive the support by the end of the accounting period, the grant will be measured at the receivable; if the government grant is a non-monetary asset, it will be measured at the fair value, or measured at its nominal amount (RMB 1) if the fair value cannot be obtained reliably.

The government grants relating to assets are recognized as deferred income, and the government subsidies relating to assets recognized as deferred income are included into the current losses and profits according to the average distribution method within relevant asset service life.

If the relevant asset has been sold, transferred, retired or damaged before the end of the service life, the balance of the relevant deferred income that has not been allocated will be transferred into the current profit and loss of asset disposal.

Government grants relating to income that compensate future costs, expenses or losses are recognized as deferred income, and recognized in profit or loss in reporting the related costs, expenses or losses. The government grants relating to the ordinary activities are included in other income or deducted against relevant costs and expenses according to the nature of the accounting event, otherwise, they are included in non-operating income. Government grants unrelated to daily activities will be included in non-operating income.

If the Company obtains the subsidized loan as a result of preferential financial policy, there will be two situations: the Ministry of Finance appropriates the interest subsidy to the lending bank, or the Ministry of Finance directly appropriates the subsidy to the Company, and the accounting treatment for each of these situations is as follows:

Where the Ministry of Finance appropriates the subsidy to the lending bank, and the bank provides the Company with the loan at a discounted interest rate, the Company will use the actual amount of loan received as the book value of the loan, and calculate the relevant borrowing costs based on the principal of the loan and the interest rate.

Where the Ministry of Finance directly appropriate the interest subsidy to the Company, the Company will deduct the corresponding interest subsidy against the borrowing costs.

Where the governmental grants recognized by the Company need to be returned, the accounting treatment will be done as follows in the period they are returned:

1) Where the book value of relevant assets is deducted at the time of the initial recognition, the book value of assets will be adjusted.

2) Where there is any deferred income concerned, the book balance of the deferred income will be deducted, but the excessive part will be included in the current profit or loss.

3) For other circumstances, the government grants will be directly included in the current profit or loss.

33. Deferred income tax assets/liabilities

Deferred income tax asset and deferred tax liability of the Company are calculated and recognized based on the differences (temporary differences) between the tax base and the book value of an asset or liability. For the deductible loss and tax credits that can be deducted annually in the subsequent years according to tax laws, the corresponding deferred income tax assets are recognized. Where the temporary differences arise from the initial recognition of goodwill, the corresponding deferred income tax liabilities are not recognized. No deferred tax asset or deferred tax liability is recognized where the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination affect neither accounting profit nor taxable profit (or deductible loss). On the balance sheet date, the deferred income tax asset and liability are measured at the applicable tax rates during the period when the asset is realized or the liability is settled as expected.

The Company recognizes the deferred income tax asset to the extent that it is probable that the taxable income will be available against which the deductible temporary differences, deductible losses and tax credits can be deducted.

34. Lease

(1) Accounting method for operating lease

(1) Identification of lease

Lease refers to that the leaser transfers the right to use the asset to the lessee within a certain period to obtain consideration contracts. On the commencement date of the contract, the Company assesses whether the contract serves as the lease or includes the lease. If one party to the contract transfers the right to control one or more identified assets during a certain period in exchange for consideration, such contract is or includes lease. To determine whether the contract has transferred the right to control the use of the identified assets in a certain period of time, the Company assesses whether the customer in the contract is entitled to receive almost all the economic benefits arising from the use of the identified assets during the use period and is entitled to manage the use of the identified assets during the use period.

If a number of separate leases are contained in one contract, the Company will split the contract and adopt accounting methods to each lease on an individual basis. If a contract includes both lease and non-lease components, the Company will separate the lease from the non-lease component before accounting treatment.

(2) The Company serves as the lessee

At the commencement of the lease term, the right-of-use assets and lease liabilities shall be recognized for the lease by the Company. The right-of-use assets are initially measured by cost, including initial measurement amount of the lease liabilities, lease payment (deducting the amount related to the lease incentives) paid on or before the first day of the lease term, initial direct costs incurred and costs predicted to dismantle and remove leased assets, restore the location of the leased assets or restore the leased assets to the state as agreed in the lease terms.

The right-of-use assets and lease liabilities shall be recognized for the lease by the Company as the lessee.

2) Lease change

Lease change refers to the change in lease scope, lease consideration and lease term beyond the terms of the original contract, including increasing or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc. The effective date of lease change refers to the date when the Parties reach the agreement on lease change.

When the lease changes and meets the following conditions, the Company will treat it as a separate lease: ① the lease change expands the lease scope by adding one or more right-of-use leased assets; ② the increased consideration is equivalent to the single price of the expanded lease scope adjusted according to the contract.

In case where accounting treatment is not made for lease change as a single lease, on the effective date of lease change, the Company will appropriate the consideration of the changed contract according to the relevant provisions of the lease criteria and redefine the updated lease term. In addition, the Company will discount the changed lease payment according to the revised discount rate, so as to remeasure the lease liabilities. In calculating the present value of the lease payment after the change, the Company uses the interest rate implicit in lease for the remaining lease term as the discount rate. If the interest rate implicit in lease for the remaining lease term cannot be determined, the incremental borrowing interest rate of the lessee on the effective date of lease change shall be used as the discount rate by the Company. With regard to the impact of the above adjustment of lease liabilities, the Company adopts accounting methods in the following situations: ① In the event that the lease scope is narrowed down or the lease term is shortened as a result of the lease change, the lessee shall reduce the book value of the right-of-use assets, and the relevant gains or losses from the partial or complete termination of the lease shall be included into the current loss and profit. ② For the lease liabilities remeasured due to other lease changes, the lessee shall adjust the book value of the right-of-use assets accordingly.

3) Short-term leases and leases of low-value assets

For short-term leases with a lease term of no more than 12 months and low-value asset leases at a low value when individual leased assets are brand new, the Company chooses not to recognize the right-of-use assets and lease liabilities. Lease payments under short-term leases and leases of low-value assets are recognized by the Company on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the period.

(3) The Company serves as the lessor

On the basis of the contract is evaluated as a lease or including a lease in (1), the Company, as the lessor, divides the lease into financial lease and operating lease at the commencement of the lease.

A lease that transfers in substance almost all the risks and rewards incident to ownership of a leased asset is classified as a financial lease by the lessor. A lease other than the financial lease is an operating lease.

The Company usually classifies a lease as a financial lease if one or more of the following situations exist: ① the ownership of the leased asset is transferred to the lessee at the expiration of the lease term; ② the lessee has the right to choose to purchase the leased asset; the established purchase price is expected to be much lower than the fair value of the leased asset when exercising the right of choice, and hence it can be reasonably determined that the lessee will exercise this right of choice on the inception of lease; ③ the lease term accounts for a substantial proportion (not less than 75%) of the service life of the leased asset, notwithstanding that the ownership of the asset will not be transferred; ④ on the inception of lease, the present value of the lease receipts is almost equal to the fair value of the leased asset (not less than 90% of the fair value of the leased asset.); and ⑤ the leased assets are of a specialized nature that only the lessee can use them without making major modifications. The Company may also classify a lease as a financial lease if one or more of the following signs exist: ① if the lessee cancels the lease, the resulting loss to the lessor shall be borne by the lessee; ② the gain or loss arising from the fluctuation in the fair value of the residual value of the asset shall be attributable to the lessee; and ③ the lessee is able to continue the lease to the next period at a rent much lower than the market level.

2) Accounting treatment of operating leases

Treatment of rent

The Company adopts the straight-line method to recognize the lease receipts from operating leases as rental income during all periods within the lease term.

Incentive measures provided

If a rent-free period is provided, total rent shall be amortized by adopting the straight-line method within the lease term not excluding the rent-free period, and the rental income shall be recognized in the rent-free period. Certain costs incurred by the lessee, if undertaken by the Company, shall be excluded from total rental income and the balance of rental income after deducting these costs shall be amortized within the lease term.

Initial direct costs

The initial direct costs incurred by the Company related to the operating lease shall be capitalized to the cost of leased underlying asset and shall be included in current profits and losses on the same basis as recognition of rental income during the lease term.

Depreciation

For fixed assets included in assets under operating leases, accrual depreciation shall base on the depreciation policy adopted by the Company for similar assets. Other assets under operating leases shall be amortized in a systematic and reasonable manner.

Variable lease payments

Variable lease payments acquired by the Company in connection with operating leases that are not included in the lease receipts are recognized in the current profits and losses when actually incurred.

Change of operating lease

In case of changes in the operating lease, the Company will treat it as a new lease as of the effective date of the change, and the lease advance or receivables related to the lease before the change will be regarded as the amount received from the new lease.

(2) Accounting methods of financial lease

Initial measurement

On the commencement date of lease term, the Company recognizes financial lease receivables for financial lease and derecognizes financial lease assets. Upon initial measurement of financial

lease receivables, the Company takes net investment in lease as entry value of financial lease receivables.

Net investment in lease is the sum of unsecured residual value and the present value of outstanding lease receipts discounted on interest rate implicit in lease on the commencement date of the lease term. Lease receipts refer to the amount that the lessor shall collect from the lessee for transferring the right to use the leased assets during the lease term, including: ① the amount of fixed payment and substantial fixed payment to be paid by the lessee, net of relevant amount of lease incentives if any; ② variable lease payments that are based on an index or rate, which shall be determined at the time of initial measurement based on the index or rate on the commencement date of the lease term; ③ exercise price of call option, given that the lessee will reasonably exercise such option; ④ amount payable by the lessee for exercising the option to terminate the lease, if it is indicated during the lease term that the lessee will exercise the option to terminate the lease; ⑤ The residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee and an independent third party with the financial ability to meet the guarantee obligation.

Subsequent measurement

The Company calculates and recognizes the interest income in each period of the lease term according to the fixed periodic rate. Such periodic rate refers to the implicit discount rate used to determine the net investment in the lease (in case of sublease, the discount rate of the original lease is adopted, if the interest rate implicit in lease of the sublease cannot be determined), or the revised discount rate determined according to the relevant provisions when the change of the financial lease has not been treated as a separate lease for accounting, and it is satisfied that the lease will be classified as the financial lease, if the change takes effect at the beginning of the lease.

Accounting treatment of lease change

When a change happens to the financial lease and meets the following conditions, the Company will treat it as a separate lease: ① the change expands the lease scope by increasing the right to use one or more leased assets; ② the increased consideration is equivalent to the single price for the expanded portion of lease scope adjusted according to contract circumstances.

If such a change to the financial lease is not accounted for as a separate lease and the condition is satisfied that if the change becomes effective on the commencement date of the lease, the lease is classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease change and regard the net lease investment prior to the effective date of the lease change as the book value of the leased asset.

35. Significant accounting policy and accounting estimate changes

(1) Significant accounting policy changes

On December 7, 2018, the Ministry of Finance revised and issued the *Chinese Accounting Standards No. 21-Lease* (hereinafter referred to as the CAS 21). The Company began to carry out accounting treatment in accordance with the newly revised standards as mentioned above from January 1, 2021.

(2) Significant accounting estimate changes

Applicable Not Applicable

(3) Relevant financial statement items at the beginning of 2021 when the adjustments stipulated in the new CAS 21-Lease apply for the first time

Should the balance sheet items be adjusted at the beginning of the year?

