

Hangzhou ROBAM Appliances Co., Ltd.

2021 Full Annual Report



April 2022

Section 1 Important Notes, Contents and Definitions

The board of directors, the board of supervisors and directors, supervisors and senior management of the Company hereby guarantee that no false or misleading statement or major omission was made to the materials in this report and that they will assume all the responsibility, individually and jointly, for the authenticity, accuracy and completeness of the contents of the annual report.

Ren Jianhua, the head of the Company, Zhang Guofu, the head of accounting work, and Zhang Guofu, the head of accounting body (accountant in charge), guarantee the authenticity, accuracy and completeness of the financial report in this annual report.

All directors of the Company personally attended the board meeting for reviewing this report.

The Company has risks such as policy fluctuations in the real estate market, price fluctuations of raw materials and intensifying market competition. Please pay attention to the investment risks.

The preplanned profit distribution deliberated and approved by the board of directors is as follows: taking 944,094,916 shares as the radix (the existing total capital stock of 949,024,050 shares, excluding 4,929,134 shares repurchased), the Company will send cash dividends of 5 yuan (tax included) and 0 bonus share (tax included) to all shareholders for every 10 shares, and instead of converting capital reserve into share capital.

Table of Contents

Section 1 Important Notes, Contents and Definitions.....	1
Section 2 Company Profile and Major Financial Indicators.....	5
Section 3 Management Discussion and Analysis	10
Section 4 Corporate Governance.....	29
Section 5 Environmental and social responsibility	50
Section 6 Important Matters	51
Section 7 Changes in Shares and Shareholders.....	58
Section 8 Preferred Shares.....	66
Section 9 Corporate Bonds.....	67
Section 10 Financial Report	68

Directory of documents available for inspection

- I. Financial statements containing signatures of the legal representative, the head of accounting work, and the head of accounting body with seals.
- II. Original audit report stamped by ShineWing Certified Public Accountants (Special general partnership) and signed and stamped with the certified public accountants.
- III. Original copies of the documents and announcement of the company published on the newspaper designated by the CSRC in the reporting period.
- IV. 2021 annual report of the Company signed by the legal representative.
- V. Other relevant information.

Definitions

Terms	Refers to	Definition
The Company, company, ROBAM Appliances	Refers to	Hangzhou ROBAM Appliances Co., Ltd.
Mingqi	Refers to	Hangzhou Mingqi Electric Co., Ltd.
Kinde Intelligent	Refers to	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.
ROBAM Group	Refers to	Hangzhou ROBAM Industrial Group Co., Ltd., controlling shareholder of the Company
Reporting period	Refers to	Year 2021
AVC	Refers to	Beijing All View Cloud Data Technology Co., Ltd.

Section 2 Company Profile and Major Financial Indicators

I. Company Information

Stock abbreviation	ROBAM	Stock code	002508
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	杭州老板电器股份有限公司		
Company short name in Chinese	ROBAM		
Company name in English (if any)	HANGZHOU ROBAM APPLIANCES CO.,LTD.		
Company short name in English (if any)	ROBAM		
Legal representative of the Company	Ren Jianhua		
Registered address	No. 592 Linping Av., Yuhang Economic Development Zone, Hangzhou, China		
Postal code of the registered address	311100		
Historical changes of the Company's registered address	N/A		
Office address	No. 592 Linping Av., Yuhang Economic Development Zone, Hangzhou, China		
Postal code of the office address	311100		
Company website	http://www.robam.com/		
Email	robam@robam.com		

II. Contact Person and Contact Information

	Secretary to the board of directors	Securities affairs representative
Name	Wang Gang	Jiang Yu
Contact address:	No. 592 Linping Av., Yuhang Economic Development Zone, Hangzhou, China	No. 592 Linping Av., Yuhang Economic Development Zone, Hangzhou, China
Tel	0571-86187810	0571-86187810
Fax	0571-86187769	0571-86187769
Email	wg@robam.com	jy@robam.com

III. Information Disclosure and Keeping Place

The website(s) of the stock exchange where the Company discloses the annual report	<i>Securities Times, China Securities Journal, Securities Daily, Shanghai Securities News</i>
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The name and website of the media where the Company discloses the annual report	http://www.cninfo.com.cn
Place of preparation of the Company's annual report	Board office

IV. Registration Changes

Organization code	725252053
Changes in main business since the Company's listing (if any)	No changes
Changes of controlling shareholders (if any)	No changes

V. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Shinewing Certified Public Accountants (special general partnership)
Office address of the accounting firm	9/F, Block A, Fuhua Mansion, No.8 Chaoyangmen North Street, Dongcheng District, Beijing
Name of signatory accountant	Lei Yongxin, Wang Qing

The sponsor institution engaged by the Company to perform the continuous supervision responsibility during the reporting period

Applicable Not applicable

The financial advisor engaged by the Company to perform the continuous supervision responsibility during the reporting period

Applicable Not applicable

VI. Major Accounting Data and Financial Indicators

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

Yes No

	2021	2020	Increase / decrease this year compared to the previous year	2019
Operating income (yuan)	10,147,706,035.35	8,128,620,799.31	24.84%	7,760,581,855.53
Net profits attributable to shareholders of listed companies (yuan)	1,331,712,059.03	1,660,749,958.89	-19.81%	1,589,814,847.80
Net profits attributable to	1,276,853,316.64	1,584,584,566.83	-19.42%	1,516,979,830.78

shareholders of the listed company after deduction of non-recurring profits and losses (yuan)				
Net cash flow from operating activities (yuan)	1,365,377,219.33	1,537,299,958.71	-11.18%	1,555,220,926.90
Basic EPS (yuan/share)	1.41	1.75	-19.43%	1.68
Diluted EPS (yuan/share)	1.41	1.75	-19.43%	1.68
Weighted average return on net assets	15.78%	22.39%	-6.61%	25.10%
	End of 2021	End of 2020	Increase / decrease at the end of this year compared to the end of the previous year	End of 2019
Total assets (yuan)	13,906,035,181.12	12,457,568,276.25	11.63%	10,651,922,572.87
Net assets attributable to shareholders of listed companies (yuan)	8,627,026,739.27	8,050,626,815.35	7.16%	6,864,388,881.46

The lower net profit of the Company before and after deducting non-recurring profit and loss in the last three fiscal years is negative, and the audit report of the latest year shows that the Company's ability to continue as a going concern is uncertain

Yes No

The lower net profit before and after deducting non-recurring profit and loss is negative

Yes No

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

1. Differences between net profits and net assets in financial statements disclosed according to the International Accounting Standards (IAS) and Chinese Accounting Standards simultaneously

Applicable Not applicable

No difference between net profits and net assets in financial statements disclosed according to the International Accounting Standards (IAS) and Chinese Accounting Standards during the reporting period.

2. Differences between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards and Chinese Accounting Standards simultaneously

Applicable Not applicable

No difference between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards and Chinese Accounting Standards during the reporting period.

VIII. Key Quarterly Financial Indicators

Unit: yuan

	Q1	Q2	Q3	Q4
Operating income	1,908,332,042.49	2,417,749,989.13	2,744,769,787.56	3,076,854,216.17
Net profits attributable to shareholders of listed companies	358,828,585.88	431,560,173.91	552,072,334.14	-10,749,034.90
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses	321,817,120.06	424,568,251.15	544,600,920.87	-14,132,975.44
Net cash flow from operating activities	145,798,650.84	384,427,665.66	471,702,438.11	365,651,230.72

Whether there is significant difference between the above financial indicators or the total sum of them and the financial indicators related to the quarterly report and semiannual report disclosed by the Company

Yes No

IX. Non-recurring Profit and Loss Items and Amount

Applicable Not applicable

Unit: yuan

Item	Amount in 2021	Amount in 2020	Amount in 2019	Description
Profits and losses on the disposal of non-current assets (including the write-off part of the provision for asset impairment)	-2,290,187.24	-422,706.54	-158,607.19	
Government subsidies included into the current profits and losses (except those government subsidies, which are closely related to the normal business of the Company, comply with national policies and regulations and continuously enjoyed in accordance with a certain standard quota or quantity)	65,893,969.94	91,184,657.20	88,113,806.09	
Reversal of impairment provision for receivables subject to separate impairment test	1,034,992.00			
Income and expenditure other than those mentioned above	-2,306,626.52	-2,965,479.76	-1,884,306.56	
Less: Amount affected by income tax	6,738,387.65	11,202,215.16	13,290,725.11	
Amount of minority shareholders' equity affected (after tax)	735,018.14	428,863.68	-54,849.79	
Total	54,858,742.39	76,165,392.06	72,835,017.02	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

The Company does not have any other profit and loss items that meet the definition of non-recurring profit and loss.

Description of defining the non-recurring profit and loss items enumerated in the “Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses” as recurrent profit and loss items

Applicable Not applicable

The Company does not have any non-recurrent profit and loss items enumerated in the “Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses” as recurrent profit and loss items.

Section 3 Management Discussion and Analysis

I. Industry Situation that the Company was in During the Reporting Period

According to the “National Economic and Social Development Statistics Bulletin 2021” issued by the National Bureau of statistics, at the end of 2021, the urbanization rate of the country's permanent population was 64.72%, 0.83 percentage points higher than that at the end of the previous year. China is at the mid-term level of urbanization development. Compared with the average level of 80% urbanization rate in developed countries, China's urbanization rate will still have a large room for growth in the long term. Thanks to the continuous improvement of urbanization rate and urbanization development quality stage, the development of kitchen appliance industry has been sound for a long time, and the expansion and upgrading trend of kitchen category in China is significant. Compared with the gradual slowdown of incremental market of kitchen appliances brought by the real estate industry in the past two decades, the stock market dominated by renewal demand is gradually opening up, and the new market and stock market will jointly support the future development space of kitchen appliance industry.

Due to the timing differences between Chinese traditional kitchen appliances and emerging kitchen appliances, the current development shows different characteristics.

Traditional kitchen appliances: 1) in terms of product scale, the retail sales declined slightly, and the retail sales still increased. According to the total data pushed by All View Cloud (AVC), in 2021, the overall scale of range hoods was 21.5 million units and RMB 33.3 billion, with a year-on-year decline of 6% in retail volume and a year-on-year increase of 4% in retail sales. In 2021, the overall scale of gas hobs was 25.43 million units and RMB 19.1 billion, with a year-on-year decline of 9% in retail volume and a year-on-year increase of 2% in retail sales. 2) In terms of average price, the upgrading of product structure drives the average price growth. In 2021, the average online price of range hood was RMB 1,550, a year-on-year increase of RMB 156, and the average offline price was RMB 3,733, a year-on-year increase of RMB 313. 3) In terms of consumption scenarios, the trend of product set sales is obvious. The high-end and intelligent development of home appliance manufacturers is trending. 4) In terms of competition pattern, the market share of online and offline leading enterprises has increased. In 2021, the market share of online market ROBAM / FOTILE's sales was + 1.5pct / + 1.51pct respectively year-on-year; The market share of offline market ROBAM / FOTILE's sales was + 2.71pct / + 2.26pct respectively year-on-year.

Emerging kitchen appliances: dishwashers and built-in steam oven products drive the growth of kitchen appliance market. According to the total data pushed by All View Cloud (AVC), 1) in terms of product scale, the total retail sales increased. In 2021, the retail sales

of dishwasher market was RMB 9.96 billion, with a year-on-year increase of 14.4%, and the retail volume was 1.952 million units, with a year-on-year increase of 1.7%. In 2021, the overall scale of built-in steam oven-oven was 950 thousand units and RMB 5.6 billion, with a year-on-year increase of 22% in retail volume and a year-on-year increase of 26% in retail sales. Compared with 2019, the retail volume increased by 98% and the retail sales increased by 104% year-on-year. 2) In terms of product types, product functions tend to be integrated and high-end. The innovation of new and old kitchen appliances continues, and the product iteration speeds up. 3) In terms of channel structure, the market share of new categories in hardbound housing and front decoration continues to increase. The growth momentum of emerging kitchen appliances is strong, and Chinese kitchens have entered a new era of category expansion.

II. Main Business of the Company during Reporting Period

Dedicated to creating a new quality kitchen for millions of families, the Company takes foot in the kitchen field and focuses on the development, production, sales and comprehensive services of kitchen appliances, including range hoods, gas hobs, steam oven-oven, dishwashers and integrated hobs, and it is committed to creating a more “convenient, healthy and interesting” kitchen life for thousands of families. After more than 40 years of development and growth, the Company has become the manufacturer with the longest history, the highest market share and the largest production capacity in the Chinese kitchen appliance industry. The Company has achieved the best sales of range hoods in China for 24 years and the world for seven consecutive years.

According to the product attributes and cooking methods, the Company's products are mainly divided into three categories and integrated categories. The first category refers to the product group represented by range hoods. The second category refers to the electrified cooking product group represented by steam oven-oven, steamer and oven. The third category refers to the water kitchen appliance product group represented by dishwashers, gas water heater and water purifier. In addition, there are integrated product groups represented by integrated hobs and integrated range hoods.

The channel layout of the Company is complete, forming three major channels focusing on offline retail, online e-commerce and refined decoration engineering, as well as overseas channels.

- 1) Offline retail channels: mainly based on the national agent model of ROBAM, the main channels are divided into exclusive stores (agent exclusive stores, Red Star Macalline, Easyhome, etc.), KA (GOME, Suning, 5 Star and local chain channels), innovation channels (whole house customization companies, home decoration companies and gas companies), sinking channels (JD exclusive store, Tmall Youpin, Suning Retail Cloud, GOME New Retail, 5 Star Wanzhentong, etc.) and local department stores, etc.
- 2) Online e-commerce channels: mainly directly operated by the Company's e-commerce department. The main channels include

online platforms such as JD, Tmall and Suning, as well as other media platforms (new media social networking, official website, private domain, TV shopping, etc.)

- 3) Refined decoration engineering channels: strategic engineering customers (leading real estate enterprises) and regional engineering customers.
- 4) Overseas channels: North America, Australia, Malaysia, Cambodia and other Southeast Asian regions.

III. Analysis of Core Competitiveness

No significant change in the Company's core competitiveness during the reporting period: The Company's core competitiveness is mainly reflected in the high-end positioned the brand capacity, continuous innovative research and development capacity, comprehensive and efficient operation capacity.

1. Brand capability of high-end positioning

ROBAM, founded in 1988, has established a significant brand advantage in the kitchen appliance industry. Since 1991, ROBAM range hood has won the only "Quality Silver Award of the People's Republic of China", "China Famous-brand Product", "National Inspection-free Product" in the kitchen appliance industry; ROBAM has been recognized as "China Famous Brand"; ROBAM has won "Most Influential Brand in China's Kitchen Appliance Industry" and "China's 500 Most Valuable Brands". In addition, ROBAM has been shortlisted as "Brandz Top 100 Most Valuable Chinese Brands" for 7 consecutive years and awarded "Top 500 Asia Brand" for 15 consecutive years. After more than 40 years of efforts, it continues to deepen the positioning of "big suction" and create high-end brand experience. "Big suction" has become the synonym of "high-end range hood", and the ROBAM has become one of the most famous and favorite professional high-end kitchen appliance brands in China. In 2015, ROBAM represented China's high-end manufacturing and landed at Milan Expo, and in 2016, it landed at IFA exhibition in Germany, which improved the ROBAM's high-end image and international influence. In 2018, ROBAM Appliances put forward a new brand concept, that is, to "Creating China's new kitchen." According to the survey data released by Euromonitor International, the world's authoritative market research organization, ROBAM Appliances' range hood won the first market share of global range hood private brand market for seven consecutive years from 2015 to 2021.

2. R & D capability of continuous innovation

The mission of the Company is to render happiness of kitchen life for more families, by improving the existing cooking environment based on continuous research on technology to bring healthy and relaxed cooking life to users with cooking fun. For this reason, the Company adheres to the principle of "product leading" and constantly pursues "technology leading". The Company now has a national technology center, a national laboratory, a national industrial design center, California institute of innovation, Shenzhen

innovation research institute and academician workstation of Tsinghua University. It introduces high-level technical talents, implements fine management, and improves the construction of technical talent echelon. It also pays attention to the quality and efficiency of R & D, continuously optimizes the product development cycle, improves the success rate of product launch, and reserves intelligent and integrated core technologies. On the hardware side, the Company adheres to the craftsman spirit of excellence, promotes the all-round and multi-dimensional improvement of the first, second and third product category groups; On the software side, it explores the development of AI-IoT intelligent IOT platform, focuses on the application of AI intelligent cooking curve, and improves the soft power of kitchen appliance products.

3. Comprehensive and efficient operation capability

The Company has the leading marketing capability in the industry: the Company adopts the only agency marketing mode in the industry, and creates the most comprehensive, efficient and responsive marketing system in the industry through strong management and control, equity incentive and the de facto business partner system. It deepens intelligent manufacturing, lean operation and technology driven, and comprehensively builds the industry's first supply chain system. Looking at global manufacturing, the nine-day central digital platform with data-driven business has been officially put into use, striving to become a first-class manufacturing benchmark in China. In addition, the Company accelerates the integration of digitization and informatization, focuses on the interactive innovation and continuous optimization of data, technology, business process and organizational structure, constantly creates new capabilities in the informatization environment, and improves the sustainable competitiveness in the domestic and foreign markets.

IV. Main Business Analysis

1. Overview

In 2021, in the face of adverse factors such as the tightening of national macro policies on real estate and the rising costs of raw materials and labor, the overall competition in the kitchen appliance industry is more intense and the industry concentration continues to increase. In terms of retail channel, according to the monthly data report of offline retail market monitoring of All View (hereinafter referred to as "All View offline report"), the retail sales of main categories of kitchen appliances, such as range hoods and gas hobs, decreased by 0.05% and 1.9% respectively compared with the same period of last year. In terms of e-commerce channel, according to the monthly data report of online retail market monitoring of All View (hereinafter referred to as "All View online report"), the retail sales of kitchen appliance packages increased by 5.4% compared with the same period of last year. In terms of engineering channel, according to the report "2021 China Real Estate Fine Decoration Market Summary of All View", there were

3,378 new projects of kitchen appliances in the fine decoration market, decreased by 7.5% year-on-year, and the scale of kitchen appliances was 2,788,500, decreased by 12.2% year-on-year.

As the leading company in the industry, the Company closely focuses on the annual business philosophy of "journey with dream, torrent with bravery", firmly grasps the dividend of increasing industry concentration, and makes joint efforts in new and old kitchen appliance products. With all channels being significantly better than the industry level, it realizes the operating income of RMB 10.148 billion, with a year-on-year increase of 24.84%, and the income breaks through RMB 10 billion for the first time, which is an important milestone in the development history of the Company.

As of December 31, 2021, according to the All View offline report, the market share and market position of the offline retail sales of Company's major product categories are shown in the following table:

Range hood	Gas hobs	Sterilizer cabinet	Built-in steam oven-oven	Built-in electrical steam oven	Built-in electric oven	Built-in dishwasher
30.5%	29.3%	22.4%	34.8%	22.8%	39.6%	17.5%
1	1	2	1	2	2	2

As of December 31, 2021, according to the All View online report, the market share and market position of the online retail sales of Company's major product categories are shown in the following table:

Kitchen appliance packages	Range hood and gas hobs	Range hood	Gas hobs	Built-in steam oven-oven	Built-in electrical steam oven	Built-in dishwasher
30.4%	24.2%	16.9%	9.9%	14.5%	25.8%	8.2%
1	1	1	3	3	1	4

As of December 31, 2021, according to the All View refined decoration report, the market share of "ROBAM" range hood in refined decoration channel is 36.2%, ranking first in the industry.

In 2021, in the technology sector, it takes products as the core, talents as the cornerstone and innovation as the driving force to promote product upgrading and lead the development of the industry. It pays attention to the training of R & D talents, improve the construction of R & D system, increase cooperation with colleges and universities, and deepen the integration of the industry, universities and research institutes. Adhering to the spirit of craftsmanship and management innovation, it accelerates the iteration and upgrading of software and hardware of various categories, and improves the user experience. The range hood 8235S won the AWE2021 "AWE Gold Award" and the German IF Design Award 2021, the range hood CG68A0 won the German Red Dot Award 2021: Product Design, and ROBAM Creator series won the "2021 Red-top Award for China's High-end Household Appliances and Consumer Electronics". This year, 1093 patents were applied for, including 274 invention patents; By the end of 2021, a total of 2010 patents had been granted, including 65 invention patents. In addition, in 2021, the Company took the lead in formulating 9 standards, including 1 industry standard, 6 group standards and 2 Zhejiang manufacturing standards; Participated in the formulation of 21

standards, including 9 national standards, 3 industrial standards and 9 group standards. The Company's technological innovation ability has been continuously recognized by the industry and won the second prize of Zhejiang Science and Technology Progress Award and the second prize of China Quality Association Quality Technology Award.

In 2021, the marketing sector deepened the high-end positioning of the brand, made joint efforts in new and old categories, coordinated development of multiple channels, and mutual empowerment of categories and channels to provide consumers with high-quality comprehensive solutions for kitchen appliances. In terms of retail channels, it leads the development trend of series and high-end of the industry, creates a consumption scene of "China's new kitchen" with "ROBAM four-piece set" as the starting point; promotes marketing flat construction, implements marketing digital reform, and optimizes channel efficiency. In terms of innovative channels, it in-depth cooperates with whole house customization companies and leading enterprises of home decoration companies, seizes the front-end flow entrance, actively explores the stock market resources, and quickly improves the matching rate of second and third categories. In terms of e-commerce channels, it has the new and old media platforms under mutual drainage, content marketing digging new and old user value; accelerates the iteration and upgrading of various categories, shares product advantages within the channels, and improves channel efficiency. In terms of project channels, it adjusts the customer structure, upgrades the product structure, improves the penetration of new products, promotes the series solution of refined decoration residential kitchen appliance products, and further popularizes the central range hoods. In terms of overseas channels, it continuously optimizes the global layout and steadily promotes the process of brand internationalization.

In 2021, the production sector is committed to opening up a new path for the transformation and upgrading of China's high-end kitchen appliance manufacturing, focusing on the three core strategies of "accurate delivery, high-quality manufacturing and data-driven", and building one of the manufacturing benchmarks with the strongest comprehensive competitiveness of China's manufacturing industry with the four business priorities of "strengthening supply, promoting transformation, developing new products and refining business". Through refined cost control, process innovation, new technology application and scientific and efficient quality management, the Company can ensure the delivery capacity of new and old kitchen appliances, continuously reduce the cost of procurement and improve the production efficiency and scale effect. It strengthens the headquarters demand forecasting function, uses inventory model and scientific replenishment, successfully realizing the direct distribution reform in more than 10 regions across the country. The satisfaction degree of customer orders reaches more than 97%. ROBAM Future Factory is the first intelligent unmanned factory in China's kitchen appliance industry. The project is one of the first batch of "future factories" in Zhejiang Province. In addition, Maoshan Intelligent Manufacturing Science and Innovation Park project has been put into use, which will promote product iteration, upgrade manufacturing intelligence capability and consolidate the foundation of the Company's long-term development.

In 2021, the brand sector is committed to building the first brand of high-end kitchen appliances in China that knows Chinese cooking best, and continues to promote the implementation of the "China's new kitchen" plan. AWE successfully held a brand exhibition with the theme of technology inspiring culinary creativity in 2021, and launched ROBAM Creator series products at the immersive press conference "Hello Creator" to strengthen the brand height. CCTV, academicians, talents are invited into ROBAM, making the whole network witness the Company's product update and iteration. The Company held the China Dishwasher Festival and jointly issued the "White Paper on Dishwashers Suitable for Chinese Kitchens" with the China Household Electric Appliances Research Institute to enhance the brand potential. Xu Kai was hired as the spokesperson for ROBAM new kitchen. Various channels carried out activities such as China-fashion banquet, peach blossom banquet and "Yearning for Kitchen" Festival. The Company was the exclusive title sponsor of "Heard it's delicious" and served as the food creation officer of "The Pursuit of Happiness" to interpret the brand value. In addition, as the exclusive supplier of official household kitchen appliances for the 2022 Hangzhou Asian Games, it will help to spread Chinese cooking culture and boost the construction of Asian Games cities.

In 2021, Mingqi focused on the upgrading of integrated categories, explored the development direction of integrated kitchen, and worked together with online and offline channels to create a new retail model and move towards a new development. Kinde enriched the product matrix of integrated stoves and guarded the brand position. After the completion of the intelligent integrated kitchen ecological industrialization project, the R & D and manufacturing capacity of integrated kitchen appliance products will be further improved.

In 2021, the Company continued to be recognized by the capital market in terms of corporate governance, internal management and shareholder return. In the information disclosure assessment of Listed Companies in Shenzhen Stock Exchange in 2020, the Company was rated as a (excellent) level, and it has won this honor for eight consecutive years; In the field of investor relations, the Company won the best board of directors award of the 12th Tianma Award for Investor Relations of Listed Companies on the Main Board of China, the 12th Best Investor Relations Award of China's Listed Companies, the Top 100 Value Listed Companies on the Main Board and other awards of the Securities Times; The secretary of the board of directors of the Company won the 12th Best Director Secretary of Investor Relations of Listed Companies on the Main Board of China and other awards. The Company has always adhered to standard operation, deeply explored the kitchen field and helped value investment.

In 2021, as part of the Company's common prosperity plan, and in order to further establish and improve the Company's long-term effective incentive mechanism and fully mobilize the enthusiasm of the Company's middle and senior core forces, the Company successively launched the "Business Partner Shareholding Plan" and the "2021 Stock Option Incentive Plan" to provide differentiated incentives for the Company's senior management team, middle-level core business and technical backbone, so as to consolidate the Company's long-term development foundation, promote the high-quality development of the Company.