Yes No

(4) Notes to comparative data at the early stage of retroactive adjustment stipulated in the new CAS 21-Lease apply from 2021 for the first time

Applicable Not Applicable

VI. Taxation

1. Main tax categories and tax rates

Category	Tax base	Tax rate
Added-value tax	Income from sales of goods	13%
	Income from provision of technical services	6%
	Rental income	5%, 9%
City maintenance and construction tax	Turnover tax paid actually	7%
Education surcharge	Turnover tax paid actually	3%
Local education surcharge	Turnover tax paid actually	2%
House tax	70% of the original value of the house	1.2%
	Rental income	12%
Land use tax	Total land area	RMB 5-10/m ²
Corporate income tax	Taxable income	15%, 25%

Disclosure of taxpayers with different corporate income tax rates

Name of taxpayer	Income tax rate
Hangzhou Robam Appliances Co., Ltd.	15%
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	15%
Zhejiang Cookingfuture Technology Co., Ltd.	25%
Beijing Robam Appliances Sales Co., Ltd.	25%
Shanghai Robam Appliances Sales Co., Ltd.	25%
Hangzhou MingQi Electric Co., Ltd.	25%
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	25%
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	25%

2. Preferential tax policy

Preferential income tax policy

The Company obtained the Certificate of High-Tech Enterprise (Certificate No.: GR202,033,007,142) jointly issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation

Administration, and Local Taxation Bureau of Zhejiang Province on December 1, 2020. The certificate is valid for 3 years. According to the relevant provisions, after being identified as a high-tech enterprise, the Company will enjoy the relevant preferential policies of the state on high-tech enterprises for three consecutive years (i.e., the Company is entitled to the preferential income tax policy from January 1, 2020 to December 31, 2022), and the income tax shall be levied at the rate of 15%.

The subsidiary of the Company, Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd. (hereinafter referred to as Shengzhou Kinde), obtained the Certificate of High-tech Enterprise (Certificate No.: GR201,933,002,261) jointly issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service on December 4, 2019. After the recognition, it will enjoy the preferential tax policy of the state on high-tech enterprises for three consecutive years (i.e., it is entitled to the preferential income tax policy from January 1, 2019 to December 31, 2021), and its income tax shall be levied at the tax rate of 15%.

VII. Notes to items in the consolidated financial statements

1. Cash and cash equivalents

In RMB

Item	Ending balance	Beginning balance
Cash in hand	193,275.57	110,770.11
Deposit in bank	4,141,172,524.88	3,885,907,031.42
Other cash and cash equivalents	48,684,204.89	35,034,898.78
Total	4,190,050,005.34	3,921,052,700.31

Note: The other cash and cash equivalents at the end of the accounting period are RMB 48,684,204.89, including the L/C margin of RMB 43,631,832.10, and the bill acceptance margin of RMB 4,922,294.81, the use of which are limited; and the Alipay balance is RMB 130,077.98, which can be withdrawn without any limit at any time.

2. Financial assets held for trading

In RMB

Item	Ending balance	Beginning balance
Financial assets measured at fair value through profit or loss	2,019,000,000.00	2,352,000,000.00
Including:		
financial products	2,019,000,000.00	2,352,000,000.00
Including:		
Total	2,019,000,000.00	2,352,000,000.00

3. Notes receivable

(1) Classified presentation of notes receivable

In RMB

Item	Ending balance	Beginning balance
Banker's acceptance	516,224,844.51	850,950,227.31
Trade acceptance	1,426,292,444.23	981,751,215.77
Total	1,942,517,288.74	1,832,701,443.08

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Notes receivable with an individual bad debt provision	13,766,800.14	0.68%	9,636,760.10	70.00%	4,130,040.04	11,176,846.26	0.59%	7,823,792.38	70.00%	3,353,053.88
Including:										
Notes receivable with a collective bad debt provision	2,018,738,466.57	99.32%	80,351,217.87	3.98%	1,938,387,248.70	1,887,831,706.05	99.41%	58,483,316.85	3.10%	1,829,348,389.20
Including:										
Banker's acceptance	516,224,844.51	25.40%			516,224,844.51	850,950,227.31	44.81%			850,950,227.31
Trade acceptance	1,502,513,622.06	73.92%	80,351,217.87	5.35%	1,422,162,404.19	1,036,881,478.74	54.60%	58,483,316.85	5.64%	978,398,161.89
Total	2,032,505,266.71	100.00%	89,987,977.97	4.43%	1,942,517,288.74	1,899,008,552.31	100.00%	66,307,109.23	3.49%	1,832,701,443.08

Individual bad debt provision:

In RMB

Name	Ending balance			
	Book balance	Bad debt reserve	Percentage of provision	Reasons for provision
Trade acceptance with an individual bad debt provision	13,766,800.14	9,636,760.10	70.00%	

Individual bad debt provision:

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Percentage of provision
Banker's acceptances combined	516,224,844.51		/
Trade acceptances combined	1,502,513,622.06	80,351,217.87	5.35%

Total	2,018,738,466.57	80,351,217.87	--	--
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(2) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Other	
Trade acceptance	66,307,109.23	23,680,868.74				89,987,977.97
Total	66,307,109.23	23,680,868.74				89,987,977.97

(3) Notes receivable that has been endorsed or discounted by the Company and not due on the balance sheet date at the end of the period

In RMB

Item	Ending amount derecognized	Ending amount not derecognized
Trade acceptance		10,000,000.00
Total		10,000,000.00

(4) Notes transferred to accounts receivable by the Company due to drawer's non-performance at the end of the period

In RMB

Item	Amount of accounts receivable transferred at the end of the period
Trade acceptance	85,226,731.74
Total	85,226,731.74

4. Accounts receivable

(1) Classified disclosure of accounts receivable

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Accounts receivable with individual bad debt provisions	12,010,024.39	1.13%	9,800,305.29	81.60%	2,209,719.10	15,164,080.60	1.40%	12,320,940.24	81.25%	2,843,140.36
Including:										
Accounts	1,048,911,	98.87%	63,083,7	6.01%	985,8	1,065,68	98.60%	60,287,5	5.66%	1,005,39

receivable with a collective bad debt provision	956.85		52.99		28,203.86	0,355.15		49.11		2,806.04
Including:										
Total	1,060,921,981.24	100.00%	72,884,058.28	6.87%	988,037,922.96	1,080,844,435.75	100.00%	72,608,489.35	6.72%	1,008,235,946.40

Individual bad debt provision:

In RMB

Name	Ending balance			
	Book balance	Bad debt reserve	Percentage of provision	Reasons for provision
Accounts receivable with insignificant single amount and individual provision for bad debt	4,644,294.05	4,644,294.05	100.00%	Expected to be irrecoverable
Accounts receivable with insignificant single amount and individual provision for bad debt	7,365,730.34	5,156,011.24	70.00%	Expected to be exposed to recovery risk
Total	12,010,024.39	9,800,305.29	--	--

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Percentage of provision
Within 1 year	929,679,608.70	46,483,980.43	5.00%
1-2 years	102,491,487.55	10,249,148.75	10.00%
2-3 years	10,312,493.21	2,062,498.64	20.00%
3-4 years	3,961,386.81	1,980,693.40	50.00%
4-5 years	797,744.02	638,195.21	80.00%
More than 5 years	1,669,236.56	1,669,236.56	100.00%
Total	1,048,911,956.85	63,083,752.99	--

Disclosed based on the aging of accounts receivable

In RMB

Aging	Ending balance
Within 1 year (including 1 year)	936,666,379.48
1-2 years	104,644,092.16
2-3 years	10,312,493.21
More than 3 years	9,299,016.39
3-4 years	3,961,386.81

4-5 years	797,744.02
More than 5 years	4,539,885.56
Total	1,060,921,981.24

(2) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Other	
Bad debt reserves for accounts receivable	72,608,489.35	4,852,436.13	4,576,867.20			72,884,058.28
Total	72,608,489.35	4,852,436.13	4,576,867.20			72,884,058.28

(3) Top five debtors with the biggest ending balances of accounts receivable

In RMB

Unit	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of bad debt reserves
Unit 1	181,717,542.00	17.13%	9,085,877.10
Unit 2	82,536,456.34	7.78%	4,126,822.82
Unit 3	60,191,842.27	5.67%	6,019,184.23
Unit 4	29,324,596.32	2.76%	1,466,229.82
Unit 5	24,904,134.49	2.35%	1,245,206.72
Total	378,674,571.42	35.69%	

5. Advance payments

In RMB

Aging	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	160,166,532.70	99.35%	68,516,272.50	98.04%
1-2 years	1,049,895.82	0.65%	1,373,126.97	1.96%
Total	161,216,428.52	--	69,889,399.47	--

The advance payments balance of the top five payers by the end of the current period totaled RMB 108,733,276.25, accounting for 67.45% of the total.

6. Other receivables

In RMB

Item	Ending balance	Beginning balance
Other receivables	93,254,368.24	56,589,791.38
Total	93,254,368.24	56,589,791.38

1) Classification of other receivables by nature

In RMB

Nature of receivable	Book balance at the end of the period	Initial book balance at the beginning of the period
Security/guarantee deposits	43,231,981.28	39,954,577.27
Collections by a third party	48,933,751.24	20,064,674.31
Cash reserve	14,429,760.30	4,326,156.43
Withholdings	4,908,658.12	2,740,994.81
Other	3,089,259.44	3,306,429.16
Total	114,593,410.38	70,392,831.98

2) Bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss over the entire duration (with credit impairment)	
Balance on January 1, 2021	13,803,040.60			13,803,040.60
Balance on January 1, 2021 in the current period	—	—	—	—
Provision in the current period	7,536,001.54			7,536,001.54
Balance on June 30, 2021	21,339,042.14			21,339,042.14

Changes in the book balance with significant change in amount of the loss provision in the current period

Applicable Not applicable

Disclosed based on the aging of accounts receivable

In RMB

Aging	Ending balance
Within 1 year (including 1 year)	85,635,997.90
1-2 years	5,324,973.46
2-3 years	3,992,295.51
More than 3 years	19,640,143.51
3-4 years	1,938,641.17
4-5 years	15,660,400.00
More than 5 years	2,041,102.34
Total	114,593,410.38

3) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Other	
Bad debt reserve for other receivables	13,803,040.60	7,536,001.54				21,339,042.14
Total	13,803,040.60	7,536,001.54				21,339,042.14

4) Top five debtors with the biggest ending balances of other receivables

In RMB

Unit	Nature of receivable	Ending balance	Aging	Proportion in the total ending balance of other accounts receivable	Ending balance of bad debt provision
Unit 1	Collections by a third party	48,933,751.24	Within 1 year	42.70%	2,446,687.56
Unit 2	Security/guarantee deposits	14,778,000.00	4-5 years	12.90%	11,822,400.00
Unit 3	Cash reserve	2,957,384.30	Within 1 year	2.58%	147,869.22
Unit 4	Security/guarantee deposits	2,400,000.00	Within 1 year	2.09%	120,000.00
Unit 5	Collections by a third party	2,288,880.00	Within 1 year	2.00%	114,444.00
Total	--	71,358,015.54	--	62.27%	14,651,400.78

7. Inventory
(1) Classification of inventories

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for obsolete inventory or for impairment of the cost of contract performance	Book value	Book balance	Provision for obsolete inventory or for impairment of the cost of contract performance	Book value
Raw materials	119,026,786.89		119,026,786.89	90,099,485.06		90,099,485.06
Products in process	96,486,420.19		96,486,420.19	56,669,379.52		56,669,379.52
Merchandise inventory	377,957,760.48	31,299,857.11	346,657,903.37	356,798,655.96	31,299,857.11	325,498,798.85
Goods shipped in	994,360,949.65		994,360,949.65	895,794,857.43		895,794,857.43

transit						
Low-cost consumables and packing materials	22,282,750.38		22,282,750.38	18,026,823.98		18,026,823.98
Total	1,610,114,667.59	31,299,857.11	1,578,814,810.48	1,417,389,201.95	31,299,857.11	1,386,089,344.84

(2) Provision for obsolete inventory or for impairment of the cost of contract performance

In RMB

Item	Beginning balance	Increased amount in the current period		Decreased amount in the current period		Ending balance
		Provision	Other	Reversals or write-off	Other	
Merchandise inventory	31,299,857.11					31,299,857.11
Total	31,299,857.11					31,299,857.11

8. Other current assets

In RMB

Item	Ending balance	Beginning balance
Input tax to be deducted	59,794.96	667,378.56
Total	59,794.96	667,378.56

9. Long-term equity investment

In RMB

Investee	Beginning balance (book value)	Increase/decrease in the current period								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Negative investment	Investment profit or loss recognized using the equity method	Adjustment of other comprehensive income	Other changes in equity	Cash dividends or profits declared and distributed	Provision for impairment	Other		
I. Joint venture											
De Dietrich Trade (Shanghai) Co., Ltd.	3,452,769.59			-1,440,070.07						2,012,699.52	

Subtotal	3,452,769.59			-1,440,070.07						2,012,699.52
II. Associated enterprises										
Total	3,452,769.59			-1,440,070.07						2,012,699.52

10. Other equity instrument investments

In RMB

Item	Ending balance	Beginning balance
Suzhou Industrial Park Ruican Investment Enterprise (Limited Partnership)	100,000,000.00	100,000,000.00
Shanghai MXCHIP Information Technology Co., Ltd.	2,116,023.22	2,116,023.22
Total	102,116,023.22	102,116,023.22

Disclosure of non-tradable equity instrument investment by item in the current period

In RMB

Name of item	Recognized dividends income	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive incomes to retained earnings	Reason for being designated to be measured by fair value and the change being recorded in other comprehensive income	Reason for the transfer of other comprehensive incomes to retained earnings
Suzhou Industrial Park Ruican Investment Enterprise (Limited Partnership)					Held not for the purpose of trading	
Shanghai MXCHIP Information Technology Co., Ltd.			17,832,510.78		Held not for the purpose of trading	

11. Investment real estate

(1) Investment real estate under the cost measurement mode

In RMB

Item	Buildings	Total
I. Original book value		
1. Beginning balance	2,686,483.26	2,686,483.26
2. Increased amount in the current period	16,307,011.82	16,307,011.82

Transfers from inventories/fixed assets/construction in progress	16,307,011.82	16,307,011.82
3. Decreased amount in the current period		
4. Ending balance	18,993,495.08	18,993,495.08
II. Accumulated depreciation and amortization		
1. Beginning balance	95,481.42	95,481.42
2. Increased amount in the current period	321,998.30	321,998.30
(1) Accrual or amortization	321,998.30	321,998.30
3. Decreased amount in the current period		
4. Ending balance	417,479.72	417,479.72
III. Impairment provision		
IV. Book value		
1. Ending book value	18,576,015.36	18,576,015.36
2. Beginning book value	2,591,001.84	2,591,001.84

12. Fixed assets

In RMB

Item	Ending balance	Beginning balance
Fixed assets	922,789,184.72	824,978,354.71
Disposal of fixed assets	2,813.32	
Total	922,791,998.04	824,978,354.71

(1) Fixed assets

In RMB

Item	Houses and buildings	Machine and equipment	Transportation equipment	Other equipment	Total
I. Original book value:					
1. Beginning balance	701,928,665.91	617,955,333.33	18,885,826.18	78,572,369.24	1,417,342,194.66
2. Increased amount in the current period	142,616,945.45	24,200,850.62	365,424.79	1,448,998.65	168,632,219.51
(1) Purchase		24,200,850.62	365,424.79	1,448,998.65	26,015,274.06
(2) Transfer from construction in progress	142,616,945.45				142,616,945.45
3. Decreased amount in the current period	28,456,588.91	5,814,878.76	282,915.30	561,282.70	35,115,665.67
(1) Disposal or retirement	12,149,577.09	5,814,878.76	282,915.30	561,282.70	18,808,653.85
(2) Other decreases	16,307,011.82				16,307,011.82
4. Ending balance	816,089,022.45	636,341,305.19	18,968,335.67	79,460,085.19	1,550,858,748.50
II. Accumulated depreciation					

1. Beginning balance	240,819,699.50	289,865,433.64	11,571,868.20	50,106,838.61	592,363,839.95
2. Increased amount in the current period	17,027,411.30	28,508,814.35	1,124,712.23	4,142,224.92	50,803,162.80
(1) Provision	17,027,411.30	28,508,814.35	1,124,712.23	4,142,224.92	50,803,162.80
3. Decreased amount in the current period	9,537,411.12	4,774,457.02	268,769.54	516,801.29	15,097,438.97
(1) Disposal or retirement	9,537,411.12	4,774,457.02	268,769.54	516,801.29	15,097,438.97
4. Ending balance	248,309,699.68	313,599,790.97	12,427,810.89	53,732,262.24	628,069,563.78
III. Impairment provision					
IV. Book value					
1. Ending book value	567,779,322.77	322,741,514.22	6,540,524.78	25,727,822.95	922,789,184.72
2. Beginning book value	461,108,966.41	328,089,899.69	7,313,957.98	28,465,530.63	824,978,354.71

13. Construction in process

In RMB

Item	Ending balance	Beginning balance
Construction in process	515,737,483.33	463,424,647.46
Total	515,737,483.33	463,424,647.46

(1) Construction in progress

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction of Maoshan Intelligent Manufacturing Base infrastructure	358,193,690.32		358,193,690.32	358,241,059.59		358,241,059.59
Shengzhou Chengnan project	138,799,083.39		138,799,083.39	73,511,454.76		73,511,454.76
Dark Factory project	2,592,369.95		2,592,369.95	14,096,794.95		14,096,794.95
Riveting equipment project				4,568,965.52		4,568,965.52
Customized management software	6,056,606.19		6,056,606.19	3,770,316.32		3,770,316.32
Robam Mansion project	4,210,939.68		4,210,939.68	2,219,316.28		2,219,316.28
Air lines project				1,663,716.90		1,663,716.90
Project of the Second Production Department	1,185,840.71		1,185,840.71	1,530,973.46		1,530,973.46
Other smaller projects	4,698,953.09		4,698,953.09	3,822,049.68		3,822,049.68

						8
Total	515,737,483.33		515,737,483.33	463,424,647.46		463,424,647.46

(2) Current changes in major projects under construction

In RMB

(1) Changes in major projects under construction

Name of project	Beginning balance	Increase in the current period	Decrease in current Period		Ending balance
			Transfer-in fixed assets	Other decreases	
Construction of Maoshan Intelligent Manufacturing Base infrastructure	358,241,059.59	142,569,576.18	142,616,945.45		358,193,690.32
Shengzhou Chengnan project	73,511,454.76	65,287,628.63			138,799,083.39
Robam Mansion project	2,219,316.28	1,991,623.40			4,210,939.68
Total	433,971,830.63	209,848,828.21	142,616,945.45		501,203,713.39

(Cont.)

Name of project	Budget	Proportion of accumulated project investment in the budget (%)	Project progress (%)	Accumulated amount of interest capitalization	Including: capitalized interests for current period	Interest capitalization rate in the current period	Funding source
Construction of Maoshan Intelligent Manufacturing Base infrastructure	633,650,000.00	83.77	83.77				Self-financing
Shengzhou Chengnan project	240,960,000.00	67.25	67.25				Self-financing
Robam Mansion project	546,000,000.00	0.77	0.77				Self-financing
Total	1,420,610,000.00	—	—				—

14. Right-of-use assets

In RMB

Item	Rented properties	Total
2. Increased amount in the current period	20,916,979.79	20,916,979.79
4. Ending balance	20,916,979.79	20,916,979.79
2. Increased amount in the current period	837,925.59	837,925.59
(1) Provision	837,925.59	837,925.59
4. Ending balance	837,925.59	837,925.59
1. Ending book value	20,079,054.20	20,079,054.20

15. Intangible assets

(1) Intangible assets

In RMB

Item	Land use right	Software	Trademark	Patents	Total
I. Original book value					
1. Beginning balance	225,656,679.95	52,340,766.57	24,624,622.64	7,300,000.00	309,922,069.16
2. Increased amount in the current period	105,929.21				105,929.21
(1) Purchase	105,929.21				105,929.21
4. Ending balance	225,656,679.95	52,446,695.78	24,624,622.64	7,300,000.00	310,027,998.37
II. Accumulated amortization					
1. Beginning balance	25,628,097.71	40,125,345.47	6,143,693.36	2,807,692.30	74,704,828.84
2. Increased amount in the current period	2,254,211.14	2,428,448.54	1,231,231.12	561,538.46	6,475,429.26
(1) Provision	2,254,211.14	2,428,448.54	1,231,231.12	561,538.46	6,475,429.26
4. Ending balance	27,882,308.85	42,553,794.01	7,374,924.48	3,369,230.76	81,180,258.10
III. Impairment provision					
IV. Book value					
1. Ending book value	197,774,371.10	9,892,901.77	17,249,698.16	3,930,769.24	228,847,740.27
2. Beginning book value	200,028,582.24	12,215,421.10	18,480,929.28	4,492,307.70	235,217,240.32

16. Goodwill
(1) Original book value of goodwill

In RMB

Name of investee or item that generates goodwill	Beginning balance	Increase in the current period		Decrease in current Period		Ending balance
		Generated by business combination		Disposal		
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	80,589,565.84					80,589,565.84
Total	80,589,565.84					80,589,565.84

The Company recognizes Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd. ("Shengzhou Kinde") as an assets group. Goodwill at the end of this period is in the same assets

group as recognized upon goodwill impairment test at the date of purchase and in previous year.

Procedures and parameters of goodwill impairment test and methods to recognize goodwill impairment loss

The Company appoints Zhonghe Appraisal Co., Ltd. (Zhonghe Appraisal) to evaluate the Shengzhou Kinde assets group, so as to determine if there is goodwill impairment. According to the ZHZBZ (2021) No. BJU3,002 appraisal report for the purpose of goodwill impairment test issued by Zhonghe Appraisal, Zhonghe Appraisal has determined according to the five-year cash flow estimate approved by the management, reckoned the cash flow after the five-year forecast period using certain long-term average growth rate, calculated using the present value model of future cash flow, and, under the going-concern assumption, made goodwill impairment test with the higher of the net value of assets' fair value minus disposal expenses and the present value of estimated assets' future cash flow. As tested, the recoverable amount of Shengzhou Kinde assets group is higher than the book value of the assets group containing goodwill. No sign of goodwill impairment is found.