2. Revenue and Costs

(1) Operating income composition

Unit: yuan

	2021		2020		Year-on-year increase / decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	10,147,706,035.35	100%	8,128,620,799.31	100%	24.84%
By industry					
Home and kitchen & bath appliances	9,878,609,034.58	97.35%	7,950,757,663.78	97.81%	24.25%
Other	269,097,000.77	2.65%	177,863,135.53	2.19%	51.29%
By product					
First category group					
Range hood	4,879,636,891.65	48.09%	4,109,720,518.81	50.56%	18.73%
Gas hobs	2,439,639,215.87	24.04%	1,917,138,716.95	23.59%	27.25%
Sterilizer cabinet	544,149,587.07	5.36%	558,934,801.48	6.88%	-2.65%
Second category group					
Steam oven-oven	647,136,752.08	6.38%	377,875,190.46	4.65%	71.26%
Steamer	150,479,922.38	1.48%	188,586,242.66	2.32%	-20.21%
Steamer	132,013,212.98	1.30%	118,200,187.42	1.45%	11.69%
Third category group					
Dish-washing machine	450,505,656.90	4.44%	223,781,076.46	2.75%	101.32%
Water purifier	59,858,528.51	0.59%	61,458,853.99	0.76%	-2.60%
Water heaters	155,054,325.57	1.53%	56,885,678.02	0.70%	172.57%
Integrated hob	326,347,237.29	3.22%	259,062,761.51	3.19%	25.97%
Other small home appliances	93,787,704.28	0.92%	79,113,636.02	0.97%	18.55%
Other business income	269,097,000.77	2.65%	177,863,135.53	2.19%	51.29%

By region					
East China - main products	4,699,565,607.49	46.33%	3,660,037,066.87	45.03%	28.40%
East China - other	269,097,000.77	2.65%	177,863,135.53	2.19%	51.29%
South China	1,313,350,785.57	12.94%	1,166,738,209.66	14.35%	12.57%
Central China	890,428,360.89	8.77%	798,608,093.61	9.82%	11.50%
North China	1,242,294,816.78	12.24%	859,966,194.92	10.58%	44.46%
Northeast China	512,607,935.65	5.05%	417,632,137.86	5.14%	22.74%
Northwest China	509,788,589.04	5.02%	366,186,500.24	4.50%	39.22%
Southeast China	647,294,350.69	6.38%	644,756,608.57	7.93%	0.39%
Overseas regions	63,278,588.47	0.62%	36,832,852.05	0.45%	71.80%
Distribution model					
Sales by proxy	3,070,367,965.64	30.25%	2,575,251,701.43	31.69%	19.23%
Sales by dealers	380,213,068.56	3.75%	346,131,673.27	4.26%	9.85%
Direct sales	4,647,292,563.60	45.80%	3,340,258,926.10	41.09%	39.13%
Engineering	1,976,492,346.14	19.48%	1,847,977,080.91	22.73%	6.95%
Other	73,340,091.41	0.72%	19,001,417.60	0.23%	285.97%

(2) Industries, products, regions and sales models that account for more than 10% of the Company's operating income or profit

√ Applicable □ Not applicable

Unit: yuan

	Operating income	Operating cost	Gross margin ratio	Year-on-year increase / decrease of operating income	Year-on-year increase / decrease of operating cost	Year-on-year increase / decrease of gross margin ratio
By industry						
Home and kitchen & bath appliances	10,147,706,035.35	4,835,053,404.37	52.35%	24.84%	35.69%	-3.81%
By product						
Range hood	4,879,636,891.65	2,261,658,764.86	53.65%	18.73%	36.19%	-5.94%
Gas hobs	2,439,639,215.87	1,048,989,508.38	57.00%	27.25%	33.91%	-2.14%

By region						
East China	4,699,565,607.49	2,153,822,471.06	54.17%	28.40%	39.05%	-3.51%
South China	1,313,350,785.57	683,419,773.36	47.96%	12.57%	25.01%	-5.18%
North China	1,242,294,816.78	577,901,469.75	53.48%	44.46%	64.94%	-5.78%
Distribution model						
Sales by proxy	3,070,367,965.64	1,596,428,723.00	48.01%	19.23%	36.71%	-6.65%
Direct sales	4,647,292,563.60	1,515,713,730.29	67.39%	39.13%	20.23%	5.13%
Engineering	1,976,492,346.14	1,050,923,152.77	46.83%	6.95%	14.01%	-3.29%

In the case that the statistical standards for main business data of the Company are adjusted during the reporting period, the main business data of the Company in recent 1 year are subject to those after the adjustment of the statistical standards at the end of the reporting period

Applicable Not applicable

(3) Whether the Company's physical sales revenue is greater than the service revenue

Yes No

Industry category	Item	Unit	2021	2020	Year-on-year increase / decrease
Home and kitchen & bath appliances	Sales quantity	Unit	8,026,289	6,952,763	15.44%
	Production output	Unit	8,079,472	7,056,783	14.49%
	Inventory	Unit	2,275,238	2,222,055	2.39%

Reasons for more than 30% year-on-year changes in the relevant data

Applicable Not applicable

(4) Performance of major sales contracts and major purchase contracts signed by the Company up to the reporting period

Applicable Not applicable

(5) Composition of operating cost

Industry and product categories

Unit: yuan

Industry category	Item	2021		2020		Year-on-year increase / decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	

Home and kitchen & bath appliances	Manufacturing costs	375,524,089.21	7.77%	231,680,866.15	6.50%	62.09%
	Raw materials	4,240,067,637.57	87.69%	3,112,334,458.17	87.35%	36.23%
	Labor	219,461,677.59	4.54%	219,191,606.55	6.15%	0.12%

Unit: yuan

Product Classification	Item	2021		2020		Year-on-year increase / decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Range hood	Manufacturing costs	213,123,127.91	4.41%	134,505,424.42	3.77%	58.45%
	Raw materials	1,929,019,611.59	39.90%	1,407,036,579.61	39.49%	37.10%
	Labor	119,516,025.36	2.47%	119,122,390.95	3.34%	0.33%
Gas hobs	Manufacturing costs	37,797,820.14	0.78%	23,134,151.04	0.65%	63.39%
	Raw materials	982,173,775.43	20.31%	730,332,351.14	20.50%	34.48%
	Labor	29,017,912.81	0.60%	29,873,559.60	0.84%	-2.86%
Sterilizer cabinet	Manufacturing costs	32,815,880.40	0.68%	28,084,404.21	0.79%	16.85%
	Raw materials	336,463,954.86	6.96%	286,265,054.99	8.03%	17.54%
	Labor	24,559,377.53	0.51%	25,979,428.66	0.73%	-5.47%
Other	Manufacturing costs	91,787,260.76	1.90%	45,956,886.49	1.29%	99.72%
	Raw materials	992,410,295.69	20.53%	688,700,472.43	19.33%	44.10%
	Labor	46,368,361.89	0.96%	44,216,227.34	1.24%	4.87%

(6) Whether the consolidation scope changes in the reporting period

Yes No

(7) Major changes or adjustments of business, products or services of the Company during the reporting period

Applicable Not applicable

(8) Major sales customers and major suppliers

Major sales customers of the Company

Total sales amount of top five customers (yuan)	3,281,950,225.24
Proportion of total sales amount of top five customers in total annual sales	32.34%
Among the sales amount of top five customers, proportion of sales amount of related parties in total annual sales	0.00%

Top 5 customers of the Company

No.	Customer name	Sales Amount (yuan)	Proportion in total annual sales
1	Unit 1	1,599,097,679.27	15.76%
2	Unit 2	885,343,504.05	8.72%
3	Unit 3	312,719,970.80	3.08%
4	Unit 4	298,965,812.27	2.95%
5	Unit 5	185,823,258.85	1.83%
Total	--	3,281,950,225.24	32.34%

Other information of major customers

Applicable Not applicable

Major suppliers of the Company

Total purchase amount of top five suppliers (yuan)	1,118,557,326.48
Proportion of total purchase amount of top five suppliers in total annual purchase amount	22.72%
Among the purchase amount of top five suppliers, proportion of purchase amount of related parties in total annual purchase amount	0.00%

Top 5 suppliers of the Company

No.	Supplier name	Purchase amount (yuan)	Proportion in total annual purchase amount
1	Unit 1	263,084,773.79	5.34%
2	Unit 2	253,409,671.61	5.15%
3	Unit 3	234,233,755.68	4.76%
4	Unit 4	220,243,579.77	4.47%
5	Unit 5	147,585,545.63	3.00%
Total	--	1,118,557,326.48	22.72%

Other information of major suppliers

Applicable Not applicable

3. Cost

Unit: yuan

	2021	2020	Year-on-year increase / decrease	Description of major changes
Selling expenses	2,454,418,039.92	2,146,965,048.87	14.32%	N/A
Management costs	363,762,372.63	296,985,763.24	22.48%	N/A
Financial expenses	-139,673,507.87	-150,148,186.75	-6.98%	N/A
Research and development expenses	366,026,666.34	303,347,555.81	20.66%	N/A

4. R & D investment

R & D personnel of the Company

	2021	2020	Proportion of change
Number of R & D personnel (person)	876	742	18.06%
Proportion of R & D personnel	17.95%	16.09%	1.86%
Educational structure of R & D personnel	—	—	—
Bachelor	652	542	20.30%
Master	130	106	22.64%
Age composition of R & D personnel	—	—	—
Under 30 years old	261	216	20.83%
30~40 years old	463	380	21.84%

R & D investment of the Company

	2021	2020	Proportion of change
R & D investment amount (yuan)	366,026,666.34	303,347,555.81	20.66%
Proportion of R & D investment in operating revenue	3.61%	3.73%	-0.12%
Capitalized amount of R & D investment (yuan)	0.00	0.00	0.00%
Proportion of capitalized R & D investment in R & D investment	0.00%	0.00%	0.00%

Reasons and effects of major changes in the composition of R & D personnel of the Company

Applicable Not applicable

Reasons for significant changes in the proportion of total R & D investment amount in operating revenue compared with the previous year

Applicable Not applicable

Reasons for the great changes of R & D investment capitalization rate and description of its rationality

Applicable Not applicable

5. Cash flow

Unit: yuan

Item	2021	2020	Year-on-year increase / decrease
Subtotal cash inflows from operating activities	10,571,104,254.72	8,399,284,005.14	25.86%
Subtotal cash outflows from operating activities	9,205,727,035.39	6,861,984,046.43	34.16%
Net cash flow from operating activities	1,365,377,219.33	1,537,299,958.71	-11.18%
Subtotal cash inflows from investment activities	2,774,993,853.52	1,649,618,287.44	68.22%
Subtotal cash outflows from investment activities	3,635,682,805.12	2,867,289,864.56	26.80%
Net cash flow from investment activities	-860,688,951.60	-1,217,671,577.12	/
Subtotal cash inflows from financing activities	31,544,588.74	12,726,177.30	147.87%
Subtotal cash outflows from financing activities	701,527,338.97	474,512,025.00	47.84%
Net cash flow from financing activities	-669,982,750.23	-461,785,847.70	/
Net increase of cash and cash equivalents	-166,107,693.21	-143,199,751.94	/

Description of main influencing factors of significant changes in relevant data on a year-on-year basis

Applicable Not applicable

- 1) Cash inflow from operating activities increased by 25.86% on a year-on-year basis, mainly due to the increase in the Company's income scale during the reporting period.
- 2) Cash outflow from operating activities increased by 34.16% on a year-on-year basis, mainly due to the increase in the cost of purchasing raw materials during the reporting period.
- 3) Cash inflows from investment activities increased by 68.22% on a year-on-year basis, mainly due to the increase in the amount of financial products purchased during the reporting period.
- 4) Cash outflows from investment activities increased by 26.80% on a year-on-year basis, mainly due to the increase in construction expenses of Maoshan base, ROBAM Building and other projects during the reporting period.

5) Cash outflows from financing activities increased by 47.84% on a year-on-year basis, mainly due to the increase in the Company's share repurchase expenditure during the reporting period.

Reasons for significant difference between the net cash flow from operating activities of the Company and the net profit of the current year in the reporting period

Applicable Not applicable

V. Non-main Business Analysis

Applicable Not applicable

VI. Analysis of Assets and Liabilities

1. Major changes in asset composition

Unit: yuan

	End of 2021		Beginning of 2021		Proportion change
	Amount	Proportion in total assets	Amount	Proportion in total assets	
Monetary capital	3,802,201,346.55	27.34%	3,921,052,700.31	31.48%	-4.14%
Accounts receivable	1,597,692,860.90	11.49%	1,008,235,946.40	8.09%	3.40%
Inventory	1,772,231,632.25	12.74%	1,386,089,344.84	11.13%	1.61%
Investment properties	11,085,896.07	0.08%	2,591,001.84	0.02%	0.06%
Long-term equity investment	5,405,129.91	0.04%	3,452,769.59	0.03%	0.01%
Fixed assets	1,179,306,020.01	8.48%	824,978,354.71	6.62%	1.86%
Construction in progress	454,643,364.82	3.27%	463,424,647.46	3.72%	-0.45%
Right-of-use assets	29,902,954.22	0.22%	15,374,577.46	0.12%	0.10%
Short-term borrowing	29,616,655.41	0.21%	6,076,177.30	0.05%	0.16%
Contract liabilities	1,026,782,402.35	7.38%	949,591,228.35	7.62%	-0.24%
Lease liabilities	26,177,034.29	0.19%	14,705,038.35	0.12%	0.07%

The proportion of overseas assets is relatively high

Applicable Not applicable

2. Assets and liabilities measured with fair value

Applicable Not applicable

3. Limitation on the assets and rights as of the end of the reporting period

Use of restricted monetary funds

Item	Year-end balance	Year-beginning balance
Bill acceptance security deposit	82,212,526.20	34,956,186.75
Total	82,212,526.20	34,956,186.75

VII. Analysis of Investment

1. Overall situation

Applicable Not applicable

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial asset investment

(1) Securities investments

Applicable Not applicable

The company had no securities investments in the reporting period.

(2) Derivatives investment

Applicable Not applicable

The company had no derivatives investments in the reporting period.

5. Use of funds raised

Applicable Not applicable

No funds raised are used in the reporting period.

VIII. Sales of Major Assets and Equities

1. Sales of major assets

Applicable Not applicable

The company did not sell major assets in the reporting period.

2. Sales of major equities

Applicable Not applicable

IX. Analysis of Main Holding and Joint-stock Companies

Applicable Not applicable

During the reporting period, the Company has no information of important holding and joint-stock companies that should be disclosed.

X. Structured Entities Controlled by the Company

Applicable Not applicable

XI. Prospect of the Company's Future Development

1. Company development strategy (2020-2022)

Focus on cooking, focus on range hoods, expand the first category advantages, lead the second category, and steadily promote the third category. Adhere to the spirit of hard-working wise entrepreneurship, take products and users as the core, create a competitive advantage of the enterprise. Continue to create a more "convenient, healthy and interesting" kitchen life for users, build a global brand and a century-old enterprise.

I. Overall goal: build a global brand and a century-old enterprise.

To be a world-class century-old leader of cooking innovation.

II. Business goal: focus on cooking, focus on range hoods, expand the first category advantages, lead the second category, and steadily promote the third category.

The first category refers to the product group represented by range hoods. The second category refers to the electrified cooking product group represented by steam oven-oven. The third category refers to the water kitchen appliance product group represented by dishwashers.

III. Core work: take products and users as the core, create a competitive advantage of the enterprise, and continue to create a more "convenient, healthy and interesting" kitchen life for users.

The core of products focus on the leading product technology; users refer to the consumers who purchase and use kitchen products. At present, the kitchen appliance industry has gradually entered the era of stock game. With the acceleration of industry integration, products and user experience will become more and more important. Through technological innovation, expand the competitive advantages of products, increase the market share driven by products, pay attention to the user's cooking process and cooking environment, take improving the user's cooking experience as the starting point, make the products and user experience the Company's competitive advantage, and continue to create a more "convenient, healthy and interesting" kitchen life for users.

2. Mission, vision and values of the Company

Mission: To render happiness of kitchen life for more families.

Vision: To be a world-class century-old leader of cooking innovation.

Values: Hard-working wise entrepreneurship.

3. In 2022, the Company's work policy is to "journey with dream, ride the momentum", consolidate the leading position of

traditional categories, achieve a comprehensive breakthrough in the second and third categories, accelerate the layout of new categories and comprehensively lead the development of the industry.

4. Risk Factors

(1) Risk of real estate market fluctuation

The Company takes root in the kitchen, providing kitchen appliances including range hood, gas hob, steam oven-oven, dishwasher, integrated hob and other kitchen appliances categories. Its demand is closely related to kitchen decoration and has certain attributes of "decoration" and "furniture". At present, the main market is dominated by the demand for new houses, the proportion of renewal demand is gradually increasing, and the product demand is greatly affected by the fluctuation of the real estate market. The Company has a strong ability to resist fluctuations by virtue of its market leadership, the fluctuation of the real estate market will still have a certain impact on the Company's operating performance. In addition, some private real estate enterprises have debt default on commercial bills due to liquidity problems, which may lead to the uncollectible receivables of the Company's engineering business.

(2) Risk of raw material price fluctuation

The Company's main raw materials are stainless steel, cold-rolled sheet, copper, glass, etc. whose price fluctuation will directly affect the Company's product costs, thus affecting the Company's profitability. The price of main raw materials rose sharply in 2021, bringing some pressure on the Company's operating performance.

(3) Risk of intensified market competition

In recent years, due to the tightening of the overall macro environment of the kitchen appliance industry, the continuous improvement of industry concentration, the increasing investment of comprehensive brands in the kitchen appliance market and the participation of Internet brands, there is a risk of intensified market competition in the kitchen appliance industry, which will have a certain impact on the Company's business performance.

XII. Reception, Research, Communication, Interview and Other Activities During the Reporting Period

√ Applicable □ Not applicable

Reception time	Reception place	Reception way	Type of received object	Basic information index of the survey
January 6, 2021	Company conference room	Field survey	Organization	See the "Record Chart of Investor Relation Activities on January 6, 2021" in cninfo for received object and main communication content
January 12, 2021	Company conference room	Field survey	Organization	See the "Record Chart of Investor Relation Activities on January 12-15, 2021" in cninfo for received object and main communication content
March 04, 2021	Company conference room	Field survey	Organization	See the "Record Chart of Investor Relation Activities on March 4-5, 2021" in cninfo for received object and main communication content
May 07, 2021	Company conference room	Field survey	Organization	See the "Record Chart of Investor Relation Activities on May 7, 2021" in cninfo for received object and main communication content
May 19, 2021	Multi-functional	Field survey	Organization	See the "Record Chart of Investor Relation Activities on

	hall, Building 1 of the Company			May 19, 2021” in cninfo for received object and main communication content
June 29, 2021	Conference room 2, Building 1 of the Company	Field survey	Organization	See the “Record Chart of Investor Relation Activities on June 29, 2021” in cninfo for received object and main communication content
August 19, 2021	Company conference room	Field survey	Organization	See the “Record Chart of Investor Relation Activities on August 19, 2021” in cninfo for received object and main communication content
August 24, 2021	Company conference room	Field survey	Organization	See the “Record Chart of Investor Relation Activities on August 24, 2021” in cninfo for received object and main communication content

Section 4 Corporate Governance

I. Basic State of Corporate Governance

In the reporting period, the Company constantly improved the corporate governance structure, established and improved internal management and control systems, and continued to carry out in-depth corporate governance activities in strict accordance with the *Company law*, *Securities Law*, *Governance Guidelines for Listed Companies*, *Rules for Stock Listing of Shenzhen Stock Exchange* and relevant laws and regulations of China Securities Regulatory Commission to further regulate the Company operation and improve the corporate government level. By the end of the reporting period, the actual situation of corporate governance conformed to the normative documents on listed corporate governance issued by China Securities Regulatory Commission.

During the reporting period, the Company operated in strict accordance with national laws and regulations, *Rules for Stock Listing of Shenzhen Stock Exchange* and *Guidelines on the Standardized Operation of Listed Companies on the Main Board*, and performed its obligations of information disclosure in a timely, complete, true, accurate and fair manner. The Company has not received the relevant documents of administrative supervision measures taken by the regulatory authorities.

(1) Shareholders and shareholders' meeting

In strict accordance with the *Rules of the Shareholders' Meeting of Listed Companies* and the *Rules of Procedure of the Shareholders' Meeting*, the Company shall convene the shareholders' meeting to ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights.

(2) Company and controlling shareholders

The Company has independent business and operational independence and is independent from the controlling shareholders in business, personnel, assets, institutions and finance. The Company's board of directors, the board of supervisors and internal organization operate independently. The controlling shareholders of the Company can strictly regulate their own behaviors, without directly or indirectly intervening in the Company's decision-making and business activities beyond the shareholders' meeting.

(3) Directors and board of directors

The Company elects its directors in strict accordance with the recruiting procedures stipulated in the "Articles of Association"; all the directors of the Company can carry out their work in accordance with the "Rules of Procedure of the Board of Directors" and "Guidelines on the Behaviors of Directors of Listed Companies", attend the board of directors and shareholders' meetings earnestly, actively participate in the training of relevant knowledge, and be familiar with relevant laws and regulations.

(4) Supervisors and Board of Supervisors

The Company shall appoint supervisors in strict accordance with the relevant provisions of the *Company Law* and *Articles of Association*, and the number and composition of the board of supervisors shall meet the requirements of laws and regulations. In accordance with the requirements of the *Rules of Procedure of the Board of Supervisors*, the Company's supervisors can earnestly perform their duties, effectively supervise the Company's major issues, related party transactions, financial condition, and the

performance of directors and managers, and express independent opinions.

(5) Performance Evaluation and Incentive and Restraint Mechanisms

The Company is gradually establishing a fair and transparent performance evaluation standard and incentive and restraint mechanism for directors, supervisors and managers. The appointment of the Company's managers is open and transparent and conforms to the provisions of laws and regulations.

(6) Information Disclosure and Transparency

The Company carries out information disclosure and investor relations management under the board secretary responsibility system; the Company performs the information disclosure procedure in strict accordance with the *Measures for the Administration of Information Disclosure* and discloses the information on the designated information disclosure media such as *Securities Times*, *China Securities Journal*, *Securities Daily*, *Shanghai Securities News* and cninfo in a true, accurate, complete and timely manner according to law; meanwhile, according to the requirements of the Measures for the Investor Relations Management, the Company standardizes investor reception procedures, receives visits and inquiries from shareholders, and ensures that all shareholders have equal access to the Company information.

(7) Stakeholder

The Company fully respects and safeguards the legitimate rights and interests of relevant stakeholders, realizes the coordination and balance of interests of the society, shareholders, the Company and employees, and jointly promotes the sustainable and steady development of the Company.

(8) Internal Audit System

The Company has established an internal audit system and set up an internal audit department. The board of directors has appointed the person in charge of internal audit to effectively control the Company's daily operation and management, internal control system and major issues of the Company. There is no significant difference between the actual situation of corporate governance and the normative documents on listed corporate governance issued by China Securities Regulatory Commission.

There is no significant difference between the actual situation of corporate governance and the normative documents on listed corporate governance issued by China Securities Regulatory Commission. There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the listed corporate governance issued by China Securities Regulatory Commission.

II. Independence of the Company Relative to the Controlling Shareholders and Actual Controllers in Ensuring the Company's Assets, Personnel, Finance, Organization, Business, etc.

The Company operates in strict accordance with the *Company Law* and *Articles of Association*, establishes and improves the corporate governance structure, is completely separated from the controlling shareholders in terms of business, personnel, assets, institutions and finance, and has independent and complete business and independent operation capability.

III. Horizontal Competition

Applicable Not applicable

IV. Information About the Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders Held During the Reporting Period

1. General meeting of shareholders during the reporting period

Meeting session	Meeting type	Investor participation proportion	Convening date	Date of disclosure	Meeting resolution
First extraordinary general meeting of shareholders in 2021	Extraordinary general meeting of shareholders	65.72%	April 30, 2021	May 6, 2021	cninfo: The 1 st Extraordinary General Meeting of Shareholders in 2021
Annual general meeting of shareholders in 2020	Annual general meeting of shareholders	65.90%	May 19, 2021	May 20, 2021	cninfo: The announcement of resolutions of annual general meeting of shareholders in 2020
The 2 nd Extraordinary General Meeting of Shareholders in 2021	Extraordinary general meeting of shareholders	65.83%	August 23, 2021	August 24, 2021	cninfo: The 2 nd Extraordinary General Meeting of Shareholders in 2021

2. The preferred shareholders with voting rights restored request an extraordinary general meeting of shareholders

Applicable Not applicable

V. Directors, Supervisors and Senior Management

1. Basic information

Name	Position	Status of service	Gender	Age	Start date of tenure	End date of tenure	Number of shares held at the beginning of the period (shares)	Number of shares increased in current period (shares)	Number of shares decreased in current period (shares)	Number of shares held at the end of the period (shares)
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Ren Jianhua	Chairman	Incumbent	Male	65	August 18, 2020	August 17, 2023	5,923,150	0	0	5,923,150
Ren Fujia	Deputy chairman, general manager	Incumbent	Male	38	August 18, 2020	August 17, 2023	2,800,075	0	700,000	2,100,075
Zhao Jihong	Director	Incumbent	Male	59	August 18, 2020	August 17, 2023	1,690,065	0	422,500	1,267,565
Ren Luozhong	Director	Incumbent	Male	59	August 18, 2020	August 17, 2023	1,690,062	0	422,500	1,267,562
Wang Gang	Director, deputy general manager, secretary to the board of directors	Incumbent	Male	46	August 18, 2020	August 17, 2023	576,750	0	0	576,750
Shen Guoliang	Director	Incumbent	Male	56	August 18, 2020	August 17, 2023	1,524,264	0	381,000	1,143,264
Ma Guoxin	Independent director	Incumbent	Male	68	August 18, 2020	August 17, 2022	0	0	0	0
He Yuanfu	Independent director	Incumbent	Male	66	August 18, 2020	August 17, 2023	0	0	0	0
Chen Yuanzhi	Independent director	Incumbent	Male	44	August 18, 2020	August 17, 2023	0	0	0	0
Zhang Linyong	Chairman of the board of supervisors	Incumbent	Male	56	August 18, 2020	August 17, 2023	1,112,315	0	278,000	834,315
Tang Genquan	Employee supervisor	Incumbent	Male	61	August 18, 2020	August 17, 2023	1,112,312	0	278,000	834,312

Zhang Songnian	Supervisor	Incumbent	Male	55	August 18, 2020	August 17, 2023	1,112,312	0	278,000	834,312
Zhang Huifen	Employee supervisor	Incumbent	Female	43	August 18, 2020	August 17, 2023	0	0	0	0
Shen Yueming	Supervisor	Incumbent	Male	62	August 18, 2020	August 17, 2023	53,875	0	0	53,875
Xia Zhiming	Deputy general manager	Incumbent	Male	46	August 18, 2020	August 17, 2023	411,950	0	0	411,950
He Yadong	Deputy general manager	Incumbent	Male	47	August 18, 2020	August 17, 2023	411,950	0	0	411,950
Zhang Guofu	Chief financial officer	Incumbent	Male	52	August 18, 2020	August 17, 2023	411,950	0	0	411,950
Total	--	--	--	--	--	--	18,831,030	0	2,760,000	16,071,030

During the reporting period, whether there was any resignation of directors and supervisors and dismissal of senior managers during their term of office

Yes No

Change of directors, supervisors and senior management

Applicable Not applicable

2. Service status

Professional background, main work experience and main responsibilities currently in the Company of current directors, supervisors and senior management of the Company

1. Resume of current directors

Mr. Ren Jianhua, Han nationality, born in August 1956, Chinese, without permanent residency abroad; junior high school education, member of Communist Party of China, economist. He began to work in 1978 and successively served as the supply and marketing section chief and factory director of Yuhang Hongxing Hardware Factory, the chairman, general manager and Secretary of the Party branch of Hangzhou ROBAM Industrial Group Co., Ltd., and the chairman and general manager of Hangzhou ROBAM Home Appliances & Kitchen Sanitary Co., Ltd. He has won the titles of national model worker and outstanding member of Communist Party of Zhejiang Province, and was elected as the deputy to the 8th and 10th National People's Congress of Zhejiang Province, deputy to the 11th National People's Congress of Hangzhou City, the Party representative, deputy to the 12th National People's Congress of Hangzhou City, and the 12th Fengyun Zhejiang Merchants. At present, he is the chairman of Hangzhou ROBAM Appliances Co., Ltd., ROBAM Industrial Group Co., Ltd., Hangzhou Nbond Nonwoven Co., Ltd., Hangzhou Guoguang Touring Commodity Co., Ltd., Hangzhou Amblem Kitchenware Co., Ltd., the executive director and general manager of Hangzhou Mingqi Electric Co., Ltd., the

executive director and general manager of Hangzhou ROBAM Fuchuang Investment Management Co., Ltd., the deputy chairman of Garden Hotel Hangzhou, the director of Zhejiang Hangzhou Yuhang Rural Commercial Bank Company Limited, Hangzhou Dongming Forest Park Co., Ltd., Zhejiang CFMOTO Power Co., Ltd, the executive director of Hangzhou Bonyee Daily Necessity Technology Co., Ltd., the executive director and general manager of Hangzhou Jinchuang Investment Co., Ltd., the executive partner of Hangzhou Jinnuochang Investment Management Partnership (Limited Partnership), deputy to the 13th Hangzhou Municipal People's Congress.