17. Long-term deferred expenses

In RMB

Item	Beginning balance	Increased amount in the current period	Amount of amortization in the current period	Other decreases	Ending balance
Service fee	317,094.77	656,227.92	88,451.08		884,871.61
Consulting fee	241,087.85	121,512.86	195,412.82		167,187.89
Membership training fee	37,665.20		18,677.84		18,987.36
Brand endorsement cost	1,202,511.03		602,889.30		599,621.73
Decoration cost		2,830,658.74	707,664.69		2,122,994.05
Total	1,798,358.85	3,608,399.52	1,613,095.73		3,793,662.64

18. Deferred income tax assets / deferred income tax liabilities

(1) Deferred income tax assets before offset

In RMB

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets:	Deductible temporary differences	Deferred tax assets:
Deferred income tax assets before offset recognized based on the provisional estimated expenses	899,875,322.49	134,981,298.35	399,311,723.24	59,896,758.48
Credit impairment provision	188,275,078.39	28,797,734.53	152,718,639.18	24,152,559.74
Deferred income tax assets before offset recognized based on the deferred income	112,098,466.16	16,814,769.92	121,306,538.90	18,195,980.84

Asset impairment provision	31,299,857.11	4,694,978.57	31,299,857.11	4,694,978.56
Change of the fair value of other equity instrument investments	17,832,510.78	2,674,876.62	17,832,510.78	2,674,876.62
Unrealized profits of internal transactions	8,514,431.25	2,128,622.43	10,991,208.96	2,747,344.24
Accrued and unpaid salaries			863,548.19	129,532.23
Deferred income tax assets before offset recognized due to equity incentive	802,690.58	123,572.10		
Total	1,258,698,356.76	190,215,852.52	734,324,026.36	112,492,030.71

(2) Deferred income tax liabilities before offset

In RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Asset appraisal appreciation arising from business combination where the acquired company is not controlled by the same party after the combination	27,977,403.00	4,196,610.45	30,040,521.60	4,506,078.24
Temporary taxable difference incurred from pre-tax deduction of fixed assets	5,069,116.27	760,367.44	4,697,876.68	704,681.50
Total	33,046,519.27	4,956,977.89	34,738,398.28	5,210,759.74

(3) Deferred income tax assets or liabilities presented in net amount after offset

In RMB

Item	Amount of deferred income tax assets offset against deferred income tax liabilities at the end of the period	Ending balance of deferred income tax assets or liabilities after offset	Initial amount of deferred income tax assets offset against deferred income tax liabilities	Beginning balance of deferred income tax assets or liabilities after offset
Deferred income tax assets:		190,215,852.52		112,492,030.71
Deferred income tax liabilities		4,956,977.89		5,210,759.74

(4) Presentation of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Beginning balance
Deductible tax losses	12,976,605.12	9,798,260.49
Total	12,976,605.12	9,798,260.49

(5) The deductible losses of unrecognized deferred income tax assets will be due in the following years

In RMB

Year	Ending amount	Beginning amount	Remarks
2021		39,785.54	
2022	39,552.31	39,552.31	
2023	6,714.34	6,714.34	
2024	5,602.28	5,602.28	
2025	9,706,606.02	9,706,606.02	
2026	3,218,130.17		
Total	12,976,605.12	9,798,260.49	--

19. Other non-current assets

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepayments for equipment purchase	14,498,895.36		14,498,895.36	3,624,837.56		3,624,837.56
Advances for intangible assets				57,442.11		57,442.11
Total	14,498,895.36		14,498,895.36	3,682,279.67		3,682,279.67

20. Short-term borrowings

(I) Short-term borrowing classification

In RMB

Item	Ending balance	Beginning balance
Credit borrowings	11,913,223.08	6,076,177.30
Total	11,913,223.08	6,076,177.30

21. Notes payable

In RMB

Type	Ending balance	Beginning balance
Banker's acceptance	697,267,275.89	751,802,498.92
Total	697,267,275.89	751,802,498.92

22. Accounts payable

(1) Presentation of accounts payable

In RMB

Item	Ending balance	Beginning balance
Payment for materials	991,886,302.77	950,631,079.92

Payment for expenses	969,404,774.82	709,723,793.53
Payment for construction	147,363,273.71	48,606,778.41
Payment for equipment	14,101,310.30	14,870,556.23
Total	2,122,755,661.60	1,723,832,208.09

As of June 30, 2021, the important accounts payable with an age of more than one year totaled RMB 13,039,032.73, mainly involving the outstanding payment for expenses.

23. Contract liabilities

In RMB

Item	Ending balance	Beginning balance
Advances on sales	1,032,445,046.81	949,591,228.35
Total	1,032,445,046.81	949,591,228.35

24. Employee benefits payable

(1) Presentation of employee benefits payable

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term benefits	123,492,155.96	325,183,108.11	416,572,328.06	32,102,936.01
II. Post employment benefits - defined contribution plan	2,638,235.28	25,555,412.06	27,322,772.95	870,874.39
III. Termination benefits		574,030.84	574,030.84	
Total	126,130,391.24	351,312,551.01	444,469,131.85	32,973,810.40

(2) Presentation of short-term benefits

In RMB

Item	Beginning balance	Increase in the current period	Decrease in current Period	Ending balance
1. Salaries, bonuses, subsidies and allowances	118,930,729.93	273,750,529.66	361,720,765.16	30,960,494.43
2. Employee welfare		13,011,988.18	13,010,348.18	1,640.00
3. Social insurance	3,928,826.98	17,646,477.88	21,004,042.56	571,262.30
Including: medical insurance	3,847,685.58	16,948,236.65	20,250,041.93	545,880.30
Work-related injury insurance	81,141.40	698,241.23	754,000.63	25,382.00
4. Housing funds	282,148.00	13,667,422.48	13,761,500.48	188,070.00
5. Labor union and staff education expenses	350,451.05	6,303,999.31	6,272,981.08	381,469.28
Equity incentive		802,690.60	802,690.60	
Total	123,492,155.96	325,183,108.11	416,572,328.06	32,102,936.01

(3) Presentation of the defined contribution plans

In RMB

Item	Beginning balance	Increase in the	Decrease in the	Ending balance
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		current period	current period	
1. Basic pensions	2,542,370.21	24,660,456.62	26,364,987.52	837,839.31
2. Unemployment insurance	95,865.07	894,955.44	957,785.43	33,035.08
Total	2,638,235.28	25,555,412.06	27,322,772.95	870,874.39

25. Taxes payable

In RMB

Item	Ending balance	Beginning balance
Business income tax	199,671,229.08	111,445,197.66
VAT	101,960,486.71	61,150,126.40
City maintenance and construction tax	7,218,768.32	3,937,862.94
Individual income tax	1,060,179.40	1,526,364.72
Education surcharge	3,093,757.85	1,687,655.54
Local education surcharge	2,062,505.31	1,125,103.76
Stamp tax	314,417.30	507,609.14
Land use tax		340,344.00
Real estate tax	169,100.88	166,973.35
Total	315,550,444.85	181,887,237.51

26. Other payables

In RMB

Item	Ending balance	Beginning balance
Other payables	255,046,157.84	242,559,615.30
Total	255,046,157.84	242,559,615.30

1) Other payables presented by nature

In RMB

Item	Ending balance	Beginning balance
Security deposits payable	245,046,047.04	234,180,292.44
Guarantee deposits payable	5,065,169.30	4,539,028.30
Collections by a third party	3,396,348.83	2,616,338.90
Other	1,538,592.67	1,223,955.66
Total	255,046,157.84	242,559,615.30

Note: As of June 30, 2021, the important other accounts payable with an age of more than one year totaled RMB 225,447,277.87, mainly involving the sales deposits.

27. Non-current liabilities due within one year

In RMB

Item	Ending balance	Beginning balance
Lease liabilities due within one year	2,217,436.33	
Total	2,217,436.33	

28. Other current liabilities

In RMB

Item	Ending balance	Beginning balance
Output tax to be transferred	127,774,706.49	116,535,407.26
Endorsed trade acceptance	10,000,000.00	10,000,000.00
Total	137,774,706.49	126,535,407.26

29. Lease liabilities

In RMB

Item	Ending balance	Beginning balance
Lease payment amount	24,597,496.28	
Less: unrecognized financial expenses	-5,840,773.05	
Total	18,756,723.23	

30. Deferred income

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Cause of formation
Government grants	150,163,523.90		9,208,072.74	140,955,451.16	
Total	150,163,523.90		9,208,072.74	140,955,451.16	--

Projects with government grants:

In RMB

Projects with government grants	Beginning balance	Newly-added subsidy amount in the current period	Amount included in the current profits and losses	Ending balance	Related to assets/income
Intelligent manufacturing and integrated standard and new model application program	46,784,353.78		4,269,752.82	42,514,600.96	Related to assets
Construction of production line with an annual output of 2.25 million sets of kitchen appliances	24,904,851.84		1,286,890.62	23,617,961.22	Related to assets
Construction project of kitchen appliance R&D, design and testing center	9,409,768.25		1,182,583.62	8,227,184.63	Related to assets
Subsidy for the construction of production line with an annual output of 1 million sets of kitchen appliances	2,282,841.08		571,891.98	1,710,949.10	Related to assets
Construction of production line with an annual output of 1.08 million sets of built-in	4,934,334.75		341,245.50	4,593,089.25	Related to assets

Projects with government grants	Beginning balance	Newly-added subsidy amount in the current period	Amount included in the current profits and losses	Ending balance	Related to assets/income
kitchen appliances					
Development of new generation of environmentally-friendly energy-saving kitchen appliances and their production line	721,676.15		95,325.42	626,350.73	Related to assets
Construction of digital intelligent workshop for smart home appliances	581,649.00		79,713.36	501,935.64	Related to assets
Construction of the digital workshop with an annual output of 2.25 million sets of kitchen appliances	128,386.69		51,853.02	76,533.67	Related to assets
Recycling-centered renewal project	452,076.81		45,805.08	406,271.73	Related to assets
Subsidy for an investment in a production line with an annual output of 150,000 kitchen range hoods	88,988.91		29,441.40	59,547.51	Related to assets
Academician & expert work station	256,878.32		23,127.84	233,750.48	Related to assets
Kitchen appliance R&D, design and testing center	42,571.60		3,812.40	38,759.20	Related to assets
Technological upgrading for manufacturing enterprises	8,300,000.00		0.00	8,300,000.00	Related to assets
Technological upgrading project with an annual output of 500,000	2,591,399.07		187,205.58	2,404,193.49	Related to assets
Intelligent Unmanned Factory Based on 5G and Cloud Technologies	19,826,762.65		1,039,424.10	18,787,338.55	Related to assets
Chengnan New Area No. M2, 020-09 Land Subsidy	28,856,985.00			28,856,985.00	Related to assets
Total	150,163,523.90		9,208,072.74	140,955,451.16	—

3: Capital stock

In RMB

	Beginning balance	Increase and decrease of this change (+, -)					Ending balance
		Issue of new shares	Bonus shares	Shares converted from capital reserve	Other	Subtotal	
Total number of	949,024,050.00						949,024,050.00

shares							
--------	--	--	--	--	--	--	--

32. Capital reserve

In RMB

Item	Beginning balance	Increase in the current period	Decrease in current Period	Ending balance
Capital (stock) premium	401,799,332.67			401,799,332.67
Other capital reserves		802,690.61		802,690.61
Total	401,799,332.67	802,690.61		402,602,023.28

33. Treasury shares

In RMB

Item	Beginning balance	Increase in the current period	Decrease in current Period	Ending balance
Repurchase obligation recognized on the issuance of stock options		199,995,742.59		199,995,742.59
Total		199,995,742.59		199,995,742.59

Other notes, including condition and causes of variation in the current period:

Note: In the first extraordinary general meeting of shareholders of 2021 held by Hangzhou Robam Appliances Co., Ltd. on April 30, 2021, the *Proposal on the Plans of Repurchasing Part of the Public Shares* was deliberated and adopted, approving that the Company may repurchase part of its shares with its own funds by means of centralized bidding. The repurchase price shall not be more than RMB 50/share and RMB 150-200 million is assigned for the repurchase. The repurchase shall be carried out within 12 months from the day the share repurchase plan is adopted at the general meeting of the shareholders. The Company has accumulatively repurchased 4,929,134 shares through its repurchase account by centralized bidding, accounting for 0.5194% of its total shares. For details, please refer to the *Announcement on the Completion of the Repurchase of Public Shares* (Announcement No.: 2021-044) disclosed on www.cninfo.com.cn and the Company's designated information disclosure newspapers.

34. Other comprehensive incomes

In RMB

Item	Beginning balance	Amount incurred in the current period						Ending balance
		Amount incurred before income tax in the current period	Minus: a amount included in other comprehensive incomes previously and then transferred into the current profit or loss	Minus: a amount included in other comprehensive incomes previously and then transferred into current retained earnings	Less: income tax expenses	Net income after tax attributable to the parent company	Net income after tax attributable to minority shareholders	
I. Other comprehensive incomes that cannot be	15,157,634.16							15,157,634.16

reclassified into profit or loss								
Changes in fair value of the investment in other equity instruments	- 15,157,634.16							- 15,157,634.16
Total of other comprehensive incomes	- 15,157,634.16							- 15,157,634.16

35. Surplus reserve

In RMB

Item	Beginning balance	Increase in the current period	Decrease in current Period	Ending balance
Statutory surplus reserve	474,516,412.50			474,516,412.50
Total	474,516,412.50			474,516,412.50

36. Undistributed profit

In RMB

Item	Current period	Previous period
Undistributed profit at the end of previous period before adjustment	6,240,444,654.34	5,054,206,720.45
Undistributed profit at the beginning of the period after adjustment	6,240,444,654.34	5,054,206,720.45
Add: Net profits attributable to owners of the parent company in the current period	790,388,759.79	1,660,749,958.89
Dividends payable for ordinary shares	495,485,158.00	474,512,025.00
Undistributed profit at the end of the period	6,535,348,256.13	6,240,444,654.34

Note: According to the *2020 Profit Distribution Plan* adopted at the fifth meeting of the fifth Board of Directors on April 27, 2021, the Company plans to distribute RMB 5 (tax-inclusive) on every 10 shares in the 946,870,316 shares (949,024,050 shares (the existing total capital stock) net of repurchased 2,153,734 shares) to all the shareholders, a total of RMB 473,435,158.00. On May 19, 2021, the equity distribution plan was approved by the 2020 Annual Shareholders' Meeting of the Company, with equity distributed on June 1.

According to the 2020 profit distribution plan of approved by the Board of Directors of subsidiary Shengzhou Kinde on April 30, 2021, the profit available for distribution among shareholders of the Company at the end of 2020 was RMB 115,658,834.74, and RMB 45,000,000.00 of it was planned to be distributed among all existing shareholders of the Company based on their contribution ratio. The distribution was made on May 12. Of it, the minority shareholders, contributing 49%, received cash dividends of RMB 22,050,000.00.

37. Operating income and operating cost

In RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost

Main business	4,225,828,188.22	1,861,343,526.44	3,146,865,561.70	1,429,892,268.93
Other businesses	100,253,843.40	25,804,527.87	64,306,774.09	20,836,307.65
Total	4,326,082,031.62	1,887,148,054.31	3,211,172,335.79	1,450,728,576.58

38. Taxes and surcharges

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
City maintenance and construction tax	18,048,209.85	14,140,538.08
Education surcharge	12,771,763.53	10,100,384.36
House tax	421,529.89	
Land use tax	61,524.00	
Vehicle and vessel usage tax	9,895.14	5,530.80
Stamp tax	1,060,955.85	918,951.81
Environmental protection tax	4,349.86	22,829.18
Total	32,378,228.12	25,188,234.23

39. Sales expense

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Marketing service expenses	658,869,399.50	466,038,121.92
Advertisement expenses	212,712,834.57	143,181,868.92
Transportation expense	110,649,151.12	73,404,730.65
Employee remuneration	111,001,158.94	85,640,734.54
Promotional activity expenses	37,411,007.65	32,884,532.32
Booth decoration expenses	66,732,522.09	40,103,399.65
Material consumption	31,534,245.53	28,609,979.15
Business hospitality cost	7,040,351.39	5,123,361.43
Rental fees	7,880,885.39	4,526,440.07
Travel expenses	7,379,352.93	3,277,056.81
Intermediary service fees	7,606,687.09	6,366,462.19
Office expenses	7,154,345.09	2,139,466.85
Other	4,554,238.58	1,383,143.26
Total	1,270,526,179.87	892,679,297.76

40. Administrative expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employees' benefits	75,168,362.35	63,047,359.21
Depreciation and amortization	20,340,171.28	19,591,719.73

Item	Amount incurred in the current period	Amount incurred in the previous period
Rental fees	9,087,992.71	3,620,561.19
Consulting service fees	8,560,518.67	7,438,538.21
Maintenance expenses	8,390,641.09	2,753,334.17
Office expenses	6,978,151.70	4,832,241.98
Business hospitality cost	3,159,347.68	1,799,214.29
Travel expenses	3,019,005.02	1,589,147.21
Material consumption	2,719,283.02	2,017,310.49
Communication expense	2,603,129.38	
Transportation expense	1,271,551.52	1,266,512.10
Costs of equity incentive	802,690.60	
Travel expenses	744,608.85	986,420.87
Other	7,147,655.30	7,142,962.53
Total	149,993,109.17	116,085,321.98

41. R&D expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employees' benefits	63,291,760.88	51,250,613.00
Direct input	61,648,388.01	52,263,866.12
Depreciation and amortization	7,336,784.12	7,361,111.08
Design fees	4,232,409.85	1,288,405.08
Other expenses	6,923,863.26	5,660,037.34
Total	143,433,206.12	117,824,032.62

42. Financial expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	1,228,635.41	139,284.26
Less: Interest income	50,677,538.57	47,604,818.42
Add: foreign exchange gain/loss	332,356.04	-758,363.69
Add: other expenses	1,189,967.69	441,404.01
Total	-47,926,579.43	-47,782,493.84

43. Other incomes

In RMB

Sources generating other incomes	Amount incurred in the current period	Amount incurred in the previous period
Financial support fund to boost the corporate development	33,000,000.00	53,859,120.00

Sources generating other incomes	Amount incurred in the current period	Amount incurred in the previous period
Amortization of deferred income	9,208,072.74	7,981,443.06
VAT refund	7,323,753.03	
Financial performance reward	2,600,000.00	3,400,000.00
Energy subsidy	715,502.22	
The "946 Policy" subsidy	500,000.00	
Refund of individual income tax handling fee	412,808.74	1,092,154.23
Subsidy for enterprises' talent introduction	330,630.00	
Foreign economic and trade subsidy	288,000.00	
Subsidy for top runners by output per mu in Shaoxing	200,000.00	
Funds under industrial economic policies	150,000.00	
Post allowance and social insurance allowance	122,278.28	3,226,432.26
Enterprise subsidy	87,920.00	
Commendation and reward for key enterprises	60,000.00	60,000.00
Subsidy for equipment investment	38,800.00	
Reward for top ten industrial enterprises	30,000.00	
Financial subsidy from the administration committee	10,000.00	
VAT exemption or reduction	9,000.00	9,000.00
Manufacturing revenue scale incentive		2,000,000.00
Patent awards		576,180.00
Incentive for high and new technologies		500,000.00
Project awards		458,000.00
Return of social insurance premium		236,660.73
Budget subsidy for accounting center		200,000.00
Subsidy for industry standards		121,244.00
Recruitment subsidy		6,000.00
Total	55,086,765.01	73,726,234.28

44. Investment income

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Investment income during holding of financial assets for trading	32,869,587.74	26,341,452.82

Item	Amount incurred in the current period	Amount incurred in the previous period
Investment incomes obtained during holding of other equity instruments		
Income from long-term equity investments accounted for using the equity method	-1,440,070.07	-2,239,220.46
Total	31,429,517.67	24,102,232.36

45. Loss from credit impairment

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt losses on notes receivable	-23,680,868.74	-11,545,668.38
Bad debt losses from accounts receivable	-287,302.15	-3,367,587.99
Bad debt losses of other receivables	-7,524,268.32	-3,598,513.22
Total	-31,492,439.21	-18,511,769.59

46. Asset disposal income

In RMB

Sources of asset disposal income	Amount incurred in the current period	Amount incurred in the previous period
Non-current asset disposal income	-2,035,843.51	11,388.98
Including: income from disposal of fixed assets	-2,035,843.51	11,388.98

47. Non-operating income

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in the current non-recurring gains and losses
Government grants	13,000.00	30,000.00	13,000.00
Other	1,182,370.24	556,353.17	1,182,370.24
Total	1,195,370.24	586,353.17	

Item	Amount incurred in the current period	Amount incurred in the previous period	Source and basis	Related to assets/income
Rewards and subsidies for corporate culture club		30,000.00	YWMB (2,019) No.18	Related to income
Subsidy for diesel vehicle scrapped in advance	13,000.00		—	Related to income
Total	13,000.00	30,000.00	—	—

48. Non-operating expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in the current non-recurring gains and losses
Losses from non-current asset damage or retirement	1,923.08		1,923.08
External donations	1,000,000.00	1,000,000.00	1,000,000.00
Other	576,001.20	695,304.64	576,001.20
Total	1,577,924.28	1,695,304.64	

49. Income tax expenses
(1) Presentation of income tax expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expenses	221,466,949.04	172,846,414.95
Deferred income tax expenses	-77,977,344.97	-61,356,353.28
Total	143,489,604.07	111,490,061.67

(2) Adjustment of accounting profit and income tax expense

In RMB

Item	Amount incurred in the current period
Total profit	943,135,279.38
Income tax expense calculated based on statutory/applicable tax rate	141,470,291.91
Effects of the subsidiaries' application of different tax rates	-10,401.93
Effects of the adjustment of income tax in previous period	
Effects of the non-taxable income	
Effects of the non-deductible costs, expenses and losses	2,167,728.45
Effects of using deductible losses of unrecognized deferred income taxes in the previous period	77.20
Effects of the deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	716,695.80
Effects of taxes deducted by research and development expense addition (indicated with "-")	-854,787.36
Income tax expense	143,489,604.07

50. Other comprehensive incomes

Refer to notes.