Mr. Ren Fujia, Han nationality, born in January 1983, Chinese, without permanent residency abroad; bachelor degree. He used to be the product manager of marketing department and the deputy general manager of R & D center of Hangzhou ROBAM Industrial Group Co., Ltd., the deputy general manager of Hangzhou ROBAM Home Appliances & Kitchen Sanitary Co., Ltd.; now he is the director of Hangzhou Nbond Nonwoven Co., Ltd., the deputy chairman and general manager of Hangzhou ROBAM Appliances Co., Ltd., the director of Hangzhou Amblem Kitchenware Co., Ltd., the director of De Dietrich Household Appliances Trading (Shanghai) Co., Ltd., and the deputy chairman of De Dietrich Trade (Shanghai) Co., Ltd.

Mr. Zhao Jihong, Han nationality, born in December 1962, Chinese, without permanent residency abroad; master degree, senior economist; successively served as the chairman and general manager of Hubei Huangshi Jinye Group Co., Ltd, the deputy general manager and general manager of the marketing center of ROBAM Group, the deputy general manager and general manager of the marketing center of ROBAM Home Appliances, and the deputy general manager of the Company. He has successively won the titles of national outstanding entrepreneur, outstanding Hangzhou merchant in the World, "Top 10 influential figures in China's kitchen and bathroom industry", "Top 10 personalities in China's home appliance industry", and twice won the Mondiale world economic man achievement award and was selected into the dictionary of Chinese experts and celebrities. At present, he is the director of the Company, the director of uTransHub Technologies Co., Ltd., the director of De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.; the director and general manager of Hangzhou ROBAM Appliances Co., Ltd., the director of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., and the chairman of Zhejiang Cooking Future Technology Co., Ltd.

Mr. Ren Luozhong, Han nationality, born in August 1962, Chinese, without permanent residency abroad; EMBA, assistant economist. He began to work in 1982 and successively served as the operation director of Yuhang Hongxing Hardware Factory, the deputy general manager, general manager of the marketing center, general manager of the technology center and director of the first production department of ROBAM Group, the director and deputy general manager of ROBAM Home Appliances, and the deputy general manager of the Company. At present, he is the director of the Company, the director of Hangzhou ROBAM Industrial Group Co., Ltd., the president of Hangzhou Yuhang District ROBAM Charity Foundation.

Mr. Wang Gang, Han nationality, born in October 1975, Chinese, without permanent residency abroad; master degree, EMBA of China Europe International Business School, member of Communist Party of China, certified public accountant, senior economist. He began to work in 1997 and successively served as an inspector of Haining Local Taxation Bureau of Zhejiang Province, the R & D director of Shanghai Realize Investment Consulting Co., Ltd., the secretary of the board of directors, director of human resources, general manager assistant of Shanghai Hailong Software Co., Ltd, and the secretary of the board of directors of Hangzhou ROBAM Home Appliances & Kitchen Sanitary Co., Ltd. At present, he is the director, secretary of the board of directors, deputy general manager of the Company, the director of Hangzhou Nbond Nonwoven Co., Ltd., the director of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., the director of De Dietrich Household Appliances Trading (Shanghai) Co., Ltd., the director of De Dietrich Trade (Shanghai) Co., Ltd., the supervisor of Hangzhou ROBAM Fuchuang Investment Management Co., Ltd., the director of Hangzhou Guoguang Touring Commodity Co., Ltd., the director of Hangzhou Zhu Bingren Culture and Art Co., Ltd., the director of Hangzhou Fortune Gas Cryogenic Group Co., Ltd., the director of VersoSolar Hangzhou Co., Ltd., the director of Hangzhou Wheeler General Machinery Co., Ltd., the independent director of Hangzhou Great Star Industrial Co., Ltd., the independent director of Hangzhou Xiaodian Technology Co., Ltd., and the supervisor of Shanghai MXCHIP Information Technology Co., Ltd.

Mr. Shen Guoliang, Han nationality, born in November 1965, Chinese, without permanent residency abroad; high school education. He began to work in 1982 and successively served as the chief of the transportation section of Yuhang Hongxing Hardware Factory,

the director, chief financial officer and the deputy general manager of the marketing center of ROBAM Group, the director of ROBAM Home Appliances, and the chairman of the board of supervisors of the Company. At present, he is the director of the Company, the deputy chairman of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., the director of Zhejiang Cooking Future Technology Co., Ltd., the supervisor of Hangzhou Amblem Kitchenware Co., Ltd., and the supervisor of Beijing ROBAM Electric Appliance Sales Co., Ltd.

Mr. Ma Guoxin, Han nationality, born in September 1953, Chinese, without permanent residency abroad; member of Communist Party of China, bachelor degree. He began to work in 1970 and successively served as the office director of the Company (Party committee), deputy manager (and secretary) of the sales company of Hangzhou Medical Equipment Factory (later changed into Hangzhou Refrigerator General Factory, Hangzhou Xiling Electrical Appliance Group Co., Ltd.), the director of household appliance industry management department and deputy secretary general of Zhejiang Household Appliance Association. At present, he is the secretary general and vice president of Zhejiang Household Appliance Association; the independent director of AUPU Home Style Corporation Limited and the Company.

Mr. He Yuanfu, Han nationality, born in March 1955, bachelor degree, Chinese, without permanent residency abroad; professor-level senior accountant, certified public accountant, retired in January 2012. At present, he is the independent director of the Company, the independent director of Zhejiang Yilida Ventilator Co., Ltd., the independent director of Sichuan Langsha Holding Ltd., the independent director of CertusNet Information Co., Ltd., and the independent director of Zhejiang Ruirentang Pharmaceutical Chain Co., Ltd. He used to be the chief member of the accounting management office of Zhejiang Provincial Department of Finance, the Secretary General of Zhejiang Institute of Certified Public Accountants, the director of Zhejiang Financial Cadre Education Center, and the vice president of Zhejiang Zhonghua Accounting Correspondence School.

Mr. Chen Yuanzhi, Han nationality, born in November 1977, Chinese, member of Communist Party of China, doctor degree in management, is now the independent director of the Company, a professor of China Executive Leadership Academy Pudong, an adjunct professor of East China Normal University, a part-time researcher at the Research Center of Technological Innovation, Tsinghua University, the executive director of China Soft Science Research Society, a member of the Chinese Institute of Business Administration (Special Committee for Future Analysis and Management of Emerging Technologies), and an expert of Shanghai Science and Technology Expert Database.

2. Resume of current supervisors

Mr. Zhang Linyong, Han nationality, born in August 1965, Chinese, without permanent residency abroad; high school education, member of Communist Party of China, assistant economist. He began to work in 1984 and successively served as the office director of Yuhang Hongxing Hardware Factory, the general manager of Hangzhou Huafa Electric Appliance Co., Ltd., the director and director of the engineering department of ROBAM Group, and the director of ROBAM Home Appliances. At present, he is the chairman of the board of supervisors of the Company, the director of Hangzhou ROBAM Industrial Group Co., Ltd.

Mr. Tang Genquan, Han nationality, born in October 1960, Chinese, without permanent residency abroad; college degree, engineer. He began to work in 1979 and successively served as the mould workshop director and technical director of Yuhang Hongxing Hardware Factory, the deputy general manager of technology, general manager of production quality and director of the third production department of ROBAM Group, the director of ROBAM Home Appliances. In 1993-1994 and 2005-2006, he was awarded as the outstanding scientific and technological worker of Hangzhou. In 2004, he was selected into the "new century talent project 139 youth talent cultivation candidate list", applied for 1 national invention patent, 7 utility model patents and 10 design patents. He has been employed as a member of China daily hardware industry expert committee since 1996 and the deputy secretary general of fifth China daily hardware industry expert committee since 2006. At present, he is the employee representative supervisor of the Company, the director of Hangzhou ROBAM Industrial Group Co., Ltd., the supervisor of Hangzhou Yuhang ROBAM Gas Station Co., Ltd., and the secretary general of Hangzhou Yuhang District ROBAM Charity Foundation.

Mr. Zhang Songnian, Han nationality, born in September 1966, Chinese, without permanent residency abroad; high school education. He began to work in 1983 and successively served as the production section chief of Yuhang Hongxing Hardware Factory, the deputy general manager of Hangzhou Huafa Electric Appliance Co., Ltd., the director, deputy director of production department, director of the second production department and general manager of product R & D center of ROBAM Group, and the supervisor of ROBAM Home Appliances. At present, he is the supervisor of the Company, the director of Hangzhou ROBAM Industrial Group Co., Ltd.

Ms. Zhang Huifen, Han nationality, born in October 1977, Chinese, without permanent residency abroad; college degree, junior economist, junior accountant. She began to work in 1997 and successively served as the employee of Hangzhou Gaobo Electronic Co., Ltd., the employee of punching machine third workshop, member of audit department of marketing center and office clerk of financial center of ROBAM Group. At present, he is the employee representative supervisor of the Company.

Mr. Shen Yueming, Han nationality, born in November 1959, Chinese, without permanent residency abroad; high school education. He began to work in 1978 and successively served as the factory director of Tingzhi Food Factory of Yuhang Supply and Marketing Cooperative, the production section director of Hangzhou Huafa Electric Appliance Co., Ltd., and the general manager of Beijing ROBAM Electric Appliance Sales Co., Ltd. At present, he is the supervisor of the Company.

3. Resume of current senior management

Mr. Ren Fujia is the general manager of the Company; Mr. Wang Gang is the deputy general manager of the Company. Please refer to the resume of the directors of the Company for the introduction.

Mr. Xia Zhiming, Han nationality, born in May 1975, Chinese, without permanent residency abroad; college degree. He began to work in 1996 and successively served as the production section chief of Qiaori Electric Products Factory, the manufacturing director of Foxconn Technology Co., Ltd. and the production director of the Company's production center. At present, he is the deputy general manager of the Company.

Mr. He Yadong, Han nationality, born in August 1974, Chinese, without permanent residency abroad; bachelor degree, senior economist. He began to work in 2000 and successively served as the marketing section chief, director of marketing department and deputy general manager of marketing center of ROBAM Group, the assistant to general manager of ROBAM Home Appliances, and director of the Company. At present, he is the deputy general manager of the Company.

Mr. Zhang Guofu, Han nationality, born in December 1969, Chinese, without permanent residency abroad; bachelor degree. He began to work in 1990 and successively served as the capital section chief, director of financial center of Hangzhou ROBAM Industrial Group Co., Ltd., and financial chief of Hangzhou ROBAM Home Appliances & Kitchen Sanitary Co., Ltd. At present, he is the Chief financial officer of the Company, the chairman of the board of supervisors of Hangzhou Nbond Nonwoven Co., Ltd., the supervisor of Hangzhou Mingqi Electric Co., Ltd., the supervisor of De Dietrich Household Appliances Trading (Shanghai) Co., Ltd., the director of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., and the director of De Dietrich Trade (Shanghai) Co., Ltd.

Service status in the shareholder unit

√ Applicable □ Not applicable

Name of staff	Shareholder unit name	Position held in shareholder unit	Whether to receive remuneration or allowance in the shareholder unit
Ren Jianhua	Hangzhou ROBAM Industrial Group Co., Ltd.	Chairman	No
	Hangzhou Jinchuang Investment Co., Ltd.	Executive director	No

Ren Luo zhong	Hangzhou ROBAM Industrial Group Co., Ltd.	Deputy chairman	No
Zhao Jihong	Hangzhou ROBAM Industrial Group Co., Ltd.	Director, general manager	No
Shen Guoliang	Hangzhou ROBAM Industrial Group Co., Ltd.	Director	No
Zhang Linyong	Hangzhou ROBAM Industrial Group Co., Ltd.	Director	No
Tang Genquan	Hangzhou ROBAM Industrial Group Co., Ltd.	Director	No
Zhang Songnian	Hangzhou ROBAM Industrial Group Co., Ltd.	Director	No
Description of service status in the shareholder unit	N/A		

Service status in other unit

√ Applicable □ Not applicable

Name of staff	Other unit name	Position held in other unit	Whether to receive remuneration or allowance in other unit
Ren Jianhua	Hangzhou Amblem Kitchenware Co., Ltd.	Chairman	No
	Garden Hotel Hangzhou	Deputy chairman	No
	Hangzhou Dongming Forest Park Co., Ltd.	Director	No
	Hangzhou Nbond Nonwoven Co., Ltd.	Chairman	No
	Zhejiang Hangzhou Yuhang Rural Commercial Bank Company Limited	Director	No
	Hangzhou Yuhang ROBAM Gas Station Co., Ltd.	Chairman	No
	Hangzhou Jinnuochang Investment Management Partnership (Limited Partnership)	Executive partner	No
	Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Executive director	No
	Zhejiang CFMOTO Power Co., Ltd	Director	No
	Hangzhou Mingqi Electric Co., Ltd.	Executive director and general manager	No
Ren Fujia	De Dietrich Trade (Shanghai) Co., Ltd.	Deputy chairman	No
	Hangzhou Amblem Kitchenware Co., Ltd.	Director	No
	Hangzhou Nbond Nonwoven Co., Ltd.	Director	No
Zhao Jihong	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Chairman	No
	uTransHub Technologies Co., Ltd.	Director	No

	De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	Director	No
	Zhejiang Cooking Future Technology Co., Ltd.	Chairman	No
Ren Luozhong	Hangzhou Amblem Kitchenware Co., Ltd.	Director	No
Shen Guoliang	Hangzhou Amblem Kitchenware Co., Ltd.	Supervisor	No
	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Director	No
	Beijing ROBAM Electric Appliance Sales Co., Ltd.	Supervisor	No
	Zhejiang Cooking Future Technology Co., Ltd.	Director	No
Ma Guoxin	Zhejiang Household Appliances Association	Secretary general, vice president	Yes
	AUPU Home Style Corporation Limited	Independent director	Yes
He Yuanfu	Sichuan Langsha Holding Ltd.	Independent director	Yes
	CertusNet Information Co., Ltd.	Independent director	Yes
	Zhejiang Ruirentang Pharmaceutical Chain Co., Ltd.	Independent director	Yes
	Zhejiang Yilida Ventilator Co., Ltd.	Independent director	Yes
Chen Yuanzhi	China Executive Leadership Academy Pudong	Professor	Yes
	Research Center of Technological Innovation, Tsinghua University	Researcher	No
Wang Gang	Hangzhou Zhu Bingren Culture and Art Co., Ltd.	Director	No
	Hangzhou ROBAM Fuchuang Investment Management Co., Ltd.	Supervisor	No
	Shanghai MXCHIP Information Technology Co., Ltd.	Supervisor	No
	Hangzhou Great Star Industrial Co., Ltd.	Independent director	Yes
	Hangzhou Xiaodian Technology Co., Ltd.	Independent director	Yes
	Hangzhou Fortune Gas Cryogenic Group Co., Ltd.	Director	No
	Versolar Hangzhou Co., Ltd.	Director	No
	Hangzhou Nbond Nonwoven Co., Ltd.	Director	No
	De Dietrich Trade (Shanghai) Co., Ltd.	Director	No
	De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	Director	No
	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Director	No
	Hangzhou Wheeler General Machinery Co., Ltd.	Director	No
	Hangzhou Guoguang Touring Commodity Co., Ltd.	Director	No
Zhang Guofu	De Dietrich Trade (Shanghai) Co., Ltd.	Director	No

	De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	Supervisor	No
	Hangzhou Mingqi Electric Co., Ltd.	Supervisor	No
	Hangzhou Nbond Nonwoven Co., Ltd.	Chairman of the board of supervisors	No
	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Director	No

Punishment of current directors, supervisors and senior management of the Company and those who left during the reporting period by securities regulators in recent three years

Applicable Not applicable

4. Remuneration of Directors, Supervisors and Senior Management

Decision making procedures, determination basis and actual payment of remuneration of directors, supervisors and senior management

The Company has established a sound performance appraisal system and salary system for senior management, whose work performance is directly linked to their income. The remuneration and appraisal committee of the board of directors is responsible for the year-end assessment of the working ability, performance of duties, completion of responsibility objectives, etc. of the senior management, and preparing the remuneration plan and submitting it to the board of directors of the Company for approval. The remuneration of directors, supervisors and senior management shall be paid on time.

Remuneration of directors, supervisors and senior management during the reporting period

Unit: yuan

Name	Position	Gender	Age	Status of service	Total pretax remuneration received from the Company	Whether to get remuneration from related parties of the Company
Ren Jianhua	Chairman	Male	65	Incumbent	876,643.59	No
Ren Fujia	Deputy chairman, general manager	Male	38	Incumbent	1,063,534.1	No
Ren Luozhong	Director	Male	59	Incumbent	820,152.95	No
Zhao Jihong	Director	Male	59	Incumbent	848,398.27	No
Wang Gang	Director, secretary and deputy general manager	Male	46	Incumbent	888,338.11	No
Shen Guoliang	Director	Male	56	Incumbent	735,416.99	No
Ma Guoxin	Independent director	Male	68	Incumbent	95,238	No
He Yuanfu	Independent director	Male	66	Incumbent	95,238	No

Chen Yuanzhi	Independent director	Male	44	Incumbent	95,238	No
Zhang Linyong	Chairman of the board of supervisors	Male	56	Incumbent	678,926.35	No
Tang Genquan	Supervisor	Male	61	Incumbent	832,000.53	No
Zhang Songnian	Supervisor	Male	55	Incumbent	678,926.35	No
Zhang Huifen	Supervisor	Male	43	Incumbent	140,770.33	No
Shen Yueming	Supervisor	Male	62	Incumbent	285,698.1	No
He Yadong	Deputy general manager	Male	47	Incumbent	1,322,446.46	No
Xia Zhiming	Deputy general manager	Male	46	Incumbent	988,200.06	No
Zhang Guofu	Chief financial officer	Male	52	Incumbent	905,452.14	No
Total	--	--	--	--	11,350,618.33	--

VI. Performance of Duties by Directors During the Reporting Period

1. Board of Directors during this reporting period

Meeting session	Convening date	Date of disclosure	Meeting resolution
The 4 th Meeting of the Fifth Board of Directors	April 14, 2021	April 15, 2021	cninfo: The announcement of resolutions of the 4 th Meeting of the Fifth Board of Directors
The 5 th Meeting of the Fifth Board of Directors	April 27, 2021	April 28, 2021	cninfo: The announcement of resolutions of the 5 th Meeting of the Fifth Board of Directors
The 6 th Meeting of the Fifth Board of Directors	May 10, 2021	May 11, 2021	cninfo: The announcement of resolutions of the 6 th Meeting of the Fifth Board of Directors
The 7 th Meeting of the Fifth Board of Directors	August 3, 2021	August 4, 2021	cninfo: The announcement of resolutions of the 7 th Meeting of the Fifth Board of Directors
The 8 th Meeting of the Fifth Board of Directors	October 19, 2021	October 20, 2021	cninfo: The announcement of resolutions of the 8 th Meeting of the Fifth Board of Directors

2. Attendance of directors at the board meetings and the general meeting of shareholders

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of director	Number of board meetings to be attended during this reporting period	Number of board meetings attended on site	Number of board meetings attended by correspondence	Number of board meetings delegated to attend	Number of board meetings absent	Whether not to personally attend the board meeting for two consecutive times	Number of shareholders' meetings attended
Ren Jianhua	5	4	1	0	0	No	3
Ren Fujia	5	4	1	0	0	No	3
Ren Luozhong	5	4	1	0	0	No	3
Zhao Jihong	5	4	1	0	0	No	1
Wang Gang	5	4	1	0	0	No	3
Shen Guoliang	5	4	1	0	0	No	3
Ma Guoxin	5	4	1	0	0	No	3
He Yuanfu	5	3	2	0	0	No	3
Chen Yuanzhi	5	2	3	0	0	No	3

Description on failure to personally attend the board meeting for two consecutive times

3. Objections made by directors on relevant matters

Whether the director raises any objection to the relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

4. Other description on the performance of duties by the directors

Whether the relevant suggestions of the director to the Company have been adopted

Yes No

Explanation of the relevant suggestions of the director to the Company have or have not been adopted

N/A

VII. Special Committees under the Board of Directors During the Reporting Period

Name of committee	Member	Number of	Convening date	Meeting content
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		meetings held		
Audit committee	He Yuanfu, Chen Yuanzhi, Ren Luozhong	4	January 8, 2021	1. Review the “2020 Audit Work Plan of the Company”
			April 27, 2021	1. Review the “2020 Audit Report of the Company” 2. Review the “2020 Internal Control Self-evaluation Report of the Company” 3. Review of the “First Quarter Report of the Company in 2021” 4. Proposal on Further Appointment of the Company's Audit Institution in 2021”
			August 3, 2021	1. Review the “2021 Semiannual Report of the Company”
			October 19, 2021	1. Review the “Third Quarter Report of the Company in 2021”
Remuneration and assessment committee	Ren Fujia, Ma Guoxin, Chen Yuanzhi	2	January 20, 2021	1. “Proposal on Performance Appraisal of Senior Managers in 2020”
			April 14, 2021	1. “2021 Stock Option Incentive Plan (Draft) of the Company” and its Abstract; 2. “Management Measures for Implementation and Assessment of 2021 Stock Option Incentive Plan (Draft) of the Company”; 3. “Shareholding Plan of Business Partners of the Company (Draft)” and its Abstract; 4. “Management Measures for Implementation and Assessment of Shareholding Plan of Business Partners of the Company”

VIII. Work of Board of Supervisors

Whether the board of supervisors find any risk of the Company in the supervision activities during the reporting period

Yes No

The board of supervisors has no objection to the supervisory matters during the reporting period.

IX. Company Employees

1. Number of employees, professional composition and education background

Number of employees in the parent company at the end of the reporting period (person)	3,009
Number of employees in major subsidiaries at the end of the reporting period (person)	1,870
Total number of employees at the end of the reporting period (person)	4,879
Total number of employees receiving salary in the current period (person)	4,944
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	65
Professional composition	
Professional composition categories	Number of professionals (person)

Production personnel	1,323
Sales personnel	1,768
Technical personnel	876
Financial personnel	173
Administrative personnel	759
Total	4,879
Education background	
Education background categories	Number (person)
Doctor	8
Master	155
Bachelor	1,310
College	1,039
Other	2,367
Total	4,879

2. Pay policy

The company has formulated "Salary Management Standards" and "Performance Management Standards", and established a salary management system based on the post value and centered on the competency and performance evaluation of employees, according to the salary status of the regional market and industry.

3. Training plan

In 2021, the Company carried out various trainings, including Lemon, Blue Whale, Sunflower, Ivy League and other projects as well as the Elite Plan; As the Company's own mobile learning online platform, Chestnut School played an important role in the achievement transformation of the development course of internal trainer, and the Company's employees' participation in learning has been greatly improved. A series of activities such as the vice platform and super open class enrich the vision of employees and improves their abilities.

4. Labor outsourcing

Applicable Not applicable

Total hours of labor outsourcing (hours)	2,811,411
Total remuneration paid for labor outsourcing (yuan)	110,198,689.54

X. Profit Distribution and Share Capital Increase from Capital Surplus

Profit distribution policy during the reporting period, especially the formulation, implementation or adjustment of cash dividend policy

Applicable Not applicable

Description for cash dividend policy	
Does it meet the requirements of the Company's articles of association and of the resolutions of shareholders' meeting?	Yes
Is the dividend distribution standard and proportion specific and clear?	Yes
Are relevant decision-making procedures and mechanisms complete?	Yes
Have the independent directors performed their duties and fulfilled their due roles?	Yes
Do the minor shareholders have the chance to fully express their opinions and demands, and are their legal rights and interests fully protected?	Yes
Are the conditions and procedures normative and transparent in case of adjustments or changes of the cash dividend policy?	Yes

The Company made profits during the reporting period and the profits available for distribution to shareholders of the parent company were positive, but no proposal for the distribution of cash dividend was put forward

Applicable Not applicable

Profit distribution and share capital increase from capital surplus during the reporting period

Applicable Not applicable

Amount of cash dividend in other forms (e.g. share repurchase) (yuan)	0.00
Amount of cash dividend (including other forms) (yuan)	472,047,458.00
Ratio of total amount of cash dividend (including other forms) to total amount of distributable profit	100%
Cash dividend distribution in this period	
Should the Company be in a growing stage and have major capital expenditure arrangements, the cash dividend should account for a minimum of 20% of the profit distribution when the profit is distributed.	
Description for details of profit distribution or share capital increase from capital surplus plan	
According to the standard unqualified audit report issued by ShineWing Certified Public Accountants, the Company's net profit attributable to the parent company owner in 2021 was RMB 1,324,141,354.33 yuan (number of parent company), plus the undistributed profit of RMB 6,120,603,639.69 yuan at the beginning of the year, minus the cash dividend of profit distribution of 2020, i.e., RMB 473,435,158.00 yuan, the Company's profit available to shareholders at the end of 2021 was RMB 6,971,309,836.02 yuan.	
Taking 944,094,916 shares as the radix (the existing total capital stock of 949,024,050 shares, excluding 4,929,134 shares repurchased), the Company distributed cash dividends of 5 yuan (tax inclusive) for every 10 shares to all shareholders,	

amounting up to a total of RMB 472,047,458.00 yuan.

In case of any change due to the listing of new shares, the exercising of equity incentive, the conversion of convertible bonds into shares, share repurchase, etc. during the period from the disclosure of the distribution plan to the equity registration date when the profit distribution is implemented, the distribution proportion will be adjusted accordingly according to the principle that the total amount of cash dividends will remain unchanged.

XI. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

1. Equity incentive

I. 2021 stock option incentive plan

- On April 14, 2021, the Company held the 4th meeting of the fifth board of directors, deliberated and adopted the “Proposal on 2021 Stock Option Incentive Plan (Draft) of the Company and its Abstract” and other relevant proposals, and the independent directors expressed their agreed independent opinions on the matters related to the Company's stock option incentive plan. The 4th meeting of the fifth board of supervisors of the Company deliberated and adopted the above-mentioned relevant proposals and expressed their consent. The Company disclosed the above matters on April 15, 2021.
- From April 15, 2021 to April 24, 2021, the Company publicized the names and positions of the incentive objects of the stock option incentive plan through internal posting. On April 27, 2021, the board of supervisors of the Company issued the “Review Opinions and Announcement of the Board of Supervisors on the List of Incentive Objects of the 2021 Stock Option Incentive Plan”. On the same day, the Company disclosed the “Self-inspection Report on Insiders’ and Incentive Objects’ Trading of Company Stock with Inside Information of 2021 Restricted Stock Incentive Plan”.
- On April 30, 2021, the Company held the first extraordinary general meeting of shareholders in 2021, deliberated and adopted the “Proposal on 2021 Stock Option Incentive Plan (Draft) of the Company and its Abstract” and other relevant 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 grant date of stock option, grant stock option to incentive objects when they meet the conditions and handle all matters necessary for granting equity.
- On May 10, 2021, the Company's 6th meeting of the fifth Board of Directors and the 6th meeting of the fifth Board of Supervisors reviewed and adopted the “Proposal on Granting Stock Options to Incentive Objects”. The board of supervisors once again verified the list of incentive objects granted and expressed their consent. The independent directors of the Company expressed their independent opinions on this.

II. Business Partner Shareholding Plan

On April 14, 2021, the Company held the 4th meeting of the fifth board of directors and the 4th meeting of the fifth board of supervisors, and deliberated and adopted the “Business Partner Shareholding Plan of Hangzhou ROBAM Appliances Co., Ltd.(Draft).”

Evaluation mechanism and incentive of senior managers

please refer to relevant chapters of the “Business Partner Shareholding Plan of Hangzhou ROBAM Appliances Co., Ltd.(Draft)” for details.

2. Implementation of the employee stock ownership plan

Applicable Not applicable

3. Other employee incentives

Applicable Not applicable

XII. Construction and Implementation of Internal Control System During the Reporting Period

1. Construction and implementation of internal control

See the “2021 Internal Control Self-evaluation Report” disclosed by the Company on the designated information disclosure website <http://www.cninfo.com.cn> for details.

2. Details of significant internal control defects discovered during the reporting period

Yes No

XIII. Management and Control of Subsidiaries During the Reporting Period

Appoint directors or senior managers to hold regular business and financial meetings every month according to the Company's development and business objectives specified in the annual budget planning meeting, and timely review and follow up the implementation of the subsidiaries' business plans and the completion of various performance evaluation indicators. According to the requirements of the Company's “Information Disclosure Management System”, each subsidiary shall timely report relevant information on major business / financial matters to the headquarters of the listed company, give timely feedback on the progress or changes of major matters, and perform the approval procedures of the board of directors and the general meeting of shareholders when necessary.

XIV. Internal Control Self-evaluation Report or Internal Control Audit Report

1. Internal control self-evaluation report

Full disclosure date of internal control self-evaluation report	April 20, 2022
Index of full disclosure of internal control evaluation report	cninfo: Full text of internal control evaluation report of ROBAM
Proportion of the total assets of the unit included in the evaluation scope to the total assets of the consolidated financial statement of the Company	100.00%

Proportion of operating income of the unit included in the evaluation scope to the operating income of the consolidated financial statement of the Company	100.00%	
Defect identification standard		
Category	Financial report	Non-financial report
Qualitative standard	<p>Signs of major defects in the financial report include:</p> <ol style="list-style-type: none"> 1) Corrupt practice of directors, supervisors and senior management; 2) Misstatement correction of material errors in financial reports that have been announced by the Company; 3) Material misstatement in the current financial report, which is not found by the internal control in the process of operation; 4) Ineffective control and supervision of the Company's external and internal financial reports by the audit committee and audit department. <p>Signs of important defects in the financial report include:</p> <ol style="list-style-type: none"> 1) Failure to select and apply accounting policies in accordance with generally accepted accounting principles; 2) No anti-fraud procedures and control measures have been established; 3) There is no corresponding control mechanism established or no implementation of and no corresponding compensatory control for the accounting treatment of non-routine or special transactions; 4) One or more defects in the control of the final financial reporting process and no reasonable assurance that the financial statements will achieve the objective of authenticity and completeness. Common defects refer 	<ol style="list-style-type: none"> 1) The defects in non-financial reports are mainly determined according to the influence of the defects on the business process effectiveness and the possibility of occurrence; 2) The defects with low possibility that will reduce the work efficiency or effect, or increase the uncertainty of the effect, or make it deviate from the expected goal are common defects; 3) The defects with high possibility that will significantly reduce the work efficiency or effect, or significantly increase the uncertainty of the effect, or make it significantly deviate from the expected goal are important defects; 4) The defects with high possibility that will seriously reduce the work efficiency or effect, or seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal are major defects.

	to control defects other than the major defects and important defects mentioned above.	
Quantitation standard	<p>The quantitative standard takes the operating income and the total assets as the measurement index.</p> <p>1) The internal control defects that may cause losses or whose losses are related to the income statement are measured on the basis of operating income:</p> <p>Common defect: misstatement amount < 1% of operating income;</p> <p>Important defect: 1% of operating income < misstatement amount < 2% of operating income;</p> <p>Major defect: misstatement amount > 2% of operating income</p> <p>2) The internal control defects that may cause losses or whose losses are related to the assets management are measured on the basis of total assets:</p> <p>Common defect: misstatement amount < 0.5% of total assets;</p> <p>Important defect: 0.5% of total assets < misstatement amount < 1% of total assets;</p> <p>Major defect: misstatement amount > 1% of total assets</p>	<p>Common defect: direct property loss < RMB 5 million;</p> <p>Important defect: RMB 5 million < direct property loss < RMB 20 million;</p> <p>Major defect: direct property loss > RMB 20 million.</p>
Number of major defects in financial reports		0
Number of major defects in non-financial reports		0
Number of important defects in financial reports		0
Number of important defects in non-financial reports		0

2. Internal control audit report

Applicable Not applicable

XV. Rectification of Problems in Self-inspection of Special Actions for Governance of Listed Companies

According to the requirements of the regulatory authorities, the Company has carried out a four-month special self-inspection on the governance of listed companies since December 17, 2020. This special self-inspection has comprehensively reviewed the corporate governance in seven aspects: the basic situation of listed companies, the operation and decision-making of organizations, the controlling shareholders, actual controllers and related parties, the construction of internal control standard system, information disclosure and transparency, and institutions / foreign investors; find problems and deficiencies according to the regulatory rules, the Articles of Association and other normative documents, take the special self-inspection activity as an opportunity to improve the governance level and safeguard the interests of investors. Through such self-inspection, the Company does not violate the provisions of the state and the CSRC. The corporate governance level meets the requirements of laws and regulations such as the *Company Law*, the *Securities Law*, the *Guidelines for Standard Operation of Listed Companies* of Shenzhen Stock Exchange and the *Guidelines for Articles of Association of Listed Companies*, and the Company's governance structure is relatively perfect and its operation is standardized. The Company will continue to sort out and update the issued internal control system of the Company in a timely manner in accordance with the existing laws and regulations, and constantly establish and improve the internal control system of the Company to make it play a real and effective role.

Section 5 Environmental and Social Responsibility

I. Major Environmental Issues

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

Yes No

Measures taken to reduce carbon emissions during the reporting period and relevant effects

Applicable Not applicable

Reasons for non-disclosure of other environmental information

N/A

II. Social Responsibility

See the “2021 Environmental, Social and Corporate Governance Report” disclosed by the Company on the designated information disclosure media <http://www.cninfo.com.cn> for details.

III. Consolidate and Expand the Achievements of Poverty Alleviation and Rural Revitalization

N/A

Section 6 Important Matters

I. Performance in Fulfilling Commitments

1. Commitments fulfilled within and not fulfilled by the end of the reporting period by the Company's actual controller, shareholders, related parties, acquirer and other commitment parties

√ Applicable □ Not applicable

Commitment reason	Commitment party	Commitment type	Commitment content	Commitment time	Time limit for acceptance	Degree of performance
Commitment made at the time of IPO or refinancing	Directors, supervisors and senior management directly or indirectly holding shares of the Company	Commitment to restriction on sales of shares	After the expiry of the 36-month sales restriction period, the shares transferred each year during his/her tenure shall not exceed 25% of the total number of shares held directly or indirectly in the Company; the Company shares directly or indirectly held shall not be transferred within six months after the resignation	November 23, 2010	Long-term	Strict performance
	Hangzhou ROBAM Industrial Group Co., Ltd.; Ren Jianhua	Commitment on avoiding horizontal competition	1. The Company/I and other enterprises under the control of the Company/me do not, and will not, directly or indirectly, engage in any activities that constitute horizontal competition with the existing and future business of ROBAM and its holding subsidiaries; 2. If any business opportunity obtained the Company/I and other enterprises under the control of the Company/me from any third party constitutes or may constitute substantial competition with the business of ROBAM, the Company/I will immediately notify ROBAM and transfer such business opportunity to ROBAM; 3. The Company/I and other enterprises under the control of the Company/me commit not to provide technical information, process flow, marketing channels or other trade secrets to other companies, enterprises, organizations or individuals whose	November 23, 2010	Long-term	Strict performance

			business constitutes competition with the business of ROBAM.			
Other commitments made to minor shareholders of the Company	Company	Dividend	The cumulative profits distributed in cash for three consecutive years shall not be less than 40% of the annual average distributable profits realized in the three years.	April 10, 2018	Three years	Strict performance
Whether the commitment is fulfilled on time	Yes					

2. In case the Company's asset or project saw earning expectation, and the reporting period is still covered by the term of the earning expectation, the Company shall make a statement about the asset or project fulfilling the original expectation and the reasons thereof.

Applicable Not applicable

II. Non-operating occupation of Funds of Listed Companies by Controlling Shareholders and Other Related Parties

Applicable Not applicable

No non-operating occupation of funds of listed companies by controlling shareholders and other related parties during the reporting period.

III. Illegal External Guarantee

Applicable Not applicable

No illegal external guarantee of the Company during the reporting period.

IV. Statement of the Board of Directors on the Latest "Non-standard Audit Report"

Applicable Not applicable

V. Statement of the Board of Directors, the Board of Supervisors and Independent Directors (if any) on the "Non-standard Audit Report" of the Accounting Firm During the Reporting Period

Applicable Not applicable

VI. Explanation of Changes in Accounting Policy and Accounting Estimates or Significant Accounting Error Correction When Compared to the Financial Statements of the Previous Year

Applicable Not applicable

Changes in significant accounting policies

Content and reasons of changes in accounting policies	Approval procedures
On December 7, 2018, the Ministry of Finance issued the "Notice on Revising and Issuing Accounting Standards for Enterprises No. 21 - Leases" (C.K. [2018] No. 35) (hereinafter referred to as the "new lease standards"). The Company has implemented the new lease standards since January 1, 2021.	Resolution of the 5 th Meeting of the Fifth Board of Directors

Adjustment of relevant items in financial statements at the beginning of the implementation year as a result of first implementation of new lease standards from 2021

The Company has implemented the new lease standards since January 1, 2021. The retained earnings and other relevant items in the financial statements at the beginning of the year in which the standards are first implemented shall be adjusted according to the cumulative influence number during the first implementation of the standards, and the information of comparable periods shall not be adjusted. For the operating lease before the first implementation date, the Company measures the lease liabilities at the present value discounted by the lessee's incremental borrowing rate on the first implementation date according to the remaining lease payment on the first implementation date, and makes necessary adjustments according to the amount equal to the lease liabilities and prepaid rent for each lease. The affected report items and amounts are as follows:

Consolidated Balance Sheet

Item	December 31, 2020	January 1, 2021	Adjusted figure
Right-of-use assets		15,374,577.46	15,374,577.46
Lease liabilities		14,705,038.35	14,705,038.35
Non-current liabilities due within a year		684,535.10	684,535.10

Notes to the adjustment of the consolidated balance sheet: the consolidated balance sheet increases the right-of-use assets by RMB 15,374,577.4, the lease liabilities by RMB 14,705,038.35 and the non-current liabilities due within a year by RMB 684,535.10.

Balance sheet of parent company

The implementation of the new lease standards has no impact on the parent company's financial statements on January 1, 2021

VII. Explanation of Changes in the Scope of Combined Financial Statements When Compared with Financial Statements of the Previous Fiscal Year

Applicable Not applicable

No changes in the scope of combined financial statements in the reporting period.

VIII. Appointment of and Dismissal of Accounting Firms

Accounting firm currently appointed

Name of Chinese accounting firm	Shinewing Certified Public Accountants (special general partnership)
Remuneration (10,000 yuan)	115
Term of audit services	3
CPAs	Lei Yongxin, Wang Qing
Term of auditing services of CPAs	3

Has the accounting firm been changed within the reporting period?

Yes No

Employment of internal control audit accounting firm, financial advisor or sponsor

Applicable Not applicable

IX. Delisting Confronted upon Disclosure of the Annual Report

Applicable Not applicable

X. Bankruptcy Reorganization

Applicable Not applicable

No bankruptcy reorganization of the Company during the reporting period.

XI. Major Litigation, Arbitration Matters

Applicable Not applicable

No major litigation or arbitration matters of the Company during the reporting period.

XII. Punishment and Rectification

Applicable Not applicable

No punishment or rectification of the Company during the reporting period.

XIII. Credit Conditions of the company, Its Controlling Shareholders and Actual Controllers

Applicable Not applicable

XIV. Major Related Transactions

1. Related transactions related to daily operation

Applicable Not applicable

No related transactions related to daily operation of the Company during the reporting period.

2. Related transactions arising from the acquisition or sale of assets or equity

Applicable Not applicable

No Related transactions arising from the acquisition or sale of assets or equity of the Company during the reporting period.

3. Related transactions of joint foreign investment

Applicable Not applicable

No related transactions of joint foreign investment of the Company during the reporting period.

4. Related claims and debts

Applicable Not applicable

No related claims and debts of the Company during the reporting period.

5. Transactions with related financial companies

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the Company and the related financial companies and the related parties.

6. Transactions between the financial companies controlled by the Company and related parties

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the financial companies controlled by the Company and the related parties.

7. Other major related transactions

Applicable Not applicable

No other major related transactions of the Company during the reporting period.

XV. Major Contracts and Their Performance

1. Trusteeship, contracting and lease

(1) Trusteeship

Applicable Not applicable

No trusteeship of the Company during the reporting period.

(2) Contracting

Applicable Not applicable

No contracting of the Company during the reporting period.

(3) Lease

Applicable Not applicable

No lease of the Company during the reporting period.

2. Major guarantee

Applicable Not applicable

No major guarantee of the Company during the reporting period.

3. Entrusted cash asset management

(1) Entrusted financing

Applicable Not applicable

Entrusted financing during the reporting period

Unit: 10,000 yuan

Specific type	Source of funds for entrusted financing	Amount incurred in entrusted financing	Outstanding balance	Overdue amount not recovered	Overdue amount of impairment accrued for financial management not recovered
Bank financial products	Owned fund	320,081.25	287,231.25	0	0
Total		320,081.25	287,231.25	0	0

Specific circumstance of high-risk entrusted financing with significant single amount or with low security and poor liquidity

Applicable Not applicable

The entrusted financing is expected not to recover the principal or has other circumstances that may cause impairment

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

No entrusted loans of the Company during the reporting period.

4. Other major contracts

Applicable Not applicable

No other major contracts of the Company during the reporting period.

XVI. Description of Other Important Events

Applicable Not applicable

No other important events to be described during the reporting period.

XVII. Major Events of Subsidiaries

Applicable Not applicable

Section 7 Changes in Shares and Shareholders

I. Change in Shares

1. Change in shares

Unit: share

	Before this change		Increase / decrease (+, -)					After this change	
	Quantity	Proportion	New issue of shares	Share donation	Share capital increase from reserved funds	Other	Subtotal	Quantity	Proportion
I. Restricted shares	14,123,269	1.49%						14,123,269	1.49%
1. State shareholding									
2. State legal person shareholding									
3. Other domestic shareholding	14,123,269	1.49%						14,123,269	1.49%
Wherein: domestic legal person shareholding									
Domestic natural person shareholding	14,123,269	1.49%						14,123,269	1.49%
4. Foreign shareholding									
Wherein: foreign legal person shareholding									
Foreign natural person shareholding									
II. Unrestricted shares	934,900,781	98.51%						934,900,781	98.51%
1. RMB common share	934,900,781	98.51%						934,900,781	98.51%
2. Foreign shares listed in China									
3. Foreign shares listed abroad									
4. Other									
III. Total amount of shares	949,024,050	100.00%						949,024,050	100.00%

Causes for change in shares

Applicable Not applicable

Approval of changes in shares

Applicable Not applicable

Transfer of share changes

Applicable Not applicable

Influence of share changes on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes in the most recent year and the most recent period

Applicable Not applicable

Other information the Company deems necessary or required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II. Securities Issuance and Listing

1. Securities issuance (excluding preferred shares) during the reporting period

Applicable Not applicable

2. Description of changes in the total number of shares, shareholder structure, asset and liability structure of the company

Applicable Not applicable

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and Actual Controllers

1. Number and shareholding of the company's shareholders

Unit: share

Total number of common shareholders at the end of the reporting period	67,367	Total number of common shareholders at the end of the previous month before the	66,641	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders with voting rights restored at the end of the previous	0
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		disclosure date of the annual report				month before the disclosure date of the annual report (if any) (see Note 8)		
Shareholders holding more than 5% shares or top 10 shareholders								
Shareholder's name	Shareholder nature	Shareholding ratio	Number of shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of shares held with limited sales conditions	Number of shares held with unlimited sales conditions	Pledge, mark or freeze	
							Status of shares	Quantity
Hangzhou ROBAM Industrial Group Co., Ltd.	Domestic non-state legal person	49.68%	471,510,000			471,510,000		
Hong Kong Securities Clearing Company Limited	Overseas legal person	10.05%	95,329,926	-28,899,585		95,329,926		
Shen Guoying	Domestic natural person	1.29%	12,240,000			12,240,000		
Industrial Bank Co., Ltd. — ICBC Credit Suisse Culture & Sports Industry Stock Securities Investment Fund	Other	0.77%	7,348,519	7,348,519		7,348,519		
Hangzhou Jinchuang Investment Co., Ltd.	Domestic non-state legal person	0.70%	6,640,085	-2,811,900		6,640,085		
Hangzhou Yinchuang Investment Co., Ltd.	Domestic non-state legal person	0.67%	6,318,000			6,318,000		
Ren Jianhua	Domestic natural person	0.62%	5,923,150		4,442,362	1,480,788		
Noregs Bank	Overseas	0.60%	5,710,255	-3,729,960		5,710,255		

Owned fund	legal person							
Industrial and Commercial Bank of China Limited—Penghua selects hybrid securities investment funds with ingenuity	Other	0.59%	5,618,541	5,618,541		5,618,541		
TEMASEK FULLERTON ALPHA PTE LTD	Overseas legal person	0.56%	5,344,855	-5,116,691		5,344,855		
Description of the above-mentioned shareholder association or concerted action	The actual controller of the Company's controlling shareholder Hangzhou ROBAM Industrial Group Co., Ltd. and the shareholder Hangzhou Jinchuang Investment Co., Ltd. is Mr. Ren Jianhua, and the natural person shareholder Shen Guoying is the wife of Ren Jianhua. The above shareholders have the possibility of acting in unison.							
Description of the above shareholders involved in entrusting / entrusted voting right and waiver of voting right	N/A							
Shareholding of top 10 shareholders with unlimited sales conditions								
Shareholder's name	Number of shares with unlimited sales conditions held at the end of the reporting period		Share type					
			Share type	Quantity				
Hangzhou ROBAM Industrial Group Co., Ltd.	471,510,000		RMB common share	471,510,000				
Hong Kong Securities Clearing Company Limited	95,329,926		RMB common share	95,329,926				
Shen Guoying	12,240,000		RMB common share	12,240,000				
Industrial Bank Co., Ltd.—ICBC Credit Suisse Culture & Sports Industry Stock Securities Investment Fund	7,348,519		RMB common share	7,348,519				
Hangzhou Jinchuang Investment Co., Ltd.	6,640,085		RMB common share	6,640,085				
Hangzhou Yinchuang Investment Co., Ltd.	6,318,000		RMB common share	6,318,000				
Noregs Bank - Owned fund	5,710,255		RMB common share	5,710,255				

Industrial and Commercial Bank of China Limited — Penghua selects hybrid securities investment funds with ingenuity	5,618,541	RMB common share	5,618,541
TEMASEK FULLERTON ALPHA PTE LTD	5,344,855	RMB common share	5,344,855
China Merchants Bank Co. Ltd. — ICBC Credit Suisse Yuanxing Hybrid Securities Investment Fund	5,000,000	RMB common share	5,000,000
Description of the association or concerted action between top 10 public shareholders with unlimited sales conditions, and between top 10 public shareholders with unlimited sales conditions and top 10 shareholders	The actual controller of the Company's controlling shareholder Hangzhou ROBAM Industrial Group Co., Ltd. and the shareholder Hangzhou Jinchuang Investment Co., Ltd. is Mr. Ren Jianhua, and the natural person shareholder Shen Guoying is the wife of Ren Jianhua. The above shareholders have the possibility of acting in unison.		
Securities margin trading business attended by top 10 ordinary shareholders (if any) (see note 4)	N/A		

Whether the Company's top 10 common shareholders and top 10 common shareholders with unlimited sales conditions agreed on a repurchase transaction during the reporting period

Yes No

The Company's top 10 common shareholders and top 10 common shareholders with unlimited sales conditions did not agree on a repurchase transaction during the reporting period

2. Controlling shareholders of the company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: legal person

Controlling shareholder's name	Legal Representative / Head of Unit	Date of establishment	Organization code	Main business
Hangzhou ROBAM Industrial Group Co., Ltd.	Ren Jianhua	March 22, 1995	14384025-0	Industrial investment, import and export of goods
Equity of other domestic and foreign listed companies controlled and participated by controlling	Directly holding 55.76% of the equity of Hangzhou Nbond Nonwoven Co., Ltd. (603238), it is its controlling shareholder.			

shareholders during the reporting period	
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Change of controlling shareholders during the reporting period

Applicable Not applicable

No change in controlling shareholders during the reporting period.

3. Actual controller of the company and person acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

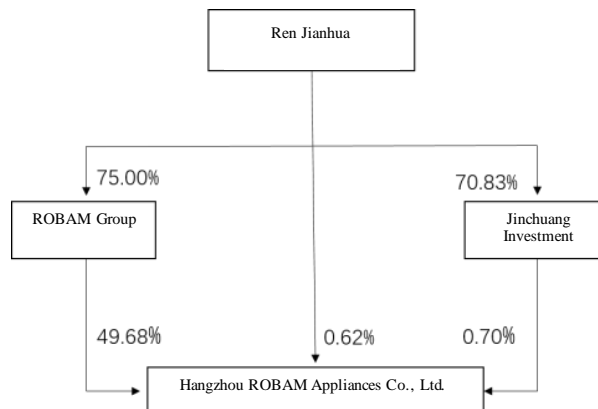
Actual controller's name	Relationship with actual controller	Nationality	Whether to obtain the right of residence in other countries or regions
Ren Jianhua	Self	Chinese	No
Main occupations and positions	Chairman and secretary of the party committee of ROBAM Group, chairman of ROBAM Appliances, chairman of Hangzhou Nbond Nonwoven Co., Ltd., and chairman of Hangzhou Amblem Kitchenware Co., Ltd.		
Domestic and foreign listed companies that have held shares in the past 10 years	Actual controllers of ROBAM 002508 and Nbond 603238		

Changes in actual controller during the reporting period

Applicable Not applicable

No change in actual controller during the reporting period.