51. Cash flow statement items

(1) Other cashes received in relation to operating activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest revenue on deposits	50,677,538.57	47,289,176.66
Government grants	38,558,939.24	83,007,211.22
Revenue collected and payment made on behalf of other agencies	12,423,235.01	6,405,232.50
Cash reserve	5,010,000.00	2,060,756.89
Guarantee and security deposits	9,382,127.28	3,445,820.00
Other payments	2,652,812.06	1,579,919.38
Total	118,704,652.16	143,788,116.65

(2) Other cashes paid relating to operating activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Period expenses	1,035,315,521.21	681,737,610.63
Revenue collected and payment made on behalf of other agencies	7,363,869.83	5,850,848.09
Guarantee and security deposits	7,846,747.85	9,872,837.56
Security deposit for letter of credit	10,236,863.39	7,628,855.25
Cash reserve	13,693,388.58	8,607,467.00
Other	1,029,155.95	1,043,789.70
Total	1,075,485,546.81	714,741,408.23

(3) Other cashes received from financing activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from accounts receivable factoring	5,552,160.81	
Total	5,552,160.81	

52. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

In RMB

Supplementary information	Current amount	Amount of the previous period
1. Reconciliation of net profit to cash flow from operating activities:	--	--

Net profit	799,645,675.31	623,178,439.35
Add: Asset impairment provision	31,492,439.21	18,511,769.59
Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets	51,125,161.10	47,537,865.87
Depreciation of right-of-use assets		
Amortization of intangible assets	6,475,429.26	6,783,614.63
Amortization of long-term deferred expenses	1,613,095.73	235,373.08
Losses arising from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	2,035,843.51	-11,388.98
Losses on disposal of fixed assets (gains indicated with "-")	1,923.08	
Losses from fair value change (gains expressed with "-")		
Financial expenses (profit shall be indicated with "-")	264,556.23	-540,552.95
Investment losses (gains expressed with "-")	-31,429,517.67	-24,102,232.36
Decrease in deferred income tax assets (increase shall be indicated with "-")	-77,723,821.81	-61,093,635.20
Increase in deferred income tax liabilities (decrease shall be indicated with "-")	-253,781.85	-262,718.08
Decrease in inventories (increase shall be indicated with "-")	-192,725,465.63	69,294,179.87
Decrease in operating receivables (increase shall be indicated with "-")	-530,224,948.55	-218,336,278.24
Increase in operating payables (decrease expressed with "-")	478,335,110.72	-62,765,374.17
Other	-8,405,382.14	9,258,071.15
Net cash flow from operating activities	530,226,316.50	407,687,133.56
2. Non-cash flow-involved major investing and financing activities:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under financing leases		
3. Net increase/decrease in cash and cash equivalents:	--	--
Ending balance of cash at the beginning of the period	4,141,495,878.43	4,315,955,499.25
Less: cash beginning balance	3,886,096,513.56	4,029,296,265.50
Add: ending balance of cash equivalents		
Less: cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	255,399,364.87	286,659,233.75

(2) Composition of cash and cash equivalents

In RMB

Item	Ending balance	Beginning balance
I. Cash	4,141,495,878.43	3,886,096,513.56
Including: cash on hand	193,275.57	110,770.11
deposits available for payment at any time	4,141,172,524.88	3,885,907,031.42
other cash and cash equivalents available for payment at any time	130,077.98	78,712.03
III. Balance of cash and cash equivalents at the end	4,141,495,878.43	3,886,096,513.56

of the period		
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53. Assets with limited ownership or right to use

In RMB

Item	Ending book value	Reasons for limit
Cash and cash equivalents	48,554,126.91	Letters of credit and note margin
Total	48,554,126.91	--

54. Foreign currency monetary item

In RMB

Item	Ending balance in foreign currency	Exchange rate for conversion	Ending balance in RMB
Cash and cash equivalents	--	--	
Including: USD	5,117,850.59	6.4601	33,061,826.56
EUR	361.23	7.6862	2,776.49
AUD	3.29	4.8528	15.97
Accounts receivable	--	--	
Including: USD	2,750,906.40	6.4601	17,771,288.53

55. Government grants

Basic information of government grants

In RMB

Type	Amount	Items	Amounts included in current profits and losses
Financial support fund to boost the corporate development	33,000,000.00	Other income	33,000,000.00
VAT refund	7,323,753.03	Other income	7,323,753.03
Financial performance reward	2,600,000.00	Other income	2,600,000.00
Energy subsidy	715,502.22	Other income	715,502.22
The "946 Policy" subsidy	500,000.00	Other income	500,000.00
Refund of individual income tax handling fee	412,808.74	Other income	412,808.74
Subsidy for enterprises' talent introduction	330,630.00	Other income	330,630.00
Foreign economic and trade subsidy	288,000.00	Other income	288,000.00
Subsidy for top runners by output per mu in Shaoxing	200,000.00	Other income	200,000.00
Funds under industrial economic policies	150,000.00	Other income	150,000.00
Post allowance and social insurance allowance	122,278.28	Other income	122,278.28
Enterprise subsidy	87,920.00	Other income	87,920.00
Commendation and reward for key enterprises	60,000.00	Other income	60,000.00
Subsidy for equipment investment	38,800.00	Other income	38,800.00

Type	Amount	Items	Amounts included in current profits and losses
Reward for top ten industrial enterprises	30,000.00	Other income	30,000.00
Financial subsidy from the administration committee	10,000.00	Other income	10,000.00
VAT exemption or reduction	9,000.00	Other income	9,000.00
Subsidy for diesel vehicle scrapped in advance	13,000.00	Non-operating income	13,000.00

VIII. Changes in the scope of consolidated financial statements

There is no change in the scope of consolidated financial statements in the current period.

IX. Interests in other entities

1. Equity in subsidiaries

(1) Composition of the Robam Group

Subsidiary	Principal place of business	Registration place	Nature of business	Shareholding ratio		Acquisition method
				Direct	Indirect	
Beijing Robam Appliances Sales Co., Ltd.	Beijing	Beijing	Sales of kitchen appliances	100.00%		Businesses combination under common control
Shanghai Robam Appliances Sales Co., Ltd.	Shanghai	Shanghai	Sales of kitchen appliances	100.00%		Businesses combination under common control
Hangzhou MingQi Electric Co., Ltd.	Hangzhou	Hangzhou	Sales of kitchen appliances	100.00%		Acquisition upon its establishment
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of kitchen appliances	51.00%		Acquired through investment
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	Shengzhou	Shengzhou	Production and sales of kitchen appliances	51.00%		Business combination not under common control
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	Hangzhou	Hangzhou	Asset, investment management, etc.	100.00%		Acquisition upon its establishment
Company		City				
Zhejiang Cookingfuture Technology Co., Ltd.	Shengzhou	Shengzhou	Smart kitchen design		35.70%	Acquisition upon its establishment

(2) Major non-wholly owned subsidiaries

In RMB

Subsidiary	Proportion of shares held by minority shareholders	Gains/losses attributable to minority shareholders in the current period	Dividend declared and distributed to minority shareholders in the current period	Balance of minority shareholders' equity at the end of the period
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	49.00%	10,695,441.84	22,050,000.00	131,797,823.03
Zhejiang Cookingfuture Technology Co., Ltd.	30.00%	-965,284.66		6,309,337.84

(3) Main financial information of important partially-owned subsidiaries

In RMB

Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	221,771,167.85	246,463,960.38	468,235,128.23	165,446,016.29	33,813,962.89	199,259,979.18
Zhejiang Cookingfuture Technology Co., Ltd.	21,387,813.60	136,901.34	21,524,714.94	493,588.82		493,588.82

(Continued 1)

Subsidiary	Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	302,562,407.94	177,615,050.45	480,177,458.39	153,846,712.26	34,067,744.74	187,914,457.00
Zhejiang Cookingfuture Technology Co., Ltd.	23,647,941.39	56,337.05	23,704,278.44	305,536.79		305,536.79

(Continued 2)

Subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating income	Net profit	Total consolidated income	Cash flow from operating activities	Operating income	Net profit	Total consolidated income	Cash flow from operating activities
Kinde Intelligent	124,027,172.62	20,862,147.66	20,862,147.66	6,936,248.30	92,100,731.82	22,165,638.90	22,165,638.90	27,412,195.88
COOKINGFUTURE		-3,217,615.53	-3,217,615.53	-4,240,135.64				

3. Equity in joint ventures or associates

Summary of the financial information of minor joint venture and associates

In RMB

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Joint venture:	--	--
Total book value of investment	2,012,699.52	3,452,769.59
Totals of the following items calculated as per respective shareholding proportion	--	--
Associate:	--	--
Totals of the following items calculated as per respective shareholding proportion	--	--
-- Net profit	-1,440,070.07	-715,569.20
-- Total comprehensive income	-1,440,070.07	-715,569.20

X. Risks Relating to Financial Instruments

Major financial instruments of the Company include accounts receivable, accounts payable, etc. See Note VI for detailed description of these financial instruments. Risks related to these financial instruments and risk management policies adopted by the Company to reduce such risks are outlined as follows. The management of the Company manages and monitors such risk exposures to ensure to keep the risks above within limited scope.

The Company's various risk management objectives and policies are outlined as follows:

Risk management conducted by the Company is to properly balance risk and income, minimize negative impacts of the risks on the Company's business performance and maximize benefits of the shareholders and other equity investors. Based on the risk management objective, the Company's basic risk management policy is to determine and analyze all kinds of risks faced by the Company, establish appropriate risk bottom line for risk management, and monitor all risks promptly and reliably keep risks within a limited range.

Market risk - price risk

Since the Company sells its products at market prices, it may be affected by such price fluctuations.

Credit risk:

As of June 30, 2021, the biggest credit risk exposure that may bring financial loss to the Company mainly comes from the Company's financial assets loss caused by the other party's failure to perform its obligations in the contract, particularly including the loss in the book value of recognized financial assets in the consolidated balance sheet. To reduce credit risk, the Company has a dedicated team responsible for determining the credit line, conducting credit approval and implementing other monitoring procedures, to ensure that necessary measures are taken to recover due debt. In addition, the Company reviews the recovery of each account payable on each balance sheet date, so as to ensure sufficient bad debt provisions for unrecoverable accounts. Therefore, the management of the Company holds that the credit risk faced by the Company has been significantly reduced. The credit risk of the Company's liquid capital is low since it is deposited at banks with relatively high credit rating. Because the risk exposures of the Company are related to multiple contracting parties and multiple clients, the Company has no major credit risk concentration.

The Company adopts necessary policies to ensure all of the clients involved in the sales of our

products have good credit record. The Company has no major credit risk concentration. Liquidity risk

Liquidity risk is faced by the Company where it cannot meet its financial obligations as they fall due. The Company manages the liquidity risk by ensuring capital liquidity to fulfill its due obligations to avoid unacceptable losses or damages to corporate reputation. The Company management has closely examined the liquid assets of the Company and regularly analyzed the liability structure/term and bank lines and so on to endure fund sufficiency. It is concluded that the Company has sufficient funds to meet the demands of short-term loans and capital expenditure of the Company. Analysis of the financial assets and financial liabilities of the Company as per maturity of the undiscounted contract obligations remained is made as follows:

Balance on June 30, 2021

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets	9,232,859,585.28				9,232,859,585.28
Cash and cash equivalents	4,190,050,005.34				4,190,050,005.34
Financial assets held for trading	2,019,000,000.00				2,019,000,000.00
Notes receivable	1,942,517,288.74				1,942,517,288.74
Accounts receivable	988,037,922.96				988,037,922.96
Other receivables	93,254,368.24				93,254,368.24
Financial liabilities	3,257,730,835.30				3,271,930,835.30
Short-term borrowings	11,913,223.08				11,913,223.08
Notes payables	697,267,275.89				697,267,275.89
Accounts payable	2,122,755,661.60				2,136,955,661.60
Other payables	255,046,157.84				255,046,157.84
Payroll payable	32,973,810.40				32,973,810.40
Other current liabilities	137,774,706.49				137,774,706.49

Sensitivity analysis of foreign exchange risk

The exchange rate risk borne by the Company is mainly associated with USD, Euro and HKD, etc. The foreign exchange risk borne by the Company is mainly associated with USD (which shall be changed according to relevant realities). The Company's main business activities priced and settled in RMB. As of June 30, 2021, the Company's balances of assets and liabilities are in RMB (except for the balances of the assets and liabilities in foreign currency in "VI. 54 Monetary items in foreign currency" in this Note). Exchange risk resulting from the assets and liabilities whose balances are in foreign currency may affect the Company's performance.