Block diagram of property right and control relationship between the Company and actual controller



The actual controller controls the Company through trust or other asset management methods

Applicable Not applicable

4. The cumulative number of pledged shares of the Company's controlling shareholder or the largest shareholder and its persons acting in concert accounts for 80% of the Company's shares held by them

Applicable Not applicable

5. Other legal person shareholders holding more than 10%

Applicable Not applicable

6. Restricted share reduction of controlling shareholders, actual controller, reorganizers and other commitment subjects

Applicable Not applicable

IV. Specific Implementation of Share Repurchase in the Reporting Period

Implementation progress of share repurchase

Applicable Not applicable

Proposal disclosure time	Number of shares to be repurchased	Proportion in total share capital	Proposed repurchase amount	Proposed repurchase period	Repurchase purpose	Number of shares repurchased (share)	Proportion of number of shares repurchased in the underlying shares involved in the equity incentive plan (if any)
April 15, 2021	3 - 4 million shares	About 0.3161% - 0.4215%	RMB 150 million - 200 million	Within 12 months from the date when the general meeting of shareholders deliberates and adopts the share repurchase plan	To implement the Company's equity incentive plan	4,929,134	

Implementation progress of reducing repurchased shares by centralized competitive bidding

Applicable Not applicable

Section 8 Preferred Shares

Applicable Not applicable

No preferred shares of the Company during the reporting period.

Section 9 Corporate Bonds

Applicable Not applicable

Section 10 Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified opinion
Date of signing of audit report	April 19, 2022
Name of audit institution	Shinewing Certified Public Accountants (special general partnership)
Audit Report No.	XYZH/2022BJAA100465
Name of Certified Public Accountant	Lei Yongxin, Wang Qing

Main body of audit report

I. Audit opinion

We have audited the accompanying financial statements of Hangzhou ROBAM Appliances Co., Ltd. (hereinafter referred to as Robam), including the consolidated balance sheet and the balance sheet of parent company as of December 31, 2021, consolidated income statement and income statement of parent company, consolidated cash flow statement and cash flow statement of parent company, consolidated statement of change in equity and statement of change in equity of parent company for the year 2021 and notes to relevant financial statements.

In our opinion, the attached financial statements of your company have been prepared in accordance with the provisions of the Accounting Standards for Business Enterprises and give a true and fair view of the consolidated financial position and financial position of parent company of ROBAM as of December 31, 2021 and of the financial performance and cash flows for the year 2021 in all significant terms.

II. Basis for audit opinion

We conducted our audit in accordance with the Standards on Auditing for Certified Public Accountants. The “responsibility of certified public accountants for audit of financial statements” in the audit report further expounds our responsibilities under such standards. We were independent of ROBAM and fulfill other responsibilities in terms of professional ethics according to the code of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key audit items

The key audit items are those that we consider most important to audit the financial statements of the current period in our

professional judgment. The response to these items is based on the audit of the financial statements as a whole and the formation of an audit opinion. We do not comment on these items separately. We have identified the following items as key audit items to be communicated in the audit report.

1. Revenue recognition - agency model and engineering channels	
Key audit items	Response in audit
<p>Refer to Notes to financial statements IV. 33 and VI. 37 Operating income and operating cost.</p> <p>In 2021, the operating income of ROBAM was 10,147,706,000 yuan, an increase of 2,019,085,200 yuan compared with that in 2020, including the agency mode income of 3,070,368,000 yuan and the engineering channel income of 1,976,492,300 yuan, accounting for 49.73% of revenue of the period.</p> <p>Since the agency mode income and engineering channel income account for large proportion in the operating income and are one of the key performance indicators of ROBAM, there may be an inherent risk that the management may recognize the income in the wrong way to reach the specific goal or expected goal. Therefore, we regard income recognition as a key audit issue.</p>	<p>For the income recognition of the agency mode and engineering channels, the audit procedures we implemented mainly include:</p> <ol style="list-style-type: none"> 1. Understand key internal controls related to income recognition, evaluate and test the effectiveness of internal control design and implementation; 2. Check the information of the shareholders and main personnel of the agency company and evaluate whether there is any correlation; 3. Evaluate whether the income recognition method and recognition time point comply with the relevant provisions of the Accounting Standards for Business Enterprises in combination with the contract terms and business nature and the terms related to the time point of commodity control transfer; 4. Carry out substantive analysis procedures on operating income and gross margin ratio by channels, customers, products, etc., identify whether there are significant or abnormal fluctuations, and analyze the causes of fluctuations; 5. Check the original documents of the income recognition for major customers according to the income recognition policy and settlement process and evaluate the authenticity and accuracy of operating income recognition; 6. Confirm current sales to main customers by sampling combined with the confirmation of accounts receivable; 7. Carry out the cut-off test procedure of income, check the supporting documents such as outbound delivery order and acceptance certificate for the operating income recognized before and after the balance sheet date, and evaluate whether the operating income is recognized within an appropriate period; 8. Check whether the information relating to operating income has been properly presented and disclosed in the financial statements.

2. Impairment of notes receivable and accounts receivable	
Key audit items	Response in audit
<p>Refer to Notes to financial statements IV. 11.12, VI. 3 Notes receivable and VI. 4 Accounts receivable.</p> <p>As of December 31, 2021, the balance of notes receivable of ROBAM was 1,576,482,600 yuan and the provision for bad debt was 246,288,700 yuan; the balance of accounts receivable was 2,247,422,200 yuan, and the provision for bad debt was 649,729,300 yuan.</p> <p>Due to the large amount of notes receivable and accounts receivable at the end of the period, the management needs to use material accounting estimate and judgment when determining the recoverable amount, so we regard the impairment of notes receivable and accounts receivable as the key audit items.</p>	<p>For the impairment of notes receivable and accounts receivable, the audit procedures we implemented mainly include:</p> <ol style="list-style-type: none"> 1. Understand key internal controls for notes receivable and accounts receivable of ROBAM, evaluate and test the effectiveness of internal control design and implementation; 2. Check the contracts of main customers according to the income status, understand the settlement terms, pay attention to the customers who have not made payment after the settlement credit period or acceptance period, and analyze the reasons. Judge the solvency of customers by understanding their operating and financial conditions; 3. Analyze the implementation of the new financial instrument standards for receivables, including the rationality of determination and estimation of the expected credit loss model for the receivables of ROBAM, calculate the expected credit loss amount on the balance sheet date, and analyze whether the credit loss is fully accounted for in the receivables period; 4. Verify the rationality of expected credit loss of receivables combined with the receivables confirmation procedure and post-dated collection by analyzing the aging of accounts receivable; 5. Carry out supervision procedures, check the balance of notes receivable at the end of the period, and check the current endorsement and discount status to check whether they conform to the derecognition conditions; 6. Check the post-dated acceptance status of notes receivable from main customers, record the amount of notes receivable collected after the post-dated period, and check the supporting documents, such as bank receipt and other vouchers, for those with large amounts of notes receivable; 7. Check whether the information relating to notes receivable and accounts receivable has been properly presented and disclosed in the financial statements.

IV. Other information

The management of ROBAM (hereinafter referred to as the management) is responsible for other information, including the information covered in ROBAM annual report for 2021, but excluding the financial statements and our audit report.

Our audit opinion on the financial statements does not cover other information and we does not express any form of verification conclusions on other information.

Combined with our audit of the financial statements, it's our responsibility to read other information. In this process, we shall consider whether material inconsistency or material misstatement of other information with the financial statements or the situation understood by us in the audit process.

Based on the work that has been executed by us, we should report the fact of material misstatement confirmed in other information. We have nothing to report in this regard.

V. Responsibility of management and government for the financial statements

The management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises and giving a true and fair view; designing, implementing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the management is responsible for evaluating the going-concern ability of ROBAM, disclosing the matters related to the going-concern (if applicable) and using the going-concern assumption, unless the management plans to liquidate ROBAM or stop operation or no other realistic options.

The government is responsible for supervising the financial reporting process of ROBAM.

VI. Responsibility of certified public accountants for audit of financial statements

Our goal is to obtain reasonable guarantee on inexistence of the material misstatement of the financial statements whether due to fraud or error and to issue an audit report including audit opinion. Reasonable guarantee is high level guarantee, but it cannot guarantee that a material misstatement of the audit executed according to the auditing standards will always be found. Misstatement may be caused by fraud or error. If the reasonable expected misstatements may affect the economic decision made by the financial statement user according to the financial statements, whether individually or collectively, the misstatement is generally believed material.

We made professional judgment and maintained professional skepticism in the audit process according to the auditing standards. We also performed the following:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for audit opinion. Since the fraud may involve collusion, forge, intentional omission, false statement or above internal control, the risk of material misstatement caused by fraud is higher than that caused by error.

- (2) Understand internal control related to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosure.
- (4) Draw a conclusion about the appropriateness of the going-concern assumption used by the management. Meanwhile, draw a conclusion about the major uncertainty of the matters or circumstances possibly resulting in major concerns about the going-concern ability of ROBAM according to the audit evidence obtained. If we draw a conclusion that major uncertainty exists, the auditing standards require us to request the statement user to notice relevant disclosure in the financial statements in the audit report; in case of insufficient disclosure, we should issue a modified audit report. Our conclusion is made on the basis of the information available as of the audit report date. However, the future matters or circumstances may result in going concern failure of ROBAM.
- (5) Evaluate the overall presentation, structure and content of the financial statements and evaluate whether the financial statements give a true and fair view of relevant transactions and matters.
- (6) Obtain adequate and appropriate audit evidence for the financial information of ROBAM entity or business activities to express an opinion on the financial statements. We are responsible for guiding, supervising and implementing the group audit and take full responsibility for the audit opinions.

We communicate with the governance on the planned audit scope, time arrangement and major audit findings, including the internal control defects identified by us in the audit and worthy attention.

We also provide the governance with a statement of compliance with the ethical requirements relating to our independence and communicate with the governance with respect to all relations and other matters that may reasonably be considered to affect our independence and the relevant precautions (if applicable).

From the items communicated with the governance, we determine which items are most important to the audit of current financial statements and thus constitute the key audit items. We describe these items in our audit report, unless the disclosure of these matters is prohibited by law or regulation, or, in rare circumstances, we determine that we should not communicate the items in our audit report if it is reasonably expected that the negative consequences of communicating an item outweigh the benefits in the public interest.

II. Financial Statements

Unit of statements in financial notes: CNY

1. Consolidated balance sheet

Unit: Hangzhou ROBAM Appliances Co., Ltd.

December 31, 2021

Unit: yuan

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary capital	3,802,201,346.55	3,921,052,700.31
Deposit reservation for balance		
Lending funds		
Trading financial assets	2,872,312,500.00	2,352,000,000.00
Derivative financial assets		
Notes receivable	1,330,193,894.82	1,832,701,443.08
Accounts receivable	1,597,692,860.90	1,008,235,946.40
Receivables financing		
Advances to suppliers	131,162,030.95	69,889,399.47
Premiums receivables		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	73,487,381.46	56,589,791.38
Including: Interest receivable		
Dividends receivable		
Redemptory monetary capital for sale		
Inventory	1,772,231,632.25	1,386,089,344.84
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	4,110,429.16	667,378.56
Total current assets	11,583,392,076.09	10,627,226,004.04
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	5,405,129.91	3,452,769.59

Other equity instrument investments	2,116,023.22	102,116,023.22
Other non-current financial assets		
Investment properties	11,085,896.07	2,591,001.84
Fixed assets	1,179,306,020.01	824,978,354.71
Construction in progress	454,643,364.82	463,424,647.46
Productive biological assets		
Oil and gas assets		
Right-of-use assets	29,902,954.22	
Intangible assets	229,391,803.26	235,217,240.32
Development expenditure		
Goodwill	80,589,565.84	80,589,565.84
Long-term unamortized expenses	5,385,436.20	1,798,358.85
Deferred income tax assets	286,348,037.04	112,492,030.71
Other non-current assets	38,468,874.44	3,682,279.67
Total non-current assets	2,322,643,105.03	1,830,342,272.21
Total assets	13,906,035,181.12	12,457,568,276.25
Current liabilities:		
Short-term borrowing	29,616,655.41	6,076,177.30
Borrowings from central bank		
Borrowing funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	962,665,463.99	751,802,498.92
Accounts payable	2,181,900,261.00	1,723,832,208.09
Advance from customers		
Contract liabilities	1,026,782,402.35	949,591,228.35
Financial assets sold for repurchase		
Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	165,177,425.08	126,130,391.24

Tax payable	212,202,393.54	181,887,237.51
Other payables	267,781,215.06	242,559,615.30
Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sales		
Non-current liabilities due within a year	5,387,591.43	
Other current liabilities	124,284,081.56	126,535,407.26
Total current liabilities	4,975,797,489.42	4,108,414,763.97
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term borrowing		
Bonds payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	26,177,034.29	
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	131,747,378.42	150,163,523.90
Deferred income tax liabilities	6,254,762.76	5,210,759.74
Other non-current liabilities		
Total non-current liabilities	164,179,175.47	155,374,283.64
Total liabilities	5,139,976,664.89	4,263,789,047.61
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserve	404,918,098.15	401,799,332.67
Minus: treasury stock	199,995,742.59	

Other comprehensive income	-100,157,634.16	-15,157,634.16
Special reserve		
Surplus reserves	474,516,412.50	474,516,412.50
General risk preparation		
Undistributed profit	7,098,721,555.37	6,240,444,654.34
Total owners' equities attributable to the owners of parent company	8,627,026,739.27	8,050,626,815.35
Minority equity	139,031,776.96	143,152,413.29
Total owners' equities	8,766,058,516.23	8,193,779,228.64
Total liabilities and owners' equities	13,906,035,181.12	12,457,568,276.25

Legal representative: Ren Jianhua
accounting body: Zhang Guofu

Head of accounting work: Zhang Guofu

Head of

2. Balance sheet of parent company

Unit: yuan

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary capital	3,554,239,202.02	3,660,573,828.66
Trading financial assets	2,800,000,000.00	2,260,000,000.00
Derivative financial assets		
Notes receivable	1,327,893,894.82	1,826,318,388.55
Accounts receivable	1,496,691,827.59	933,609,909.29
Receivables financing		
Advances to suppliers	108,926,615.26	54,046,490.84
Other receivables	66,149,239.78	49,092,820.31
Including: Interest receivable		
Dividends receivable		
Inventory	1,674,764,364.28	1,310,365,800.56
Contract assets		
Assets held for sales		
Non-current assets due within a year		

Other current assets		
Total current assets	11,028,665,143.75	10,094,007,238.21
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	242,037,500.08	229,958,703.32
Other equity instrument investments	2,116,023.22	102,116,023.22
Other non-current financial assets		
Investment properties	11,361,192.77	2,890,836.38
Fixed assets	1,114,958,987.32	798,041,764.29
Construction in progress	280,105,490.57	388,628,789.02
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	152,123,403.04	153,598,124.59
Development expenditure		
Goodwill		
Long-term unamortized expenses	1,653,433.47	1,626,828.83
Deferred income tax assets	285,017,337.53	110,283,291.78
Other non-current assets	36,602,077.16	3,005,279.67
Total non-current assets	2,125,975,445.16	1,790,149,641.10
Total assets	13,154,640,588.91	11,884,156,879.31
Current liabilities:		
Short-term borrowing	29,616,655.41	6,076,177.30
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	869,702,988.97	706,096,531.24
Accounts payable	2,051,194,342.69	1,643,087,806.83
Advance from customers		
Contract liabilities	923,802,307.69	863,047,926.93
Payroll payable	129,893,906.19	102,753,699.88
Tax payable	196,058,797.24	170,747,570.08

Other payables	240,983,242.45	225,015,032.38
Including: Interest payable		
Dividends payable		
Liabilities held for sales		
Non-current liabilities due within a year		
Other current liabilities	110,927,917.94	115,284,778.08
Total current liabilities	4,552,180,158.58	3,832,109,522.72
Non-current liabilities:		
Long-term borrowing		
Bonds payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	102,890,393.42	121,306,538.90
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	102,890,393.42	121,306,538.90
Total liabilities	4,655,070,552.00	3,953,416,061.62
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserve	404,873,115.14	401,754,349.66
Minus: treasury stock	199,995,742.59	
Other comprehensive income	-100,157,634.16	-15,157,634.16
Special reserve		
Surplus reserves	474,516,412.50	474,516,412.50
Undistributed profit	6,971,309,836.02	6,120,603,639.69
Total owners' equities	8,499,570,036.91	7,930,740,817.69

Total liabilities and owners' equities	13,154,640,588.91	11,884,156,879.31
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3. Consolidated Statement of Income

Unit: yuan

Item	Year 2021	Year 2020
I. Total operating income	10,147,706,035.35	8,128,620,799.31
Including: Operating income	10,147,706,035.35	8,128,620,799.31
Interest revenue		
Premium earned		
Fee and commission income		
II. Total operating costs	7,960,178,225.56	6,222,313,742.92
Including: Operating costs	4,835,053,404.37	3,563,206,930.87
Interest expenditure		
Fee and commission expense		
Surrender value		
Net payments for insurance claims		
Net reserve fund extracted for insurance contracts		
Bond insurance expense		
Reinsurance costs		
Taxes and surcharges	80,591,250.17	61,956,630.88
Selling expenses	2,454,418,039.92	2,146,965,048.87
Management costs	363,762,372.63	296,985,763.24
Research and development expenses	366,026,666.34	303,347,555.81
Financial expenses	-139,673,507.87	-150,148,186.75
Including: interest expenditure	9,638,311.28	6,721,543.47
Interest revenue	152,136,833.79	160,282,611.34
Plus: other incomes	77,424,555.44	92,182,244.92
Income from investment (loss expressed with "-")	90,502,532.06	39,488,969.96
Including: Income from investment of joint venture and cooperative enterprise	-47,639.68	-715,569.20
Income from derecognition of financial assets measured at		

amortized cost		
Exchange gain (loss expressed with “-”)		
Net exposure hedging gain (loss expressed with “-”)		
Income from fair value changes (loss expressed with “-”)		
Credit impairment losses (loss expressed with “-”)	-765,499,437.07	-64,138,118.53
Assets impairment losses (loss expressed with “-”)	-52,632,725.80	-21,977,893.76
Income from disposal of assets (loss expressed with “-”)	-2,122,173.87	-387,844.96
III. Operating profits (loss expressed with “-”)	1,535,200,560.55	1,951,474,414.02
Plus: Non-operating income	1,779,825.86	1,084,379.00
Less: non-operating expenditure	4,211,465.75	3,953,245.34
IV. Total profits (total loss expressed with “-”)	1,532,768,920.66	1,948,605,547.68
Less: Income tax expenses	183,977,497.96	261,247,643.74
V. Net profits (net loss expressed with “-”)	1,348,791,422.70	1,687,357,903.94
(I) Classified by business continuity		
1. Net profits from going concern (net loss expressed with “-”)	1,348,791,422.70	1,687,357,903.94
2. Net profits from discontinuing operation (net loss expressed with “-”)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of parent company	1,331,712,059.03	1,660,749,958.89
2. * Minority interest income	17,079,363.67	26,607,945.05
VI. Net of tax of other comprehensive income	-85,000,000.00	
Net amount of other comprehensive income after tax attributed to parent company owners	-85,000,000.00	
(I) Other comprehensive income that can't be reclassified into profit and loss	-85,000,000.00	
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan		
2. Other comprehensive income that can't be reclassified into profit and		

loss in the invested enterprise under equity method		
3. Fair value change of other equity instrument investments	-85,000,000.00	
4. Fair value change of enterprise credit risks		
5. Other		
(II) Other comprehensive income that will be reclassified into profit and loss		
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Fair value change of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Balance arising from the translation of foreign currency financial statements		
7. Other		
Net amount of other comprehensive income after tax attributed to minority shareholders		
VII. Total comprehensive income	1,263,791,422.70	1,687,357,903.94
Total comprehensive income attributed to parent company owners	1,246,712,059.03	1,660,749,958.89
Total comprehensive income belonging to minority shareholders	17,079,363.67	26,607,945.05
VIII. Earnings per share:		
(I) Basic EPS	1.41	1.75
(II) Diluted EPS	1.41	1.75

Legal representative: Ren Jianhua

Head of accounting work: Zhang Guofu

Head of accounting body: Zhang Guofu

4. Income statement of parent company

Unit: yuan

Item	Year 2021	Year 2020
I. Operating income	9,284,231,145.49	7,530,428,964.96
Subtract: Operating costs	4,557,542,158.07	3,375,484,733.03
Taxes and surcharges	73,299,717.92	56,158,201.66
Selling expenses	2,044,292,085.93	1,883,064,814.48
Management costs	261,914,391.23	216,279,202.32
Research and development expenses	349,772,824.04	290,347,551.69
Financial expenses	-137,078,786.08	-146,412,372.62
Including: interest expenditure	7,860,839.16	6,721,543.47
Interest revenue	146,898,250.58	155,949,366.04
Plus: other incomes	71,947,430.91	85,947,189.06
Income from investment (loss expressed with “-”)	109,604,014.60	32,129,921.37
Including: Income from investment of joint venture and cooperative enterprise	-47,639.68	-715,569.20
Income from derecognition of financial assets measured at amortized cost (loss expressed with “-”)		
Net exposure hedging gain (loss expressed with “-”)		
Income from fair value changes (loss expressed with “-”)		
Credit impairment losses (loss expressed with “-”)	-765,307,835.18	-58,992,629.71
Assets impairment losses (loss expressed with “-”)	-52,632,725.80	-21,977,893.76
Income from disposal of assets (loss expressed with “-”)	-2,281,424.63	-585,889.07
II. Operating profits (loss expressed with “-”)	1,495,818,214.28	1,892,027,532.29
Plus: Non-operating income	1,323,613.73	858,846.38
Less: non-operating expenditure	2,551,970.49	2,997,945.29
III. Total profits (total loss expressed with “-”)	1,494,589,857.52	1,889,888,433.38
Less: Income tax expenses	170,448,503.19	249,881,791.55

IV. Net profits (net loss expressed with “-”)	1,324,141,354.33	1,640,006,641.83
(I) Net profits from going concern (net loss expressed with “-”)	1,324,141,354.33	1,640,006,641.83
(II) Net profits from discontinuing operation (net loss expressed with “-”)		
V. Net of tax of other comprehensive income	-85,000,000.00	
(I) Other comprehensive income that can't be reclassified into profit and loss	-85,000,000.00	
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan		
2. Other comprehensive income that can't be reclassified into profit and loss in the invested enterprise under equity method		
3. Fair value change of other equity instrument investments	-85,000,000.00	
4. Fair value change of enterprise credit risks		
5. Other		
(II) Other comprehensive income that will be reclassified into profit and loss		
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Fair value change of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Balance arising from the translation of foreign currency financial statements		
7. Other		

VI. Total comprehensive income	1,239,141,354.33	1,640,006,641.83
VII. Earnings per share:		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated statement of cash flow

Unit: yuan

Item	Year 2021	Year 2020
I. Cash flow from operating activities:		
Cash from selling commodities or offering labor	10,288,453,339.62	8,100,485,159.16
Net increase of customer deposit and deposit from other banks		
Net increase of borrowings from central bank		
Net increase of borrowing funds from other financial institutions		
Cash from obtaining original insurance contract premium		
Cash received from insurance premium of original insurance contract		
Net increase of deposit and investment of insured		
Cash from interest, handling charges and commissions		
Net increase of borrowing funds		
Net increase of repurchase of business funds		
Net cash from acting trading securities		
Refund of tax and levies	10,979,888.36	
Other cash received related to operating activities	271,671,026.74	298,798,845.98
Subtotal cash inflows from operating activities	10,571,104,254.72	8,399,284,005.14
Cash paid for selling commodities or offering labor	5,176,102,168.67	3,532,083,383.04
Net increase of customer loans and advances		
Net increase of amount due from central bank and interbank		

Cash paid for original insurance contract claims payment		
Net increase of lending funds		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	916,057,162.36	802,932,443.05
Taxes and fees paid	931,911,190.31	781,667,958.02
Other cash paid related to operating activities	2,181,656,514.05	1,745,300,262.32
Subtotal cash outflows from operating activities	9,205,727,035.39	6,861,984,046.43
Net cash flow from operating activities	1,365,377,219.33	1,537,299,958.71
II. Cash flow from investment activities:		
Cash from investment withdrawal	2,680,500,000.00	1,593,000,000.00
Cash from investment income	91,763,782.62	55,973,702.31
Net cash from disposal of fixed assets, intangible assets and other long-term assets	2,730,070.90	644,585.13
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Subtotal cash inflows from investment activities	2,774,993,853.52	1,649,618,287.44
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	432,870,305.12	282,289,864.56
Cash paid for investment	3,202,812,500.00	2,585,000,000.00
Net cash received from reinsurance business		
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal cash outflows from investment activities	3,635,682,805.12	2,867,289,864.56
Net cash flow from investment activities	-860,688,951.60	-1,217,671,577.12
III. Cash flow from financing activities:		
Receipts from equity securities	850,000.00	6,650,000.00
Including: Cash received from subsidiaries' absorption of minority shareholders' investment	850,000.00	6,650,000.00
Cash received from borrowings		

Other cash received related to financing activities	30,694,588.74	6,076,177.30
Subtotal cash inflows from financing activities	31,544,588.74	12,726,177.30
Cash repayments of amounts borrowed		
Cash paid for distribution of dividends or profits and for interest expenses	495,485,158.00	474,512,025.00
Including: Dividends and profits paid by subsidiaries to minority shareholders	22,050,000.00	
Other cash paid related to financing activities	206,042,180.97	
Subtotal cash outflows from financing activities	701,527,338.97	474,512,025.00
Net cash flow from financing activities	-669,982,750.23	-461,785,847.70
IV. Impact of exchange rate movements on cash and cash equivalents	-813,210.71	-1,042,285.83
V. Net increase of cash and cash equivalents	-166,107,693.21	-143,199,751.94
Plus: Balance of cash and cash equivalents at the beginning of the period	3,886,096,513.56	4,029,296,265.50
VI. Balance of cash and cash equivalents at the beginning of the period	3,719,988,820.35	3,886,096,513.56

6. Cash flow statement of parent company

Unit: yuan

Item	Year 2021	Year 2020
I. Cash flow from operating activities:		
Cash from selling commodities or offering labor	9,400,393,477.64	7,509,377,698.55
Refund of tax and levies	10,979,888.36	
Other cash received related to operating activities	230,569,238.02	251,289,264.69
Subtotal cash inflows from operating activities	9,641,942,604.02	7,760,666,963.24
Cash paid for selling commodities or offering labor	4,977,299,230.52	3,394,399,263.08
Cash paid to and for employees	674,644,809.06	610,750,252.22
Taxes and fees paid	863,049,900.49	727,573,489.15
Other cash paid related to operating activities	1,854,214,173.41	1,565,516,700.37
Subtotal cash outflows from operating activities	8,369,208,113.48	6,298,239,704.82
Net cash flow from operating activities	1,272,734,490.54	1,462,427,258.42

II. Cash flow from investment activities:		
Cash from investment withdrawal	2,260,000,000.00	1,100,000,000.00
Cash from investment income	110,584,544.21	48,392,109.16
Net cash from disposal of fixed assets, intangible assets and other long-term assets	2,295,850.90	208,339.13
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Subtotal cash inflows from investment activities	2,372,880,395.11	1,148,600,448.29
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	312,910,594.46	205,445,153.06
Cash paid for investment	2,812,000,000.00	2,260,000,000.00
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal cash outflows from investment activities	3,124,910,594.46	2,465,445,153.06
Net cash flow from investment activities	-752,030,199.35	-1,316,844,704.77
III. Cash flow from financing activities:		
Receipts from equity securities		
Cash received from borrowings		
Other cash received related to financing activities	30,694,588.74	6,076,177.30
Subtotal cash inflows from financing activities	30,694,588.74	6,076,177.30
Cash repayments of amounts borrowed		
Cash paid for distribution of dividends or profits and for interest expenses	473,435,158.00	474,512,025.00
Other cash paid related to financing activities	199,995,742.59	
Subtotal cash outflows from financing activities	673,430,900.59	474,512,025.00
Net cash flow from financing activities	-642,736,311.85	-468,435,847.70
IV. Impact of exchange rate movements on cash and cash equivalents	-812,928.86	-1,042,359.16
V. Net increase of cash and cash equivalents	-122,844,949.52	-323,895,653.21
Plus: Balance of cash and cash equivalents at the beginning of the period	3,627,178,859.95	3,951,074,513.16

VI. Balance of cash and cash equivalents at the beginning of the period	3,504,333,910.43	3,627,178,859.95
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7. Consolidated statement of change in equity

Current amount

Item	Year 2021														Minority equity	Total owners' equities
	Owners' equities attributable to the owners of parent company															
	Capital stock	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk preparation	Undistributed profit	Other	Subtotal			
		Preferred stock	Perpetual bond	Other												
I. Ending balance in previous 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																
Prior period error correction																
Business combination under common control																
Other																
II. Beginning balance in current 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. Increase/decrease in the current period (less to be filled out with the minus sign "-")					3,118,765.48	199,995,742.59	-85,000,000.00				858,276,901.03		576,399,923.92	-4,120,636.33	572,279,287.59	
(I) Total comprehensive income							-85,000,000.00				1,331,712,059.03		1,246,712,059.03	17,079,363.67	1,263,791,422.70	

(II) Owner's invested and decreased capital					3,118,765.48	199,995,742.59								-196,876,977.11	850,000.00	-196,026,977.11
1. Common stock invested by the owner															850,000.00	850,000.00
2. Capital invested by other equity instrument holders																
3. Amount of share-based payment included in the owner's equity					3,118,765.48	199,995,742.59								-196,876,977.11		-196,876,977.11
4. Other																
(III) Profit distribution																
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk preparation																
3. Distribution of owners (or shareholders)																
4. Other																
(IV) Internal transfer of owner's equity																
1. Capital surplus transfer to paid-in capital (or capital stock)																
2. Earned surplus transfer to paid-in capital (or capital																

stock)															
3. Earned surplus covering the deficit															
4. Carryforward retained earnings in variation of defined benefit plan															
5. Carryforward retained earnings of other comprehensive income															
6. Other															
(V) Special reserve															
1. Draw in this current															
2. Use in this current															
(VI) Other															
IV. Balance at the end of current period	949,024,050.00				404,918,098.15	199,995,742.59	-100,157,634.16		474,516,412.50		7,098,721,555.37		8,627,026,739.27	139,031,776.96	8,766,058,516.23

Unit: yuan

Last term amount

Unit: yuan

Item	2020														Minority equity	Total owners' equities
	Owners' equities attributable to the owners of parent company												Subtotal			
	Capital stock	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk preparation	Undistributed profit	Other				
Preferred stock	Perpetual bond	Other														

							e		n						
I. Ending balance in previous year	949,024,050.0 0				401,799,332.6 7		-15,157,634.1 6		474,516,412.5 0		5,054,206,720.4 5		6,864,388,881.4 6	109,894,468.2 4	6,974,283,349.7 0
Plus: Changes in accounting policies															
Prior period error correction															
Business combination under common control															
Other															
II. Beginning balance in current year	949,024,050.0 0				401,799,332.6 7		-15,157,634.1 6		474,516,412.5 0		5,054,206,720.4 5		6,864,388,881.4 6	109,894,468.2 4	6,974,283,349.7 0
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")											1,186,237,933.8 9		1,186,237,933.8 9	33,257,945.05	1,219,495,878.9 4
(I) Total comprehensive income											1,660,749,958.8 9		1,660,749,958.8 9	26,607,945.05	1,687,357,903.9 4
(II) Owner's invested and														6,650,000.00	6,650,000.00

decreased capital															
1. Common stock invested by the owner														6,650,000.00	6,650,000.00
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment included in the owner's equity															
4. Other															
(III) Profit distribution														-474,512,025.00	-474,512,025.00
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk preparation															
3. Distribution of owners (or shareholders)															
4. Other															
(IV) Internal transfer															

of owner's equity																
1. Capital surplus transfer to paid-in capital (or capital stock)																
2. Eamed surplus transfer to paid-in capital (or capital stock)																
3. Eamed surplus covering the deficit																
4. Carryforward retained earnings in variation of defined benefit plan																
5. Carryforward retained earnings of other comprehensive income																
6. Other																
(V) Special reserve																
1. Draw in this current																

2. Use in this current															
(VI) Other															
IV. Balance at the end of current period	949,024,050.0 0				401,799,332.6 7		-15,157,634.1 6		474,516,412.5 0		6,240,444,654.3 4		8,050,626,815.3 5	143,152,413.2 9	8,193,779,228.6 4

8. Statement of change in equity of parent company

Current amount

Unit: yuan

Item	Year 2021											
	Capital stock	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	Total owners' equities
		Preferred stock	Perpetual bond	Other								
I. Ending balance in previous 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												
Prior period error correction												
Other												
II. Beginning balance in current 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. Increase/decrease in the current period (less to be filled out with the minus sign "-")					3,118,765.48	199,995,742.59	-85,000,000.00			850,706,196.33		568,829,219.22
(I) Total comprehensive income							-85,000,000.00			1,324,141,354.33		1,239,141,354.33
(II) Owner's invested and decreased capital					3,118,765.48	199,995,742.59						-196,876,977.11
1. Common stock invested by the owner												
2. Capital invested by other equity instrument holders												
3. Amount of share-based payment included in the owner's equity					3,118,765.48	199,995,742.59						-196,876,977.11

4. Other												
(III) Profit distribution										-473,435,158.00		-473,435,158.00
1. Withdrawal of surplus reserves												
2. Distribution of owners (or shareholders)										-473,435,158.00		-473,435,158.00
3. Other												
(IV) Internal transfer of owner's equity												
1. Capital surplus transfer to paid-in capital (or capital stock)												
2. Eamed surplus transfer to paid-in capital (or capital stock)												
3. Eamed surplus covering the deficit												
4. Carryforward retained eamings in variation of defined benefit plan												
5. Carryforward retained earnings of other comprehensive income												
6. Other												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Other												
IV. Balance at the end of current period	949,024,050.00				404,873,115.14	199,995,742.59	-100,157,634.16		474,516,412.50	6,971,309,836.02		8,499,570,036.91

Last term amount

Unit: yuan

Item	2020											
	Capital stock	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	Total owners' equities
		Preferred stock	Perpetual bond	Other								
I. Ending balance in previous 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												
Prior period error correction												
Other												
II. Beginning balance in current 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. Increase/decrease in the current period (less to be filled out with the minus sign "-")										1,165,494,616.83		1,165,494,616.83
(I) Total comprehensive income										1,640,006,641.83		1,640,006,641.83
(II) Owner's invested and decreased capital												
1. Common stock invested by the owner												
2. Capital invested by other												

equity instrument holders												
3. Amount of share-based payment included in the owner's equity												
4. Other												
(III) Profit distribution										-474,512,025.00		-474,512,025.00
1. Withdrawal of surplus reserves												
2. Distribution of owners (or shareholders)												
3. Other												
(IV) Internal transfer of owner's equity												
1. Capital surplus transfer to paid-in capital (or capital stock)												
2. Eamed surplus transfer to paid-in capital (or capital stock)												
3. Eamed surplus covering the deficit												
4. Carryforward retained earnings in variation of defined benefit plan												

5. Carryforward retained earnings of other comprehensive income												
6. Other												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Other												
IV. Balance at the end of current period	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. Basic Status of the Company

Hangzhou ROBAM Appliances Co., Ltd. (ROBAM or the Company) is a limited liability company established by Hangzhou ROBAM Home Appliances & Kitchen Sanitary Co., Ltd. by means of overall change on November 7, 2000. Approved by China Securities Regulatory Commission (ZJXX [2010] No.1512) in 2010, the Company issued 40 million ordinary shares to the public for the first time on November 23, 2010, with a par value of RMB 1 per share and an issue price of RMB 24.00 and the stock code of 002508.

As of December 31, 2021, the capital stock of the Company after several equity changes was 949,024,050 yuan. Unified social credit code: 91330000725252053F, legal representative: Ren Jianhua; address: No.592, Linping Av., Yuhang Economic Development Zone, Hangzhou, China.

The Company is mainly engaged in the development, production, sales and comprehensive services of kitchen appliances in the manufacturing industry. Its main products include range hood, gas hob, sterilizer, steamer, oven, dishwasher, water purifier, microwave, integrated stove and purification tank.

The main business scope is manufacture, processing, sales, export and import business of range hood, gas stove, sterilized cupboard, oven, steam oven, microwave oven, dishwasher, water purifier, multifunctional tank, kitchenware and other kitchen appliances, as well as the technical services of home appliances. (Any project that needs to be approved by law can only be carried out after getting approval by relevant authorities.)

The scope of the Company's consolidated financial statements includes seven subsidiaries: Beijing ROBAM Electric Appliance Sales Co., Ltd., Shanghai ROBAM Electric Appliance Sales Co., Ltd., Hangzhou Mingqi Electric Co., Ltd., De Dietrich Household Appliances Trading (Shanghai) Co., Ltd., Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., Hangzhou ROBAM Fuchuang Investment Management Co., Ltd. and Zhejiang Cooking Future Technology Co., Ltd. Compared with the previous year, the consolidation scope of the Company has not changed this year.

IV. Preparation Basis of Financial Statements

1. Preparation basis

The financial statements of the Company are prepared on the basis of the going-concern and the accounting policy and accounting estimate in "IV. Significant accounting policy and accounting estimate" according to the actual transactions and items, the *Accounting Standards for Business Enterprises* promulgated by the Ministry of Finance and relevant provisions.

2. Going concern

After comprehensive consideration to the macro policy risks, market operation risks, Company's current and long-term profitability, solvency, financial flexibility, intention of the management to change its business policy and other factors, the Company's management believes that the Company has no issue affecting the Company's going-concern ability within 12 months from the end of the report.

V. Significant Accounting Policy and Accounting Estimate

The specific accounting policies and accounting estimates formulated by the Company according to the actual production and operation characteristics include the operating cycle, the recognition and measurement of bad debt provision of receivables, the

measurement of issued inventory, the classification and depreciation of fixed assets, the amortization of intangible assets, the capitalization conditions of R&D expenses, the income recognition and measurement, etc.

1. Statement on complying with corporate accounting standards

The Company's financial statements comply with the requirements of the ASBE and truly and completely reflect the Company's financial position, business performance, cash flows and other relevant information.

2. Accounting period

The fiscal year of the Company runs from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company's normal operating cycle is one year (12 months).

4. Accounting standard money

The bookkeeping currency of the Company is RMB.

5. Accounting process method of business combination involving enterprises under and not under common control

The assets and liabilities acquired by the Company as the combining party through business combination under common control are measured on the combination date according to the book value of the combined party in the consolidated statements of the final controlling party. The difference between the book value of the net assets obtained and the consideration paid for the combination is adjusted against capital reserve; if the capital reserve is not sufficient to absorb the difference, the retained earnings shall be adjusted.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired through business combination not under common control are measured at fair value on the acquisition date. The combined cost is the fair value of the cash or non-cash assets paid, liabilities incurred or assumed and equity securities issued by the acquirer on the acquiring date for acquisition of the control right of the acquiree, as well as the sum of direct costs for the business combination (for the business combination realized by steps through several times, the combined cost is the sum of the costs of each transaction). Where the combined cost exceeds the acquirer's interest in the fair value of the acquiree's net identifiable assets, the difference is recognized as goodwill; where the combined cost is less than the acquirer's interest in the fair value of the acquiree's net identifiable assets, the acquirer first reassesses the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities in combination and the fair values of non-cash assets or equity securities issued for consolidation consideration. If after reassessment, the combined cost is still less than the acquirer's interest in the fair value of the acquiree's net identifiable assets, the difference is included in the current non-operating income.

6. Methods for preparing consolidated financial statements

The Company includes all subsidiaries under its control in the consolidated financial statements.

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

All significant internal transactions, current balances and unrealized profits in the consolidation scope shall be set off when the consolidated statements are prepared. The share of the owner's equity of the subsidiaries not attributable to the parent company and current net profits and losses, other comprehensive income, and the share of other comprehensive income attributable to the minority interests shall be presented in the consolidated financial statements under “minority equity, minority interest income, other comprehensive income attributed to minority shareholders and total comprehensive income attributed to minority shareholders”.

For a subsidiary in the business combination under common control, its business performance and cash flows have been consolidated since the beginning of the consolidation year into the consolidated financial statements. When preparing and comparing the consolidated financial statements, the Company shall adjust the relevant items of the previous year's financial statements, which shall be regarded as the subject of the consolidated report that has been in existence since the beginning of the control by the final controlling party.

For a subsidiary in the business combination not under common control, its business performance and cash flows shall be incorporated into the consolidated financial statements from the date of the Company's acquisition of control. In preparing the consolidated financial statements, the financial statements of the subsidiary shall be adjusted on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities as determined on the acquiring date.

If the Company acquires the equity of the acquiree by steps through several deals and finally forms business combination not under common control, in the compilation of the consolidated statements, as for the equity interests held in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the difference between their fair values and book value shall be recorded into the investment gains for the period including the acquiring date. Other related comprehensive gains in relation to the equity interests held in the acquiree under the equity accounting before the acquiring date, and the changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution shall be carried forward into profit and loss on investments in the period of the acquiring date, except for other comprehensive income from the change caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the investee.

In consolidated financial statements, when the Company disposes of part of long-term equity investment in the subsidiary before losing control rights, the difference between the disposal price and the long-term equity investment disposed of relative to the share of the net assets to be enjoyed and continuously calculated from the acquiring date or combination date is adjusted against capital premium or capital stock premium; if the capital reserve is not sufficient to absorb the difference, the retained earnings shall be adjusted.

When the Company loses the control right over the investee due to disposal of part of the equity investment or other reasons, the residual equity shall be re-measured at its fair value on the date of losing the control right in preparing the consolidated financial statements. The difference between the sum of the consideration acquired by disposal of the equity and the fair value of the residual equity, and the share of the net assets of the original subsidiary continuously calculated from the acquiring day or combination date according to the original shareholding ratio, shall be included in the profit and loss on investments in the period of loss of the control right and written down against the goodwill. Other comprehensive income related to the equity investment of the original subsidiary is transferred into the current profit and loss on investments in the period of loss of control right.

7. Joint venture arrangements classification and Co-operation accounting treatment

The Company's joint venture arrangements include cooperative enterprise.

The investment in the cooperative enterprise is subject to the accounting treatment by the Company as the joint venture party according to the *Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments*.

8. Cash and cash equivalents

The cash in the cash flow statement of the Company refers to the cash on hand and deposits readily available for payment. The cash equivalents represent the short-term (no more than three months) and highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

9. Foreign currency transaction and foreign currency financial statement translation

(1) Foreign currency transaction

The foreign currency transaction of the Company is converted to Renminbi at the spot rate on the transaction date. The foreign currency project, on the balance sheet date, is converted to Renminbi at the spot rate. The resulting converted difference is included in current profit and loss except the balance of exchange of special foreign currency loan related to acquisition or construction of assets meeting the capitalization conditions. Non-monetary items in foreign currency measured at fair value are converted by the spot rate on the recognition date of the fair value. The difference between the bookkeeping currency amount after conversion and the original bookkeeping currency amount is recorded into the capital reserve if belonging to non-monetary items in foreign currency of available-for-sale financial assets, or recorded into current profit and loss if belonging to non-monetary items in foreign currency measured at fair value and with the changes included in current profit and loss. Non-monetary items in foreign currency measured by the historical cost are still converted by the spot rate on the transaction date without changing the RMB amount.

(2) Conversion of financial statements denominated in foreign currencies

The assets and liabilities in the balance sheet of a foreign operation are converted at the spot rate on the balance sheet date; all items of owner's equity, except the "undistributed profit", are converted at the spot rate at the time of occurrence. The income and expense items in the income statement of a foreign operation are converted at the approximate exchange rate of the spot rate on the date of transaction. The converted difference of the foreign currency financial statements generated according to the above translation shall be presented in other comprehensive income. For a foreign currency monetary item which constitutes a net investment in overseas operations, the exchange difference resulting from the change of exchange rate shall be presented as other comprehensive income in the compilation of the consolidated financial statements. Upon disposal of an overseas operation, other comprehensive income related to the overseas operation shall be transferred to the current profit and loss according to the proportion.

The approximate exchange rate of the spot exchange rate on the date of the cash flows shall be based on for the translation of cash flows in a foreign currency and in an overseas subsidiary. The effect of a change in exchange rate on cash shall be separately presented in the cash flow statement.

10. Financial assets and financial liabilities

The Company recognizes a financial asset or financial liability when becoming a party of the financial instrument contract.

(1) Financial assets

1) Classification, recognition basis and measurement method for financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the financial assets of the Company are classified into: financial assets measured at the amortized cost; financial assets measured at fair value of which changes are recorded into other comprehensive income; financial assets at fair value through profit or loss (“FVTPL”).

The financial asset of the Company that meets the following conditions simultaneously is classified as financial asset measured at the amortized cost: ① The business model for managing the financial asset is to collect contractual cash flows. ② According to the contract terms of the financial asset, the cash flow generated on a specific date is only for the payment of the principal and the interest based on the outstanding principal amount. Such financial asset is initially measured at the fair value and the relevant transaction costs are charged to initially recognized amount; further measurement is made at the amortized cost. With the exception of the hedged item designated as such, the difference between the initial amount and the amount due shall be amortized in accordance with the effective interest method, and the gains and losses arising from the amortization, impairment, exchange gains and losses and the derecognition shall be recorded into the current profit and loss.

The financial asset of the Company that meets the following conditions simultaneously is classified as the financial asset measured at fair value of which changes are recorded into other comprehensive income: ① The business model for managing such financial assets is to collect contractual cash flows and to sell the financial asset. ② According to the contract terms of the financial asset, the cash flow generated on a specific date is only for the payment of the principal and the interest based on the outstanding principal amount. Such financial asset is initially measured at the fair value and the relevant transaction costs are charged to initially recognized amount. With the exception of the hedged item designated as such, the other gains or losses incurred from such financial asset, except for credit impairment losses or gains, exchange gains and losses and interest on the financial asset calculated by effective interest method, shall be included in other comprehensive income; when the financial asset is derecognized, the accumulated gains or losses previously recorded in other comprehensive income should be transferred from other comprehensive income in current profit and loss.

The Company recognizes interest income by effective interest method. The interest income is determined by multiplying the book balance of a financial asset by the effective interest rate, except as follows: ① For an acquired or originated financial asset with credit impairment, the interest income shall be determined according to the amortized cost of the financial asset and the effective interest rate adjusted by credit from the initial recognition. ② For an acquired or originated financial asset with credit impairment, but which has credit impairment in the subsequent period, the interest income of the financial asset shall be determined according to the amortized cost and the effective interest rate of the financial asset in the subsequent period.

The Company designates the non-transactional equity instruments as the financial assets measured at fair value of which changes are recorded into other comprehensive income. Such designation, once made, shall not be revoked. The non-transactional equity

instruments measured at fair value of which changes are recorded into other comprehensive income are initially measured at the fair value and the relevant transaction costs are charged to initially recognized amount; except for the dividends (excluding the part of investment cost recovery) recorded into the current profit and loss, other related gains and losses (including exchange gains and losses) are recorded into other comprehensive income and shall not be transferred into the current profit and loss subsequently. Upon derecognition, the accumulated gains or losses previously recorded in other comprehensive income should be transferred from other comprehensive income to the retained earnings.

The above financial assets measured at the amortized cost and the financial assets measured at fair value of which changes are recorded into other comprehensive income are classified as financial assets at fair value through profit or loss ("FVTPL"). Such financial asset is initially measured at the fair value and the relevant transaction costs are directly charged to the current profit and loss. Gains or losses on such financial assets are charged to the current profit and loss.

The financial assets recognized by the Company through business combination not under common control or constituted by contingent consideration are classified as financial assets at fair value through profit or loss ("FVTPL").

2) Recognition basis and measurement method for transfer of financial assets

The financial asset is derecognized when meeting any of the following conditions: ① The contract right to charge the cash flow of the financial asset is terminated; ② The financial asset has been transferred and almost all risks and remuneration of the financial asset ownership are transferred; ③ The financial asset has been transferred and the Company does neither transfer nor retain almost all risks and remuneration of the financial asset ownership but gives up the control over the financial asset.

If the overall transfer of the financial asset meets the derecognition conditions, the difference of the book value of the transferred financial asset from the sum of the consideration received and the derecognized amount in the cumulative amount of the fair value changes originally included in other comprehensive income (according to the contract terms of the financial asset transferred, the cash flow generated on a specific date is only for the payment of the principal and the interest based on the outstanding principal amount) is charged to the current profit and loss.

If the partial transfer of the financial asset meets the derecognition conditions, the overall book value of the transferred financial asset, between the derecognized part and non-derecognized part, is allocated according to the respective relative fair value. The difference of the sum of the consideration received from transfer and the derecognized amount in the cumulative amount of the fair value changes in the derecognized part originally included in other comprehensive income (according to the contract terms of the financial asset transferred, the cash flow generated on a specific date is only for the payment of the principal and the interest based on the outstanding principal amount) from the overall book value of the above-mentioned financial asset allocated is charged to current profit and loss.

(2) Financial liabilities

1) Classification, recognition basis and measurement method for financial liabilities

Financial liabilities, upon initial recognition, are divided into those measured with fair value and with the changes included in current profit and loss and other financial liabilities.

Financial liabilities measured with fair value and with the changes included in current profit and loss, including the trading financial liabilities and the financial liabilities measured with fair value and with the changes included in current profit and loss upon initial recognition. The financial liability is subsequently measured with the fair value. The gain or loss formed from the changes in the fair value as well as the dividends and interest expenditure related to the financial liability is charged to current profit and loss.

The other financial liabilities are subsequently measured with the amortized cost by means of effective interest method. Except for the following items, the financial assets are classified as the financial liabilities measured at amortized cost: ① Financial liabilities measured with fair value and with the changes included in current profit and loss, including the trading financial liabilities (including derivative instruments belonging to financial liabilities) and the financial liabilities measured with fair value and with the changes included in current profit and loss. ② Financial liabilities formed by the transfer of financial assets not conforming to the derecognition conditions or by continuing to involve in the transferred financial assets. ③ Financial guarantee contracts that do not fall under the above ① or ② circumstances, and loan commitments to lend at a below-market rate that do not fall under the above ① circumstance.

The financial liabilities recognized by the Company as the acquirer through business combination not under common control or formed by contingent consideration are classified as financial liabilities at fair value through profit or loss for accounting.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company and a creditor to replace the existing financial liability with a new one with substantially different terms is accounted for as the derecognition of the existing financial liability and the recognition of a new financial liability. When the Company makes material alteration to the contract terms of the existing financial liability (or part of it), it derecognizes the existing financial liability (or part of it) and recognizes a new one according to the altered terms. The difference between the book value of the derecognized part and the consideration paid is charged to current profit and loss.

3) Fair value determination method of financial assets and financial liabilities

The fair value of the financial assets and financial liabilities is measured by the Company at the prices in the principal market. If no principal market exists, the fair value is measured at the most favorable market price by valuation techniques that are applicable at the time and are supported by sufficient data and other information available. The input value used in the fair value measurement is divided into three levels. That is, the input value of the first level is the unadjusted quotation of the same assets or liabilities on the active market that can be obtained on the measurement day. The input value of the second level is the direct or indirect observable input value of related assets or liabilities other than the input value of the first level. The input value of the third level is the non-observable input value of the relevant assets or liabilities. The Company prefers the input value of the first level and finally the input value of the third level. The level of the measurement results of the fair value is determined by the lowest level of the input value that is of great significance to the measurement of fair value as a whole.

The Company measures the equity instrument investment at fair value. However, in limited cases, if the recent information used to determine the fair value is insufficient, or the possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within the range, the cost may represent the appropriate estimate of the fair value within the range.

(3) Offset of financial assets and financial liabilities

The financial assets and financial liabilities of the Company are listed respectively in the balance sheet and no mutually offset. However, when the following conditions are met at the same time, they are listed as net amount after offset in the balance sheet: (1) the Company has the legal right to offset the recognized amount and may execute the legal right currently; (2) the Company plans to settle with net amount or realize the financial asset and pay off the financial liability simultaneously.