The Company pays close attention to the impact of change in exchange rate on the Company's exchange risk. Currently, the Company hasn't adopted any measures to avoid foreign exchange risk.

XI. Disclosure of Fair Value

1. Assets and liabilities measured at fair value at the end of the period

In RMB

Item	Ending fair value			
	Fair value measurement (Level 1)	Fair value measurement (Level 2)	Fair value measurement (Level 3)	Total
Continuous fair value measurement	--	--	--	--
(I) Financial assets held for trading			2,019,000,000.00	2,019,000,000.00
1. Financial assets measured at fair value with changes included in current profit or loss			2,019,000,000.00	2,019,000,000.00
(III) Investment in other equity instruments			102,116,023.22	102,116,023.22
II. Non-continuous fair value measurement	--	--	--	--

2. Valuation techniques adopted and qualitative and quantitative information on important parameters for the items involved in Level 3 continuous and non-continuous fair value measurement

Item	Fair value as of June 30, 2021	Valuation techniques	Significant unobservable value	Relationship between unobservable value and fair value
financial products	2,019,000,000.00	Optimal fair value estimation	Investment cost	—
Investment in other equity instruments	102,116,023.22	Optimal fair value estimation	Investment cost	—

XII. Related Party and Related Party Transactions
1. The Company's parent company

Parent company	Registration place	Nature of business	Registered capital	Proportion of the Company's shares held by the parent company	Proportion of voting right of the parent company in the Company
Hangzhou Robam Industry Group Co., Ltd.	Hangzhou, Zhejiang	Investment and industrial management	RMB 60 million	49.68%	49.68%

2. The Company's subsidiaries

See Note "Composition of the Robam Group" for more about the Company's subsidiaries

3. The Company's joint ventures and associated companies

See Note "Major non-wholly owned subsidiaries" for more about the Company's important joint ventures or associated companies.

4. Other related parties

Name of other related parties	Relation between other related parties and the Company
Hangzhou Amblem Household Co., Ltd.	Controlled by the same parent company
Hangzhou Yuhang Robam Fuel Station Co., Ltd.	Controlled by the same parent company
Hangzhou Nbond Nonwovens Co., Ltd.	Controlled by the same parent company
Hangzhou Yuhang Yaguang Spray Coating Factory	Controlled by the actual controller's younger sister
Hangzhou City Garden Hotel Co., Ltd.	Significantly influenced by the parent company
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Controlled by the same parent company
Shaoxing Kinde Electric Appliances Co., Ltd.	Other shareholders of the subsidiaries owned by the Company
Hangzhou Guoguang Touring Commodity Co., Ltd.	Controlled by the same parent company
Hangzhou Small Planter Technology Co., Ltd.	Controlled by the same parent company

5. Related transactions

(1) Related transactions regarding purchasing and selling goods and providing and accepting labor services

Table of the purchasing of goods and receiving of labor services

In RMB

Related parties	Description of the related transactions	Amount incurred in the current period	Whether exceeds the approved limit or not (Y/N)	Amount incurred in the previous period
Hangzhou Yuhang Yaguang Spray Coating Factory	Receiving of labor services	4,188,923.61	No	5,127,566.52
Hangzhou Small Planter Technology Co., Ltd.	Purchase of goods	2,277,929.75	No	
Hangzhou Amblem Household Co., Ltd.	Purchase of goods	413,419.77	No	2,137,356.44
Hangzhou Yuhang Robam Fuel Station Co., Ltd.	Purchase of goods	299,710.75	No	270,199.44
Hangzhou City Garden Hotel Co., Ltd.	Receiving of labor services	201,474.34	No	
Hangzhou Guoguang Touring Commodity Co., Ltd.	Purchase of goods	70,568.15	No	
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Purchase of goods	424.78	No	1,387,629.65
Hangzhou Nbond Nonwovens Co., Ltd.	Purchase of goods		No	36,514.24

Goods Sales/labor service provision

In RMB

Related parties	Description of the related transactions	Amount incurred in the current period	Amount incurred in the previous period
Hangzhou Amblem Household Co., Ltd.	Sale of goods	7,335,655.75	1,958,456.62
Shaoxing Kinde Electric Appliances Co., Ltd.	Sale of goods		2,243,171.75
Hangzhou ROBAM Foundation	Sale of goods	13,100.00	556,814.16

(2) Related leasing

The Company acts as the lessor:

In RMB

Lessee	Type of leased asset	Rental income recognized in the current period	Lease income recognized in the prior period
Hangzhou Robam Industry Group Co., Ltd.	Housing	14,400.00	14,400.00

The Company acts as the Lessee:

In RMB

Lessor	Type of leased asset	Rental fee recognized in the current period	Rental fee recognized in the previous period
Hangzhou Robam Industry Group Co., Ltd.	Housing	275,012.28	275,012.28

Benefits of key management personnel

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Total remuneration	3,165,800.00	3,023,100.00

6. Receivables and payables of related parties

(1) Receivables

In RMB

Name of item	Related parties	Ending balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Hangzhou Amblem Household Co., Ltd.	2,502,818.00		/	

(2) Payables

In RMB

Name of item	Related parties	Book balance at the end of the period	Initial book balance at the beginning of the period
Accounts payable	Hangzhou Yuhang Yaguang Spray Coating Factory	2,770,678.98	3,182,779.20
Accounts payable	Hangzhou Yuhang Robam Fuel Station Co., Ltd.	2,596,507.52	2,257,834.37
Accounts payable	Hangzhou Ambler Household Co., Ltd.	2,230.09	
Accounts payable	Hangzhou Guoguang Touring Commodity Co., Ltd.		22,336.73
Other payables	Hangzhou Yuhang Yaguang Spray Coating Factory	200,000.00	200,000.00
Other payables	Hangzhou Guoguang Touring Commodity Co., Ltd.	2,000.00	2,000.00

7. Commitments of related parties

Subsidiary of the Company, Shengzhou Kinde, committed to investing RMB35 million in Cookingfuture, of which, RMB17.5 million has been paid in, accounting for 70% of the shares. The remaining RMB17.5 million will be paid in before December 31, 2021 in full.

XIII. Share Payment

1. Overview of share payment

√Applicable Not applicable

In RMB

Total amount of equity instruments granted by the Company in the current period	111,172,800.00
Total amount of equity instruments exercised by the Company in the current period	0.00
Total amount of invalid equity instruments of the Company in the current period	0.00

The Company held the fourth session of the 5th Board of Directors on April 24, 2021 and the first extraordinary general meeting of shareholders of 2021 on April 30, 2021, deliberating and adopting the *Proposal on 2021 Stock Option Incentive Plan (Draft) of the Company and Its Summary*. On May 10, 2021, the sixth session of the 5th Board of Directors and the sixth session of the 5th Board of Supervisors were held, deliberating and adopting the *Proposal on Granting Stock Option to Incentive Targets*. Share exercise price: RMB36.57/share.

Stock Option Distribution Among the Incentive Targets:

Title	Number of stock options granted (in 10,000 shares)	Proportion in total stock options granted	Proportion in total capital stock on the day of the current Incentive Plan
Middle Management and Core (Technical) Backbones (138 persons)	304	100.00%	0.32%
Total	304	100.00%	0.32%

The incentive plan shall be valid for no more than 48 months from the day of full registration of the stock option granting to the day of full exercise/cancellation of the stock option granted to the incentive targets. Waiting periods of the stock option under the Incentive Plan shall be 12 months, 24 months and 36 months respectively upon full granting registration of the stock option granted.

Stock option exercise period and exercising schedule of each period

Exercise period	Exercise date	Proportion of exercise
The first exercise period	From the first trading day after 12 months as from full registration of the stock option granted to the last trading day within 24 months as from full registration of the stock option granted.	40%
The second exercise period	From the first trading day after 24 months as from full registration of the stock option granted to the last trading day within 36 months as from full registration of the stock option granted.	30%
The third exercise period	From the first trading day after 36 months as from full registration of the stock option granted to the last trading day within 48 months as from full registration of the stock option granted.	30%

Performance Assessment on Stock Option Exercise

(1) Performance assessment requirements at the company level

Assessment on stock option exercise under the incentive plan is to be carried out in three fiscal years from 2021-2023 (one assessment per year). Performance assessment objectives at the company level in each year are as follows:

Exercise period	Performance assessment objectives:
The first exercise period	Based on the operating revenue of Year 2020, compound growth rate of the operating revenue in Year 2021 reaches 10% or more and the net profit to the parent company minus non-recurring profit and loss in 2021 shall not be less than that in 2020.
The second exercise period	Based on the operating revenue of Year 2020, compound growth rate of the operating revenue in Year 2022 reaches 10% or more and the net profit to the parent company minus non-recurring profit and loss in 2022 shall not be less than that in 2020.
The third exercise period	Based on the operating revenue of Year 2020, compound growth rate of the operating revenue in Year 2023 reaches 10% or more and the net profit to the parent company minus non-recurring profit and loss in 2023 shall not be less than that in 2020.

Remarks: The aforementioned "net profit to the parent company minus non-recurring profit and loss" refers to the net profit to be distributed to shareholders of the listed company minus non-recurring profit and loss.

In case the company fails to meet the said assessment objectives, stock option expected to be excised by all the incentive targets in the corresponding assessment year shall not be exercised but cancelled by the company.

(2) Performance assessment requirements on the incentive targets at personal level

Assessment on individual incentive targets shall be subject to relevant assessment standards set by the company and proportion of personal exercisable option (N) is to be determined as per personal assessment ranking of the previous year:

Assessment rankings:	A-Excellent	B-Good	C-Improvement desired
Proportion of personal exercisable option (N)	100%		0%

In case the company meets the assessment requirements in each year, stock option to be actually exercised by the incentive target personally in the year = stock option expected to be exercised by the person in the year x proportion of personal exercisable option (N)

Stock option that fails to be exercised by the incentive targets in the assessment year will be cancelled by the company.

2. Repurchase of part of the public shares

In the first extraordinary general meeting of shareholders of 2021 held by the Company on April 30, 2021, the *Proposal on the Plans of Repurchasing Part of the Public Shares* was deliberated and adopted, approving that the Company may repurchase part of its shares with its own funds by means of centralized bidding. The repurchase price shall not be more than RMB 50/share and RMB 150-200 million is assigned for the repurchase. The repurchase shall be carried out within 12 months from the day the share repurchase plan is adopted at the general meeting of the shareholders. The Company published *Report on Repurchasing Part of the Public Shares* on May 11, 2021.

On June 25, 2021, the Company published the *Announcement on Completion of Repurchasing Part of the Public Shares*, presenting that the Company accumulatively repurchased 4,929,134 shares by centralized bidding with its exclusive account for repurchase, accounting for 0.5194% of total capital stock of the Company. The highest price is RMB 44.40/share and the lowest RMB 35.89/share. The transaction volume totals RMB 199,991,892.40. The current capital stock repurchase plan has been accomplished. The capital stock repurchased this time is temporarily deposited in the exclusive security account for repurchase. The said capital stock repurchased is not entitled to profit distribution, converting provident fund to share capital, issuing additional new stock or stock allotment, pledge or voting right in the general meeting of the shareholders and so on. All the stock repurchased this time will be applied to the stock incentive plan of the Company and/or business partner stock ownership plan and so on. In case the Company fails to realize the aforesaid purposes with the stock within duly given time limit, the unused part will be cancelled under relevant procedures.

XIV. Commitments and Contingencies

1. Major commitments

As of June 30, 2021, the Company has no major commitments to be disclosed.

2. Contingencies

(1) Major contingencies on the balance sheet date

As of June 30, 2021, the Company has no major contingencies to be disclosed.

(2) It's also necessary to make it clear hereby that the Company has no major contingencies that need to be disclosed.

As of June 30, 2021, the Company has no major contingency that need to be disclosed.

XV. Events After the Balance Sheet Date

As of June 30, 2021, the Company has no events after the Balance Sheet date to be disclosed.

XVI. Notes to main items of the financial statements of the parent company

1. Accounts receivable

(1) Classified disclosure of accounts receivable

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Accounts receivable with individual bad debt provisions	9,139,375.39	0.92%	6,929,656.29	75.82%	2,209,719.10	11,250,779.60	1.13%	8,407,639.24	74.73%	2,843,140.36
Including:										
Accounts receivable with a collective bad debt provision	989,025,706.68	99.08%	57,610,739.04	5.82%	931,414,967.64	984,599,159.57	98.87%	53,832,390.64	5.47%	930,766,768.93
Including:										
Accounts receivable grouped according to related parties	24,116,820.28	2.42%			24,116,820.28	26,572,541.50	2.67%			26,572,541.50
Multiple accounts receivable which are grouped by expected credit loss based on their age characteristics and with a collective bad debt provision	964,908,886.40	96.67%	57,610,739.04	5.97%	907,298,147.36	958,026,618.07	96.20%	53,832,390.64	5.62%	904,194,227.43
Total	998,165,082.07	100.00%	64,540,395.33	6.47%	933,624,686.74	995,849,939.17	100.00%	62,240,029.88	6.25%	933,609,909.29

In RMB

Individual bad debt provision:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Percentage of provision	Reasons for provision
Provision for bad debts by individual	1,773,645.05	1,773,645.05	100.00%	Expected to be irrecoverable

item				
Provision for bad debts by individual item	7,365,730.34	5,156,011.25	70.00%	Expected to be exposed to recovery risk
Total	9,139,375.39	6,929,656.30	--	--

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Percentage of provision
With 1 year	848,886,186.39	42,444,309.31	5.00%
1-2 years	100,975,054.01	10,097,505.40	10.00%
2-3 years	9,953,697.67	1,990,739.53	20.00%
3-4 years	3,778,538.92	1,889,269.46	50.00%
4-5 years	632,470.40	505,976.32	80.00%
More than 5 years	682,939.01	682,939.02	100.00%
Total	964,908,886.40	57,610,739.04	--

Disclosed based on the age of accounts receivable

In RMB

Age	Ending balance
Within 1 year (including 1 year)	879,989,777.45
1-2 years	103,127,658.62
2-3 years	9,953,697.67
More than 3 years	5,093,948.33
3-4 years	3,778,538.92
4-5 years	632,470.40
More than 5 years	682,939.01
Total	998,165,082.07

(2) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Other	
Bad debt provision for accounts receivable	62,240,029.88	6,877,232.65	4,576,867.20			64,540,395.33
Total	62,240,029.88	6,877,232.65	4,576,867.20			64,540,395.33

(3) Top five debtors with the biggest ending balances of accounts receivable

In RMB

Unit	Ending balance of	Proportion in the total ending balance of	Ending balance of bad
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	accounts receivable	accounts receivable	debt provision
Unit 1	181,717,542.00	18.21%	9,085,877.10
Unit 2	82,536,456.34	8.27%	4,126,822.82
Unit 3	60,191,842.27	6.03%	6,019,184.23
Unit 4	29,324,596.32	2.94%	1,466,229.82
Unit 5	24,904,134.49	2.49%	1,245,206.72
Total	378,674,571.42	37.94%	

2. Other receivables

In RMB

Item	Ending balance	Beginning balance
Other receivables	80,511,071.80	49,092,820.31
Total	80,511,071.80	49,092,820.31

1) Classification of other receivables by nature

In RMB

Nature of receivable	Book balance at the end of the period	Initial book balance at the beginning of the period
Collections by a third party	48,933,751.24	20,064,674.31
Security/guarantee deposits	36,573,061.64	33,786,199.08
Related transactions	4,064,000.00	4,064,000.00
Withholdings	4,544,818.54	2,256,187.63
Cash Reserve	5,993,517.59	1,383,261.26
Other	2,806,012.74	3,199,125.99
Total	102,915,161.75	64,753,448.27

2) Bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss over the entire duration (with credit impairment)	
Balance on January 1, 2021	15,660,627.96			15,660,627.96
Balance on January 1, 2021 in the current period	—	—	—	—
Provision in the current period	6,743,461.99			6,743,461.99
Balance on June 30, 2021	22,404,089.95			22,404,089.95

Disclosed based on the age of accounts receivable

In RMB

Age	Ending balance
Within 1 year (including 1 year)	73,763,151.36
1-2 years	4,310,496.19
2-3 years	3,527,461.80
More than 3 years	21,314,052.40
3-4 years	1,379,124.00
4-5 years	15,225,500.00
More than 5 years	4,709,428.40
Total	102,915,161.75

3) Bad debt provision, and its recovery or reversal in the current period

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Other	
Bad debt provision for other receivables	15,660,627.96	6,743,461.99				22,404,089.95
Total	15,660,627.96	6,743,461.99				22,404,089.95

4) Top five debtors with the biggest ending balances of other receivables

In RMB

Unit	Nature of receivable	Ending balance	Age	Proportion in the total ending balance of other accounts receivable	Ending balance of bad debt provision
Unit 1	Collections by a third party	48,933,751.24	With 1 year	47.55%	2,446,687.56
Unit 2	Security/guarantee deposits	14,778,000.00	4-5 years	14.36%	11,822,400.00
Unit 3	Cash Reserve	2,957,384.30	With 1 year	2.87%	147,869.22
Unit 4	Security/guarantee deposits	2,400,000.00	With 1 year	2.33%	120,000.00
Unit 5	Collections by a third party	2,288,880.00	With 1 year	2.22%	114,444.00
Total	--	71,358,015.54	--	69.34%	14,651,400.78

3. Long-term equity investment

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments	256,937,618	20,400,000.0	236,537,618.8	246,905,933.7	20,400,000.0	226,505,933.7

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
in subsidiaries	.88	0	8	3	0	3
Investments in joint ventures and associated companies	2,012,699.52		2,012,699.52	3,452,769.59		3,452,769.59
Total	258,950,318.40	20,400,000.00	238,550,318.40	250,358,703.32	20,400,000.00	229,958,703.32

(1) Investment in subsidiaries

In RMB

Investee	Beginning balance (book value)	Increase/decrease in the current period				Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Negative investment	Provision for impairment	Other		
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	162,320,000.00					162,320,000.00	
Hangzhou MingQi Electric Co., Ltd.	51,901,780.81	31,685.15				51,933,465.96	
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	630,900.00					630,900.00	20,400,000.00
Shanghai Robam Appliances Sales Co., Ltd.	5,838,272.10					5,838,272.10	
Beijing Robam Appliances Sales Co., Ltd.	5,814,980.82					5,814,980.82	
Hangzhou Robam Fuchuang Investment Management Co., Ltd.		10,000,000.00				10,000,000.00	
Total	226,505,933.73	10,031,685.15				256,937,618.88	20,400,000.00

(2) Investment in joint ventures and associated companies

In RMB

Investor	Beginning	Increase/decrease in the current period			Ending	Ending
----------	-----------	---	--	--	--------	--------

	balance (book value)	Additional investment	Negative investment	Investment profit or loss recognized using the equity method	Adjustment of other comprehensive income	Other changes in equity	Cash dividends or profits declared and distributed	Provision for impairment	Other	balance (book value)	balance of impairment provision
I. Joint venture											
De Dietrich Trade (Shanghai) Co., Ltd.	3,452,769.59			-1,440,070.07					2,012,699.52		
Subtotal	3,452,769.59			-1,440,070.07					2,012,699.52		
II. Associated enterprises											
Total	3,452,769.59			-1,440,070.07					2,012,699.52		

4. Operating income and operating cost

In RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	3,860,204,084.81	1,747,835,343.86	2,922,262,959.98	1,329,831,191.10
Other businesses	97,090,873.20	25,560,127.41	58,651,720.79	19,754,013.25
Total	3,957,294,958.01	1,773,395,471.27	2,980,914,680.77	1,349,585,204.35

5. Investment income

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Investment income during holding of financial assets for trading	53,886,727.88	20,859,653.65
Investment incomes obtained during holding of other equity instruments		
Income from long-term equity investments accounted for using the equity method	-1,440,070.07	-2,239,220.46
Total	52,446,657.81	18,620,433.19

XVIII. Supplementary Information

1. Breakdown of non-recurring profits and losses in the current period

√Applicable Not applicable

In RMB

Item	Amount	Description
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Gains and losses from disposal of non-current assets	-2,037,766.59	
Government subsidy included in current gains and losses (except the government subsidy closely related to the Company's business and enjoyed by quota or ration in accordance with the unified national standard)	55,099,765.01	
Other gain/loss items conforming to the definition of non-recurring gains/losses	-393,630.96	
Less: Affected amount of income tax	8,184,399.67	
Affected amount of minority shareholders' equity	480,579.21	
Total	44,003,388.58	--

It is necessary to explain the non-recurring gains or losses determined based on definitions in *Explanatory Announcement No. 1 on Information Disclosure for Publicly Listed Companies---Non-recurring Profit & Loss* (Referred to as "Announcement No. 1") and the reason why non-recurring profits or losses listed in the Announcement No.1 are determined as recurring profits or losses.

Applicable Not applicable

2. Return on equity and earnings per share (EPS)

Profit within the Reporting Period	Weighted average return on net assets	EPS	
		Basic earnings per share (EPS) (RMB/share)	Diluted EPS (RMB/share)
Net profit attributable to common stockholders of the Company	9.49%	0.83	0.83
Net profit attributable to common shareholders of the Company after deducting non-recurring profits and losses	8.96%	0.79	0.58

3. Accounting data differences under domestic and foreign accounting standards

(1) Differences of net profits and net assets in the Financial Report disclosed as per the IAS and CAS

Applicable Not applicable

(2) Differences of net profits and net assets in the Financial Report disclosed as per the foreign accounting standard and CAS

Applicable Not applicable