(4) Distinction between financial liabilities and equity instruments and relevant treatment method

The Company distinguishes between a financial liability and an equity instrument in accordance with the following principles : (1) If the Company cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation is defined as a financial liability. Although some financial instruments do not explicitly contain terms and conditions for the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument is to be settled by or with the Company's equity instrument, it is necessary to consider whether the Company's equity instrument used to settle the financial instrument is to be used as a substitute for cash or other financial assets or to give the holder of the instrument a residual equity in the assets of the issuer after deducting all liabilities. In the former case, the financial instrument is a financial liability of the issuer; in the latter case, the instrument is the issuer's equity instrument. If it is stipulated in a financial instrument contract that the Company shall or may settle the financial instrument by its own equity instruments in some cases, in which, the amount of the contractual rights or contractual obligations is equal to the number of its equity instruments available or to be delivered multiplied by its fair value at the time of settlement, the contract is classified as a financial liability, whether the amount of the contractual rights or obligations is fixed or whether it is based in whole or in part on changes in variables (such as the interest rate, the price of a commodity or the price of a financial instrument) other than the market price of the Company's equity instruments.

In classifying a financial instrument (or its components) in the consolidated statements, the Company takes into account all terms and conditions agreed between the members of the Company and the financial instrument holder. The instrument shall be classified as a financial liability if the Company as a whole is obligated to deliver cash, other financial assets, or settle accounts in other ways that cause the instrument to become a financial liability as a result of the instrument.

The interest, dividends, profits or losses related to a financial instrument or its components classified as a financial liability, as well as gains or losses from redemption or refinancing, shall be recorded into the Company's current profit and loss.

The issuance (including refinancing), repurchase, sales or cancellation of financial instrument or its components classified as equity instruments is handled as the equity changes, and the fair value change of the equity instruments is not recognized.

(5) Impairment of financial instruments

The Company withdraws the provision for impairment for the financial assets measured at the amortized cost, financial assets measured at fair value of which changes are recorded into other comprehensive income, and financial guarantee contracts based on the expected credit loss, and recognizes the credit impairment loss.

The expected credit loss refers to the weighted average credit loss of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows discounted by the Company at the original effective interest rate and

receivable according to the contract and all expected cash flows received, that is, the present value of all cash shortage. The financial assets purchased or originated that have suffered from credit impairment shall be discounted at the effective interest rate of the financial assets through credit adjustment.

The provision for loss on the accounts receivable from standard transactions in the income guidelines and not containing material financing elements shall be measured by the Company by simplified measurement according to the amount equivalent to the expected credit loss in the whole duration.

For the financial assets purchased or originated that have suffered from credit impairment, only the cumulative changes of the expected credit loss in the whole duration upon initial recognition are recognized as provision for loss on the balance sheet date. On each balance sheet date, the amount of change in the expected credit loss over the entire duration is recorded as an impairment loss or gain in the current period. Favorable changes in the expected credit loss are recognized as impairment gains even if the expected credit loss for the entire duration recognized on the balance sheet date is less than the amount of overdue credit loss reflected in the estimated cash flow upon initial recognition.

For the financial assets other than those purchased or originated that have suffered from credit impairment by simplified measurement, the Company shall evaluate whether the credit risk of relevant financial instrument has increased significantly upon initial recognition on each balance sheet date and measure its provision for loss and recognize the expected credit losses and changes respectively in the following cases:

- 1) If the credit risk of the financial instrument has not increased significantly upon initial recognition and is in the first stage, its provision for loss is measured according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months, and the interest income is calculated according to the book balance and the effective interest rate.
- 2) If the credit risk of the financial instrument has significantly increased without credit impairment upon initial recognition and is in the second stage, its provision for loss is measured according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration, and the interest income is calculated according to the book balance and the effective interest rate.
- 3) If the financial instrument has suffered from credit impairment upon initial recognition and is in the third stage, its provision for loss is measured according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration, and the interest income is calculated according to the amortized cost and the effective interest rate.

The amount increased or written back of the provision for credit loss of the financial instrument is recorded as an impairment loss or gain in the current period. Except for financial assets measured at fair value of which changes are recorded into other comprehensive income, the book balance of financial assets is offset by the provision for credit losses. For financial assets measured at fair value of which changes are recorded into other comprehensive income, the Company recognizes its provision for credit losses in other comprehensive income and does not reduce the book value of the financial assets on the balance sheet.

If the Company has measured the provision for loss in the previous accounting period according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration but the credit risk of the financial instrument has no longer been increased significantly upon initial recognition on the current balance sheet date, the Company shall measure the provision for loss on the financial instrument on the current balance sheet date according to the amount equivalent to the expected credit loss in the next 12

months and the resulting amount written back from the provision for loss is recorded as an impairment gain in the current period.

① Significant increase in credit risk

By means of the reasonable and valid forward-looking information available, the Company determines whether the credit risks of financial instruments have increased significantly upon initial recognition by comparing the default risk of the financial instruments on the balance sheet date with the default risk on the initial recognition date. For financial guarantee contracts, when the Company applies the impairment provisions on financial instruments, the date on which the Company becomes a party to make an irrevocable commitment shall be the initial recognition date. The Company will consider the following factors when assessing whether the credit risk has increased significantly: whether there are significant changes in the actual or overdue operating results of the debtor; whether there has been a significant adverse change in the regulatory, economic or technical environment in which the debtor resides; whether there are significant changes in the value of collateral as collateral for debt or in the quality of guarantees or credit enhancements provided by third parties, as well as the probability that these changes are expected to reduce the financial incentive for the debtor to repay on the terms specified in the contract or affect the breach of contract; whether there has been a significant change in the expected performance and repayment behavior of the debtor; whether the Company's credit management methods for financial instruments have changed.

For a financial instrument with low credit risk on the balance sheet date, the Company assumes that the credit risk has not increased significantly upon the initial recognition. The financial instrument is considered to have a low credit risk if the financial instrument has relatively low default risk, and the borrower has a strong ability to fulfill its contractual cash flow obligations in a short term, which will not necessarily be reduced even if there are adverse changes in the economic situation and operating environment in a long term.

② Financial assets that have suffered from credit impairment

When one or more events occur that adversely affect the expected future cash flow of a financial asset, the financial asset becomes a financial asset with credit impairment. The evidence for credit impairment of financial assets includes: the debtor has incurred major financial difficulties; the debtor breaches a contract, such as by default or exceeding payment of default or late payment of interest or principal; the creditor gives the debtor concessions that he would not make under any circumstances for economic or contractual reasons related to the debtor's financial difficulties; the debtor is likely to go bankrupt or undergo other financial restructuring; the financial difficulties of the issuer or debtor cause the active market for the financial asset to disappear; a substantial discount at which a financial asset is purchased or originated reflects the fact of credit loss.

The credit impairment of the financial asset may be caused by the joint action of the above events, and may not necessarily be caused by the events that can be identified separately.

③ Determination of expected credit loss

The Company evaluates the expected credit losses of financial instruments on the basis of individual and combined instruments, and in assessing the expected credit losses, takes into account reasonable and valid information about past events, current conditions and projections of future economic conditions.

Based on the characteristics of common credit risks, the Company divides financial instruments into different combinations. The individual assessment standards and the characteristics of the combination credit risks of relevant financial instruments are detailed in the accounting policies of relevant financial instruments.

The Company shall determine the expected credit losses of the relevant financial instruments in the following ways:

In the case of a financial asset, the credit loss is the present value of the difference between the contract cash flow receivable by the Company and the expected cash flow receivable;

In the case of a financial guarantee contract, the credit loss is the present value of the difference between the estimated amount of payment to be made by the Company in respect of any credit loss incurred under the contract, and the amount that the Company expects to receive from the contract holder, debtor or anywhere else;

In the case of a financial asset with credit impairment on the balance sheet date but not purchased or originated with credit impairment, the credit loss is the difference between the book balance of the financial asset and the present value of the estimated future cash flow discounted at the original effective interest rate.

11. Notes receivable

Based on the acceptor credit risk of notes receivable as a common risk feature, the Company divides the notes receivable into different combinations and determines the expected credit loss accounting estimation policy:

Combination classification	Basis for recognition of combination	Accrual method
Banker's acceptance bill combination	The acceptor is a banking financial institution	The Company believes that the banker's acceptance bill held does not have significant credit risk and will not cause major losses due to bank default.
Commercial acceptance bill combination	The acceptor is a financial company or other non-bank financial institution or enterprise unit	The Company measures the provision for bad debt of commercial acceptance bills receivable according to the expected credit loss of the entire duration

12. Accounts receivable

The provision for loss on the accounts receivable (whether or containing material financing elements) from standard transactions in the *Accounting Standards for Enterprises No.14 - Revenues* and on the lease receivables regulated in the *Accounting Standards for Enterprises No. 21 - Lease* shall be measured by the Company by simplified measurement according to the amount equivalent to the expected credit loss in the whole duration.

The Company shall evaluate whether the credit risks of accounts receivable have increased significantly on the basis of a single financial instrument or a financial instrument combination. The Company makes single assessment of the credit risks for the accounts receivable with significantly different credit risks and the following features: accounts receivable in dispute with the other party or involving litigation or arbitration; accounts receivable with obvious signs that the debtor is likely to be unable to perform the repayment obligations. It is feasible for the Company to evaluate whether the credit risks increase significantly on the basis of financial instrument combination if it is unable to obtain sufficient evidence for significant increase in credit risks at reasonable cost

at the level of single financial instrument. The Company can classify financial instruments based on the characteristics of common credit risk in assessment based on the financial instrument combination.

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

Combination classification	Basis for recognition of combination	Accrual method
Credit loss withdrawn on accounts receivable by aging analysis method	The receivables with the same aging have similar credit risk characteristics	Expected credit loss rate
Related parties in the consolidation scope	Funds of subsidiaries in the consolidation scope of controlling shareholders	Generally no expected credit loss

If there is objective evidence that a credit impairment has occurred in an account receivable, the Company shall withdraw the provision for bad debts for that account receivable and recognize the expected credit loss.

For the accounts receivable with the credit loss drawn by aging analysis method, based on the actual credit losses of the previous year and taking into account the forward-looking information of the current year, the Company's accounting estimation policy for measuring expected credit losses is as follows:

Aging	Expected credit loss rate
Within 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 shall calculate the expected credit loss of the accounts receivable on the balance sheet date. If the expected credit loss is greater than the book amount of the provision for impairment of current accounts receivable, the Company recognizes the difference as the provision for impairment of accounts receivable, debits the "credit impairment loss" and credits the "provision for bad debt". On the contrary, the Company recognizes the difference as an impairment gain and records the opposite.

Where the Company has actually incurred a credit loss and the relevant accounts receivable are determined to be irrecoverable, and the write-off is approved, the "provision for bad debt" shall be debited and the "accounts receivable" shall be credited according to the approved write-off amount. If the write-off amount is greater than the provision for loss which has been calculated, the "credit impairment loss" shall be debited according to the difference.

13. Receivables financing

The financial asset of the Company that meets the following conditions simultaneously is classified as the financial asset measured at fair value of which changes are recorded into other comprehensive income: the business model for managing such financial assets is to collect contractual cash flows and to sell the financial asset; according to the contract terms of the financial asset, the cash flow generated on a specific date is only for the payment of the principal and the interest based on the outstanding principal amount.

The Company transfers the accounts receivable held in the form of discount or endorsement. Such accounts receivable with frequent business and large amount involved are measured at fair value and their changes are recorded into other comprehensive income according to relevant regulations in the financial instrument standards if the management business model is to collect and sell contractual cash flows.

14. Other receivables

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

(1) the credit risks has not increased significantly upon initial recognition (first stage).

For the financial instruments in this stage, the Company should measure the provision for loss according to the expected credit loss over the next 12 months.

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

(2) The credit risk has significantly increased without credit impairment upon initial recognition (second stage).

For the financial instruments in this stage, the Company should measure the provision for loss according to the expected credit loss in the whole duration.

(3) Credit impairment upon initial recognition (third stage)

For the financial instruments in this stage, the Company should measure the provision for loss according to the expected credit loss in the whole duration.

15. Inventory

The Company's inventory mainly includes low priced and easily worn articles, raw materials, work in process, merchandise inventory and goods shipped in transit, etc.

The perpetual inventory system is adopted for the inventories and the inventories are price according to the actual cost when obtained; the cost of the inventories is recognized by the weighted average method when received or issued. The low priced and easily worn articles and packages are amortized by one-time writing-off method.

The year-end inventory is priced according to the cost of inventories or net realizable value, whichever is lower. In case of inventory damage, full or partial obsolescence or selling price below the cost, the non-recoverable part of its cost is expected and the inventory falling price reserves are withdrawn. The inventory falling price reserves of the merchandise inventory and raw materials are withdrawn according to the difference between the cost of a single inventory item and its net realizable value; for the inventories with large quantity and low unit price, the inventory falling price reserves are withdrawn according to the inventory category.

For the merchandise inventory, work in process, materials for sale and other merchandise inventories directly used for sale, the net realizable value is recognized by the amount of the estimated sale price of the inventories subtracted by the estimated selling

expenses and related taxes; for the material inventory possessed for production, the net realizable value is recognized by the amount of the estimated sale price of the finished products subtracted by the estimated cost about to occur in completion, estimated selling expenses and related taxes.

16. Contract assets

(1) Methods and standards for the recognition of contract assets

Contract assets refer to the Company's rights to receive consideration for the transfer of goods to the customer, and such rights are subject to factors other than the passage of time. If the Company sells two clearly distinguishable commodities to customers, and it has the right to receive payment due to the delivery of one of the commodities, but the receipt of such payment also depends on the delivery of another commodity, the Company regards the right to receive payment as a contract asset.

(2) Recognition method and accounting treatment method of the expected credit loss of contract assets

For the recognition method of expected credit loss of contract assets, refer to the above 10. Financial assets and financial liabilities, 11. Notes receivable and 12. Accounts receivable.

The Company shall calculate the expected credit loss of the contract assets on the balance sheet date. If the expected credit loss is greater than the book amount of the provision for impairment of current contract assets, the Company recognizes the difference as the provision for impairment, debits the "assets impairment loss" and credits the "provision for impairment of contract assets". On the contrary, the Company recognizes the difference as an impairment gain and records the opposite.

Where the Company has actually incurred a credit loss and the relevant contract assets are determined to be irrecoverable, and the write-off is approved, the "provision for impairment of contract assets" shall be debited and the "contract assets" shall be credited according to the approved write-off amount. If the write-off amount is greater than the provision for loss which has been calculated, the "assets impairment loss" shall be debited according to the difference.

17. Contract cost

(1) Recognition method of asset amount related to contract cost

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

The contract performance cost, that is, the cost incurred by the Company for the performance of the contract, which is not within the scope of other accounting standards for business enterprises and meets the following conditions at the same time, is recognized as an asset as the contract performance cost: such cost is directly related to a current or prospective contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer and other costs incurred solely as a result of the contract; Such cost increases the resources used by the Company to fulfill its performance obligations in the future; And such cost is expected to be recovered.

The contract acquisition cost, that is, the incremental cost incurred by the Company to acquire the contract, which is expected to be recovered, is recognized as an asset as the contract acquisition cost; If the amortization period of such asset does not exceed one year, it shall be recorded into the current profit and loss when it occurs. Incremental cost refers to the cost that will not occur if the

Company does not acquire the contract (such as sales commission, etc.). Other expenses incurred by the Company to acquire the contract other than the expected recoverable incremental costs (such as travel expenses incurred regardless of whether the contract is acquired or not) shall be recorded into the current profit and loss when it occurs, except those clearly borne by the customer.

(2) Amortization of assets related to contract cost

Assets related to contract costs are amortized on the same basis as income recognition of goods related to the asset, and are recorded into the current profit and loss when it occurs.

(3) Impairment of assets related to contract cost

When determining the impairment loss of assets related to the contract cost, the Company first determines the impairment loss of other assets related to the contract recognized in accordance with other relevant accounting standards for business enterprises; Then, if the book value is higher than the difference between the residual consideration expected to be obtained by the Company due to the transfer of goods related to the asset and the estimated cost to be incurred for the transfer of relevant goods, the excess part shall be accrued for impairment provision and recognized as asset impairment loss.

If the factors of impairment in the previous period change so that the difference above is higher than the book value of the asset, the Company shall reverse the withdrawn asset impairment provision and include it into the current profit and loss, but the book value of the reversed asset shall not exceed the book value of such asset on the reversal date if the impairment provision is not withdrawn.

18. Long-term equity investment

The Company's long-term equity investment mainly consists of investment in subsidiaries, joint ventures and cooperative enterprises.

The Company's judgment on common control is based on the collective control of the arrangement by all participants or a combination of participants, and the policy on the activities related to the arrangement must be agreed upon by all participants in the collective control of the arrangement.

When the Company directly or indirectly owns more than 20% (including) but less than 50% voting rights of the investee through its subsidiaries, it is generally considered to have a significant impact on the investee. When the Company owns less than 20% voting rights of the investee, it shall be judged to have a significant impact on the investee with comprehensive consideration to dispatching representatives in the board of directors of the investee or similar authority, participating in the formulation process of the financial and business policy of the investee, conducting important transactions with the investee, dispatching management to the investee or providing key technical data for the investee.

The company that forms control over the investee shall be a subsidiary of the Company. For the long-term equity investment acquired through business combination under common control, the share of the book value of the net assets of the combined party in the consolidated statements of the final controlling party, on the combination date, is regarded as the initial cost of the long-term equity investment. If the book value of the net assets of the combined party on the combination date is negative, the long-term equity investment cost shall be determined as zero.

If the Company acquires the equity of the investee under common control by steps through several deals, finally forms business combination and such deals belong to package deal, the deals shall be subject to accounting treatment as a deal to obtain the control

right. If the deals do not belong to the package deal, the share of the book value of the net assets of the combined party in the consolidated financial statements of the final controlling party, on the combination date, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the combination plus the book value of the new consideration for shares on the combination date is adjusted against capital reserve; if the capital reserve is not sufficient to absorb the difference, the retained earnings shall be written down.

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

If the Company acquires the equity of the investee not under common control by steps through several deals, finally forms business combination and such deals belong to package deal, the deals shall be subject to accounting treatment as a deal to obtain the control right. If the deals do not belong to the package deal, the sum of the book value of the equity investment originally held and newly increased investment cost shall be considered as initial cost of the investment that calculates according to cost method. If the equity held before the acquiring date is calculated by the equity method, other comprehensive income calculated by the equity method is not adjusted and shall be subject to accounting treatment when disposing of the investment through adopting the basis for the direct disposal of relevant assets or liabilities of the investee. If the original equity held before the acquiring date is calculated at fair value in the available-for-sale financial assets, the change in the cumulative fair value originally included in other comprehensive income is transferred to the current investment profit and loss on the combination date.

Except for the long-term equity investment acquired through business combination, for the long-term equity investment made by paying cash, the investment cost shall be the purchase price actually paid; for the long-term equity investment acquired by issuing equity securities, the investment cost shall be the fair value of the equity securities issued; for the long-term equity investment acquired through the exchange of non-monetary assets, the initial investment cost shall be recognized in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No.7 - Exchange of Non-monetary Assets*; for the long-term equity investment acquired by debt restructuring, the initial investment cost shall be recognized in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No.12 - Debt Restructuring*.

The investment in subsidiaries is measured by the cost method and the investment in joint ventures and cooperative enterprises is measured by equity method.

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

The book value of the long-term equity investment measured subsequently by equity method shall be increased or decreased with the change in the owner's equity of the investee. The share of the net profits and losses of the investee to be enjoyed shall be recognized after offsetting of the part of the internal deal profits and losses attributable to the Company between the joint venture and cooperative enterprise according to the shareholding ratio and after adjustment of the new profits of the investee on the basis of the fair value of the identifiable assets of the investee when the investment is obtained and according to the Company's accounting policy and accounting period.

In disposal of the long-term equity investment, the balance between the book value and the actual price obtained is charged to current investment income. If a long-term equity investment calculated by the equity method is included in the owner's equity due to changes in the owner's equity other than the net profit and loss of the investee, the part originally included in the owner's equity in the disposal of the investment shall be transferred to the current investment profit and loss by the corresponding proportion.

If the deals for disposal of the equity by steps until the loss of the control right do not belong to the package deal, each deal shall be subject to accounting treatment respectively. If they belong to a package deal, the deals shall be subject to accounting treatment as a deal for disposal of subsidiary and loss of the control right; however, the difference between each disposal price and the book value of the long-term equity investment corresponding to the equity disposed of before the loss of control right is recognized as other comprehensive income and then transferred into the current profit and loss in the period of loss of control right.

19. Investment properties

The Company's investment properties include the leased buildings which are measured by cost model.

The Company's investment properties are depreciated or amortized by the straight-line depreciation method. The estimated service life, net residual rate and yearly depreciation (amortization) ratio of all types of investment properties are as follows:

Category	Depreciation life (year)	Expected residual rate (%)	Yearly depreciation (%)
Houses and buildings	20	5.00	4.75

20. Fixed assets

The Company's fixed assets refer to the tangible assets with the following features which are held for production of goods, provision of labor, lease (excluding lease of buildings) or operating management and whose service life exceeds year.

The fixed assets can be recognized when the economic benefits related to the fixed assets are likely to flow to the Company and when the cost of the fixed assets can be reliably measured. The fixed assets, including buildings, machinery equipment, transportation equipment and other equipment, are entered into the account by actual cost when obtained, in which, the cost of purchased fixed assets includes buying price, import tariff and other relevant taxes, as well as other expenses incurred before the fixed assets reach the extended usable status and directly attributable to the assets; cost of self-constructed fixed assets, consisting of necessary expenses incurred from construction of the asset to the intended serviceable conditions; the cost invested by the investors in the fixed assets is determined according to the value stipulated in the investment contracts or agreements, except the value stipulated in the contracts or agreements is not fair; the fixed assets under financing lease shall be recorded in the accounts according to the lower present value between the fair value of the leased asset on the lease commencement date and the minimum lease payment.

Except the fixed assets withdrawn with depreciation and remaining use, the Company withdraws depreciation of all fixed assets by the straight-line depreciation method. According to the category of fixed assets, estimated economic life and expected net residual rate, the depreciation is determined as follows:

Category	Depreciation life	Residual rate	Yearly depreciation
Houses and buildings	20	5.00%	4.75%

Machinery equipment	10	5.00%	9.50%
Transportation equipment	5	5.00%	19.00%
Other equipment	5	5.00%	19.00%

Accounting treatment of subsequent expenditure of fixed assets: subsequent expenditure of fixed assets mainly includes the transformation and renovation expenses and repair expenses. If the economic benefits related may flow in and the cost can be reliably measured, the subsequent expenditure is included in the fixed asset cost and the book value of the replaced part is derecognized. The other subsequent expenditure is charged to current profit and loss upon occurrence.

The Company shall review the service life, estimated residual value and depreciation method of the fixed assets on each balance sheet date and handle any change as the accounting estimate change.

When the fixed assets are disposed of or cannot generate economic benefits through expected use or disposal, the fixed assets are derecognized. The income from sale, transfer, scrap or damage disposal of fixed assets is included in current profits and losses after deducting the book value and related taxes.

21. Construction in progress

The construction in progress is measured according to the actual cost. The self-run construction shall be measured by direct materials, direct wages and direct construction costs; the outsourced construction shall be measured according to the paid project cost; the equipment installation project cost shall be determined according to the value, installation cost and test run expenses of the equipment installed. The cost of the construction in progress should also include the capitalized borrowing costs.

The fixed assets of the construction shall be carried forward to the fixed assets by the estimated value according to the construction budget, cost or actual construction cost from the date when they reach the intended usable state, and the depreciation shall be calculated and withdrawn from the following month. The original value difference of the fixed assets is adjusted after the completion settlement procedures.

22. Borrowing costs

Recognition principle of capitalization of borrowing costs: the construction or production borrowing costs incurred and directly attributable to the assets meeting the capitalization conditions are capitalized and charged to relevant asset costs; other borrowing costs shall be recognized as costs according to the amount incurred when they occur and shall be included in the current profit and loss. Assets meeting the capitalization conditions refer to the fixed assets, intangible assets, inventories and other assets which can reach the intended usable or marketable status only after quite a long time (generally more than 1 year) of construction or production activities.

Capitalization period of borrowing costs: the borrowing costs related to the assets that meet the capitalization conditions start to be capitalized when the expenditure to acquire and the borrowing costs have occurred and the construction or production activities required to make the assets reach the usable or marketable status have started. In case of abnormal interrupt of the assets meeting the capitalization conditions for more than 3 consecutive months in the construction or production process, the capitalization of the borrowing costs is suspended; the borrowing costs stop capitalization when the construction or production assets meeting the capitalization conditions reach the usable or marketable status.

Calculation method for capitalized amount of borrowing costs: when special borrowings are borrowed for construction or production of the assets meeting the capitalization conditions, the difference between the interest incurred in the period of special borrowings and the interest income from the unused borrowing fund in the bank or the investment income of temporary investment is deemed as the capitalized amount of the interest on the special borrowings. When general borrowings are occupied for construction or production of assets meeting the capitalized conditions, the weighted average of the expenditure to acquire exceeding the special borrowings in the cumulative expenditure to acquire is multiplied by the weighted average interest rate of the general borrowings occupied to calculate and determine the amount of interest to be capitalized on the general borrowings.

23. Right-of-use assets

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

(1) Initial measurement

On the beginning date of the lease term, the Company make the initial measurement of the right-of-use assets according to the cost. The cost includes the following four items: ① the initial measurement amount of lease liabilities; ② the amount of lease payment paid on or before the beginning of the lease term. If there is lease incentive, the amount of lease incentive already enjoyed will be deducted from it; ③ The initial direct expenses incurred are the incremental costs incurred in reaching the lease; ④ The costs expected to occur for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms, except those incurred for the production inventory.

(2) Subsequent measurement

After the beginning date of the lease term, the Company adopts the cost model for subsequent measurement of the right-of-use assets, that is, the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. If the Company re-measures the lease liabilities in accordance with the relevant provisions of the lease standards, the book value of the right-of-use assets shall be adjusted accordingly.

Depreciation of right-of-use assets

From the beginning date of the lease term, the Company makes the depreciation of the right-of-use assets. The right-of-use assets are usually depreciated from the month when the lease term begins. The amount of depreciation accrued shall be included in the cost of relevant assets or current profit and loss according to the purpose of the right-of-use assets.

When determining the depreciation method of the right-of-use assets, the Company makes a decision according to the expected consumption mode of the economic benefits related to the right-of-use assets, and depreciates the right-of-use assets by using the straight-line method.

The Company follows the following principles when determining the depreciation life of the right-of-use assets: Where it can be reasonably determined that the ownership of the leased assets can be acquired upon the expiration of the lease term, depreciation shall be calculated and withdrawn during the remaining service life of the leased assets; where it is impossible to reasonably determine that the ownership of the leased assets can be acquired upon the expiration of the lease term, the depreciation shall be calculated and withdrawn within a shorter period of the lease term and the remaining service life of the leased assets.

Impairment of right-of-use assets

In case of impairment of the right-of-use assets, the Company will conduct subsequent depreciation according to the book value of the right-of-use assets after deducting the impairment loss.

24. Intangible assets

The Company's intangible assets mainly include land use rights, software, trademarks, patents, etc. The actual cost of the purchased intangible assets shall be the actual cost and other relevant expenses. The actual cost of the intangible assets invested by the investors is determined according to the value stipulated in the investment contracts or agreements. If the value stipulated in the contracts or agreements is not fair, the actual cost is determined according to the fair value. The intangible assets are amortized by the straight-line method. The classification and amortization period of the Company's intangible assets are as follows:

Category	Amortization period
Land use right	50
Patent	10
Software	3~5 years
Trademark and domain name	10

The Company's land use right is amortized averagely according to the transfer life from the date of transfer; the Company's patent right, non-patented technology, the right to use the special software and other intangible assets are amortized averagely by the shortest of the estimated service life, the beneficial life stipulated in the contract and the effective life stipulated by law. The amortization amount shall be recorded into the current profit and loss or the cost of related assets according to its beneficiary object.

The expected useful life and amortization methods of the intangible assets with limited useful life are reviewed at the end of each year and adjusted accordingly in case of change; the expected useful life of the intangible assets with uncertain useful life are reviewed in each accounting period. If there is evidence that the service life of intangible assets is limited, the service life shall be estimated and amortized within the expected useful life.

The expenditure of the Company's internal R&D projects is classified into the expenditure at the research stage and the expenditure at the development stage according to its nature and great uncertainty of the intangible assets eventually formed by R&D activities.

For intangible assets developed independently, the expenditure in the research stage shall be included in the current profit and loss when it occurs; The expenditures in the development stage shall be recognized as assets if they meet the following conditions at the same time:

- (1) Technically feasible to complete the intangible assets, so that they can be used or sold;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The products generated by the intangible assets can be sold or the intangible assets themselves can be sold;
- (4) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and
- (5) The development expenditures of the intangible assets can be reliably measured.

The expenses at the development stage not meeting above conditions are included in current profits and losses when obtained. The development expenses included in profits and losses in previous periods are not recognized as assets in subsequent periods. The

capitalized expenses at the development stage are listed as development expenses in the balance sheet and transferred to intangible assets when the project reaches the intended usable state.

If the expenditure at the research stage and the expenditure at the development stage cannot be distinguished, the R&D expenditure incurred is fully charged to the current profit and loss. The cost of intangible assets formed by internal development activities consists only of the total expenditure incurred between the point at which the conditions for capitalization are met and the time at which the intangible assets reach their intended use. The expenditure that has been expensed and included in the profit and loss for the same intangible asset before reaching the capitalization conditions in the development process is no longer adjusted.

25. Long-term assets impairment

The Company checks the intangible assets determined for the long-term equity investment, fixed assets, construction in progress and service life of the subsidiaries, joint ventures and cooperative enterprises on each balance sheet date. When there are the following signs, indicating that the assets may be impaired, the Company will conduct impairment test; for intangible assets with uncertain goodwill and beneficial life, impairment test shall be conducted at the end of each year whether there is any sign of impairment or not. Where it is difficult to test the recoverable amount of a single asset, the test shall be based on the asset group or the combination of asset groups to which the asset belongs.

After the impairment test, if the book value of the asset exceeds the recoverable amount, the difference is recognized as an impairment loss. Once the impairment loss of the said asset is recognized, it will not be carried back in the subsequent accounting period. The recoverable amount of an asset is the higher of the net amount of the assets fair value subtracted by the disposal costs and the present value of the expected future cash flow of the assets.

Signs of impairment are as follows:

- (1) The market price of assets has fallen sharply in the current period, and its decline is significantly higher than the expected decline due to the passage of time or normal use;
- (2) The economic, technical or legal environment in which the enterprise operates and the market in which its assets are located are undergoing or will undergo significant changes in the current period or in the near future, thus adversely affecting the enterprise;
- (3) The market interest rate or other market return on investment has increased in the current period, which affects the discount rate of the enterprise in calculating the present value of the expected future cash flow of assets, resulting in a significant reduction in the recoverable amount of asset;
- (4) There is evidence that the assets have become obsolete or its entity has been damaged;
- (5) The assets have been or will be idle, terminated or disposed of in advance;
- (6) The evidence in the internal report of the enterprise indicates that the economic performance of the assets has been or will be lower than the expectation, such as the net cash flow created by the assets or the realized operating profit (or loss) is far lower (or higher) than the expected amount;
- (7) Other signs indicating that the assets may have been impaired.

26. Goodwill

Goodwill refers to the difference between the cost of equity investment or the cost of business combination not under the same control and the fair value share of the investee or the acquiree's identifiable net assets that should be enjoyed or acquired in the business combination on the acquisition date or the acquisition purchase date.

Goodwill related to subsidiaries is presented separately in the consolidated financial statements, and goodwill related to joint ventures and cooperative enterprises is included in the book value of long-term equity investment.

27. Long-term unamortized expenses

The long-term unamortized expenses of the Company refer to the expenses that have been paid, but should be borne in the current period and subsequent periods with the amortization period of more than one year (excluding one year). Such expenses are amortized on average in the benefit period. If a long-term unamortized expense item cannot benefit a later accounting period, the amortized value of the item that has not been amortized is transferred to the current profit and loss.

28. Contract liabilities

Contract liabilities reflect the obligations of the Company to transfer goods to customers for consideration has been received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained the right to receive the contract consideration unconditionally before the Company transfers the goods to the customer, the contract liabilities shall be recognized according to the amount received or receivable at the earlier of the actual payment made by the customer and the due payment.

29. Employee compensation

The Company's employee compensation includes short-term compensation, welfare after dismissal, dismissal welfare and other long-term employee services and benefits.

The short-term compensation mainly includes salary, bonus, allowances and subsidies, employee services and benefits, housing fund, labor union expenditure and personnel education fund, medical insurance premiums, industrial injury insurance premium, birth insurance premium and other social insurance premiums. The short-term compensation actually happened during the accounting period when the staff offering the service for the Company shall be recognized as liabilities and included in the current gains and losses or relevant assets cost by the beneficiary object.

Post-employment benefits mainly include basic endowment insurance, unemployment insurance and enterprise annuity payment and are classified as defined contribution plans according to the risks and obligations undertaken by the Company. The sinking funds made to a separate entity on the balance sheet date in exchange for services rendered by the employee during the accounting period shall be recognized as liabilities and included in the current gains and losses or relevant assets cost by the beneficiary object.

The Company puts forward compensation for an employee to terminate the labor relationship with the employee before expiry of the employee labor contract. When failing to unilaterally withdraw the dismissal welfare due to termination of labor relation plan or downsizing suggestions, or when recognizing the costs related to restructuring involving payment of dismissal welfare (whichever comes first), the Company recognizes the employee compensation liabilities from the dismissal welfare and includes in current profit and loss. The compensation that is paid beyond a year is included in current profit and loss after discount.

Other long-term employee benefits mainly include the long-term incentive plan and long-term benefits and shall be subject to the accounting treatment according to relevant provisions in the defined contribution plans.

30. Lease liabilities

(1) Initial measurement

The Company initially measures the lease liabilities according to the present value of the unpaid lease payments at the beginning date of the lease term.

1) Lease payments

Lease payments refer to the amounts paid by the Company to the lessor related to the right to use the leased assets during the lease term, including: ① fixed payment and substantial fixed payment. If there is lease incentive, the amount related to lease incentive

shall be deducted from it; ② The amount of variable lease payments depending on the index or ratio, which is determined at the initial measurement according to the index or ratio on the beginning date of the lease term; ③ The Company reasonably determines the exercise price of the call option when it will exercise the call option; ④ The amount to be paid for exercising the option to terminate the lease when the lease term reflects that the Company will exercise the option to terminate the lease; ⑤ The amount expected to be paid according to the guarantee residual value provided by the Company.

2) Discount rate

When calculating the present value of lease payments, the Company adopts the interest rate implicit in lease as the discount rate, which refers to the interest rate that makes the sum of the present value of the lessor's lease receipts and the present value of the unguaranteed residual value equal to the sum of the fair value of the leased asset and the lessor's initial direct expenses. If the Company is unable to determine the interest rate implicit in lease, the incremental loan interest rate shall be used as the discount rate. The incremental loan interest rate refers to the interest rate that the Company must pay to borrow funds with similar mortgage conditions during similar periods in order to obtain assets of similar value to the right-of-use assets under similar economic environment. The interest rate is related to the following matters: ① the Company's own situation, that is, the group's solvency and credit status; ② The term of the "loan", i.e. the lease term; ③ The amount of "borrowed" funds, i.e. the amount of lease liabilities; ④ "Mortgage conditions", that is, the nature and quality of the underlying assets; ⑤ Economic environment, including the jurisdiction of the lessee, money of account, contract signing time, etc. Based on the bank loan interest rate, the Company obtains the incremental loan interest rate by adjusting the above factors.

(2) Subsequent measurement

After the beginning date of the lease term, the Company makes subsequent measurement of the lease liabilities according to the following principles: ① when confirming the interest of the lease liabilities, increase the book amount of the lease liabilities; ② When paying the lease payment, reduce the book amount of the lease liabilities; ③ When the lease payment changes due to revaluation or lease change, the book value of the lease liabilities shall be re-measured.

The Company calculates the interest expense of the lease liabilities in each period of the lease term according to the fixed periodic interest rate and records it into the current profit and loss, except those that should be capitalized. Periodic interest rate refers to the discount rate adopted by the Company for the initial measurement of lease liabilities, or the revised discount rate adopted by the Company when the lease liabilities need to be remeasured according to the revised discount rate due to the change of lease payment or lease change.

(3) Remeasurement

After the beginning date of the lease term, in case of the following circumstances, the Company shall re-measure the lease liabilities according to the present value of the lease payment after the change, and adjust the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still needs to be further reduced, the Company will record the remaining amount into the current profit and loss. ① Substantial fixed payment amount changes (in this case, the original discount rate is adopted); ② The expected payable amount of the guaranteed residual value changes (in this case, the original discount rate is adopted); ③ The index or rate used to determine the amount of lease payment changes (in this case, the

revised discount rate is adopted); ④ The evaluation result of the call option changes (in this case, the revised discount rate is adopted); ⑤ The evaluation result or actual exercise of the renewal option or termination option changes (in this case, the revised discount rate is adopted).

31. Estimated liabilities

Any business related to contingencies such as external guarantee, pending litigation or arbitration, product quality assurance, staff reduction plan, loss contract, restructuring obligation, environmental pollution remediation, commitment and fixed asset disposal obligation, if meeting all of the following conditions, is recognized as a liability: the obligation is the current obligation undertaken by the Company; performance of the obligation is likely to lead to the outflow of economic benefits; the amount of the obligation can be reliably measured.

The estimated liabilities are initially recognized according to the best estimate number of the expenditure required to perform relevant current obligations with consideration to the contingency related risks, uncertainty, time value of money and other factors. If the time value of money has significant impact, the best estimate number is determined after discount of the future cash flow. The book value of the estimated liabilities is reviewed on the balance sheet date and adjusted to reflect the current best estimate number if there is any change.

The existence of a potential obligation for past transactions or events shall be substantiated by the occurrence or non-occurrence of future uncertainties; the Company will disclose the potential or current obligation as a contingent liability if the performance of such obligation is not likely to result in the outflow of economic benefits from the Company or if the amount of such obligation cannot be reliably measured.

32. Share-based payment

The term share-based payment refers to a transaction in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

The equity-settled share-based payment in return for employee services is measured at the fair value of the equity instruments granted to the employees. The amount of such fair value, under the situation that the rights can only be exercised after the service is finished and the set performance is achieved within the waiting period, and basing on the optimum estimation for the number of equity instrument which exercise rights within the waiting period, will be measured according to straight-line method and counted into relevant costs and expenses. The capital reserve will be increased correspondingly.

The share-based payment settled by cash will be measured according to the fair value of the liability confirmed basing on the shares borne by the Company and other equity instruments. If the rights can be exercised immediately after being granted, the payment will be counted into relevant costs or expenses at the fair value of the liabilities assumed and the liability will be increased correspondingly. If the rights can only be exercised after the situation that service within the waiting period is completed and set performance is achieved, the service obtained at the current period, according to the fair value amount of the liability borne by the Company, and basing on the optimum estimation for the condition of exercising rights, will be counted into costs or expenses on each and every balance sheet date during the waiting period, and the liability will be increased correspondingly.

Each and every balance sheet date and settlement before relevant liability settlement, the fair value of liability will be remeasured, of which changes occurred will be counted into the current period.

33. Income recognition principle and measurement method

The Company's operating income mainly includes income from selling commodities, income from offering labor and transfer of asset use right.

(1) Income recognition principle

The Company has fulfilled its contractual obligation to recognize income when the customer acquires control of the relevant goods or services. Obtaining control of the relevant goods or services is the ability to dominate the use of the goods or provision of services and gain almost all economic benefits from them.

The Company evaluates the contract on the contract commencement date, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

If one of the following conditions is satisfied, the Company shall be deemed to have performed its performance obligation within a certain period of time; otherwise, it shall be deemed to have performed its performance obligation at a certain time point:

- 1) The customer obtains and consumes the economic benefits arising from the Company's performance at the same time of the Company's performance.
- 2) The customer can control the goods under construction during the Company's performance.
- 3) The goods produced by the Company during the performance are of irreplaceable use, and the Company shall be entitled to receive payment for the accumulated part of the performance completed so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the income in accordance with the performance progress during that period. If the performance schedule cannot be reasonably determined and the cost already incurred by the Company is expected to be compensated, the Company shall recognize the income according to the cost already incurred until the performance schedule can be reasonably determined.

For performance obligations performed at a certain time point, the Company recognizes income at the time point when the customer acquires control of the relevant goods or services. In determining whether the customer has acquired control of goods or services, the Company considers the following indications:

- 1) The Company has the current collection right for the goods or services.
- 2) The Company has transferred legal ownership to the goods to the customer.
- 3) The Company has transferred the goods in kind to the customer.
- 4) The Company has transferred the main risks and rewards on the property in the goods to the customer;
- 5) The customer has accepted the goods or services, etc.

The Company's right to receive consideration for the transfer of goods or services to the customer is listed as the contract assets, and the contract assets are depreciated on the basis of expected credit losses. The rights that the Company owns and unconditionally to collect consideration from the customer are listed as receivables. The obligations of the Company to transfer goods or services to customers for which consideration has been received or receivable are listed as contractual liabilities.

(2) Income measurement principle

- 1) If the contract contains two or more performance obligations, the Company shall, at the beginning of the contract, apportion the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services committed by each individual performance obligation, and measure the income according to the transaction price apportioned to each single performance obligation.
- 2) The transaction price means the amount of consideration that the Company is expected to be entitled to collect for the transfer of goods or services to the customer, excluding payments collected on behalf of third parties. The transaction price recognized by the Company does not exceed the amount of accumulated recognized income which is highly unlikely to be materially reversed when the relevant uncertainty is eliminated. The amount expected to be returned to the customer is not included in the transaction price as a liability.
- 3) If there is a material financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash when the customer acquires 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 commencement date of the contract, if the Company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year, the material financing elements in the contract will not be considered.

(3) Specific methods of revenue recognition

1) Revenue recognized on time

The Company's sales of electrical products, accessories and materials belong to the performance obligation to be performed at a certain point in time.

Recognition conditions of income from domestic goods: the Company has delivered the products to the customers according to the contract, the customers have received the goods, the payment for goods has been recovered or the receipt voucher has been obtained, and the relevant economic benefits are likely to flow into the Company, the main risks and rewards of the ownership of the goods have been transferred, and the legal ownership and control of the goods have been transferred.

Recognition conditions of income from export goods: the Company has declared the products to leave the port according to the contract, obtained the bill of lading, recovered the payment for goods or obtained the receipt voucher, and the relevant economic benefits are likely to flow into the Company, the main risks and rewards of the ownership of the goods have been transferred, and the legal ownership and control of the goods have been transferred.

2) Revenue recognized according to performance progress

The Company's technical service income and business contracts between operating leases and customers belong to the performance obligations performed within a certain period of time, and the income shall be recognized according to the performance progress.

34. Government subsidies

The Company's government subsidies include financial allocations. The asset related government subsidies refer to the government subsidies obtained by the Company and used for acquisition or construction or for formation of long-term assets in other ways; the income related government subsidies refer to the government subsidies other than the asset related government subsidies. The government subsidies without subsidy objects specified in government documents shall be judged by the Company according to the above principle, or classified into income related government subsidies as a whole if it is difficult to judge.

The government subsidies as the monetary assets are measured according to the amount received. For subsidies allocated in accordance with fixed quota standards, or if there is evidence at the end of year that the Company can meet relevant conditions stipulated in the financial support policy and can be expected to receive the financial support fund, the government subsidies are measured according to receivables. The government subsidies not as the monetary assets are measured according to the fair value, or measured according to the nominal amount (RMB 1 yuan) if the fair value cannot be obtained reliably.

The government subsidies related to assets are recognized as deferred income and equally distributed and charged to the current profit and loss in the service life of relevant assets.

If the related asset is sold, transferred, scrapped or damaged before the end of the useful life, the deferred income balance not yet distributed is transferred in the profits and losses in the period of assets disposal.

The income related government subsidies, if used to compensate for related costs or losses in subsequent periods, are recognized as the deferred income and charged to the current profit and loss when related costs or losses are recognized. The government subsidies pertinent to the daily activities of the Company shall be included in other income or used to offset relevant costs and expenses according to the substance of the economic business. The government subsidies irrelevant with the daily activities of the Company shall be included in non-operating revenues and expenditures.

Where the Company has obtained discount interest on preferential loans, it shall distinguish between the two situations in which the financial department allocates discount interest funds to the lending bank and the financial department directly allocates discount interest funds to the Company, and conduct accounting treatment according to the following principles:

- (1) Where the financial department allocates the discount interest funds to the lending bank, and the lending bank provides the loan to the Company at the preferential policy interest rate, the Company shall take the actual amount of the loan received as the entry value of the loan, and calculate the relevant borrowing costs according to the loan principal and the preferential policy interest rate.
- (2) Where the financial department directly allocates discount interest funds to the Company, the Company will write down the corresponding discount interest against the relevant borrowing costs.

If the government subsidy confirmed by the Company needs to be returned, the accounting treatment shall be carried out in accordance with the following provisions in the current situation of the return:

- 1) The book value of related assets is adjusted if it is offset upon initial recognition.

2) For those with related deferred income, the book balance of related deferred income is written down and the excess is accounted into the current profits and losses.

3) In the other cases, they are directly accounted into the current profits and losses.

35. Deferred income tax assets and deferred income tax liabilities

The Company's deferred income tax assets and deferred income tax liabilities are calculated and recognized according to the difference (temporary difference) between the tax base and book value of the assets and liabilities. For the deductible loss that can be carried forward to the subsequent year according to the tax law, the corresponding deferred income tax assets are recognized. For the deductible temporary differences related to the initial recognition of the goodwill, the corresponding deferred income tax liabilities are not recognized. For the temporary differences related to the initial recognition of the assets or liabilities incurred in the transaction not for business combination that will not affect the accounting profits and income tax payable (or deductible loss), the corresponding deferred income tax assets and liabilities are not recognized. The deferred income tax assets and deferred income tax liabilities are measured on the balance sheet date according to the applicable tax rate in the period of expected recovery of relevant assets of liquidation of relevant liabilities.

The Company recognizes the deferred income tax assets by deductible temporary differences, within the limit of the income tax payable that may be obtained in the future and used to offset the deductible temporary differences, the deductible loss and tax deduction.

36. Lease

(1) Identification of lease

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee for consideration within a certain period of time. On the commencement date of the contract, the Company evaluates whether the contract is a lease or includes a lease. If a party to the contract assigns the right to control the use of one or more identified assets within a certain period of time in exchange for consideration, the contract is a lease or includes a lease. In order to determine whether the contract assigns the right to control the use of the identified assets within a certain period of time, the Company evaluates whether the customers in the contract is entitled to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and to dominate the use of the identified assets during the use period.

If the contract contains multiple separate leases at the same time, the Company will split the contract and conduct accounting treatment for each separate lease. If the contract contains both leased and non-leased parts, the Company will split the leased and non-leased parts for accounting treatment.

(2) The Company as the lessee

1) Lease recognition

On the beginning date of the lease term, the Company recognizes the right-of-use assets and lease liabilities. See Note IV "23. Right-of-use assets" and "30. Lease liabilities" for the recognition and measurement of right-of-use assets and lease liabilities.

2) Lease change

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

If the lease changes and meets the following conditions, the Company will treat the lease change as a separate lease for accounting:

① the lease change expands the lease scope or extends the lease term by adding the right to use one or more leased assets; ② The increased consideration is equivalent to the amount of the separate price of the extended part of the lease scope or the extended part of the lease term as adjusted according to the conditions of the contract.

If the lease change is not treated as a separate lease, on the effective date of the lease change, the Company will apportion the consideration of the changed contract in accordance with the relevant provisions of the lease standards and re-determine the lease term after the change; The revised discount rate is adopted to discount the changed lease payment to re-measure the lease liabilities. When calculating the present value of the lease payment after the change, the Company adopts the interest rate implicit in lease during the remaining lease period as the discount rate; If the interest rate implicit in lease cannot be determined for the remaining lease period, the Company will adopt the lessee's incremental loan interest rate on the effective date of the lease change as the discount rate. With regard to the impact of the above adjustment of lease liabilities, the Company shall distinguish the following circumstances for accounting treatment: ① if the lease scope is reduced or the lease term is shortened due to the lease change, the lessee shall reduce the book value of the right-of-use assets, and include the relevant gain or loss of lease under partial or complete termination into the current profit and loss. ② If the lease liabilities are re-measured due to other lease changes, the lessee shall adjust the book value of the right-of-use assets accordingly.

3) Short-term lease and low-value asset lease

The Company chooses not to recognize the right-of-use assets and lease liabilities for short-term lease with a lease term of no more than 12 months and low-value asset lease with a lower value when the single leased asset is a brand-new asset. The Company will record the lease payment of short-term lease and low-value asset lease into the relevant asset cost or current profit and loss according to the straight-line method or other systematic and reasonable methods during each period of the lease term.

(3) The Company as the lessor

On the basis that (1) the evaluated contract is a lease or includes a lease, the Company, as the lessor, divides the lease into financial lease and operating lease on the commencement date of the lease.

If a lease substantially transfers almost all the risks and rewards related to the ownership of the leased assets, the lessor classifies such lease as a financial lease, and other leases other than financial leases are classified as operating leases.

If a lease is under one or more of the following circumstances, the Company usually classifies it as a financial lease: ① when the lease term expires, the ownership of the leased asset is transferred to the lessee; ② The lessee has the option to purchase the leased asset, and the purchase price is low enough compared with the fair value of the leased asset when the option is expected to be exercised, so it can be reasonably determined that the lessee will exercise the option on the commencement date of the lease; ③ Although the ownership of the asset is not transferred, the lease term accounts for most of the service life of the leased asset (no less

than 75% of the service life of the leased asset); ④ On the commencement date of the lease, the present value of the lease receipts is almost equal to the fair value of the leased asset (no less than 90% of the fair value of the leased asset); ⑤ The property of the leased asset is special. If no major transformation is made, only the lessee can use it. If one or more of the following signs exist in a lease, the Company may also classify it as a financial lease: ① if the lessee cancels the lease, the loss to the lessor caused by the cancellation of the lease shall be borne by the lessee; ② The gains or losses arising from the fluctuation of the fair value of the residual value of assets belong to the lessee; ③ The lessee has the ability to continue the lease for the next period at a rent far below the market level.

1) Lease accounting treatment

Initial measurement

On the beginning date of the lease term, the Company recognizes the financial lease receivables for the financial lease and terminates the recognition of the financial lease assets. When the Company initially measures the financial lease receivables, the net amount of the lease investment is taken as the entry value of the financial lease receivables.

The net amount of the lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not received on the beginning date of the lease term discounted at the interest rate implicit in lease. Lease receipts refer to the amount that the lessor should collect from the lessee due to the assignment of the right to use the leased assets during the lease term, including: ① fixed payment and substantial fixed payment to be paid by the lessee. If there is lease incentive, the amount related to lease incentive shall be deducted from it; ② The amount of variable lease payments depending on the index or ratio, which is determined at the initial measurement according to the index or ratio on the beginning date of the lease term; ③ The exercise price of the call option, provided that it is reasonably determined that the lessee will exercise the option; ④ The amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the termination option; ⑤ The guaranteed residual value provided by the lessee, the party related to the lessee and an independent third party with the financial ability to perform the guarantee obligation to the lessor.

Subsequent measurement

The Company calculates and recognizes the interest income of each period within the lease term according to the fixed periodic interest rate. The periodic interest rate refers to the implicit discount rate used to determine the net investment of the lease (in the case of sublease, if the interest rate implicit in lease of the sublease cannot be determined, the discount rate of the original lease shall be adopted (adjusted according to the initial direct expenses related to the sublease)), or the change of the financial lease is not accounted for as a separate lease, and if the change takes effect on the commencement date of the lease, the revised discount rate as determined according to relevant regulations is adopted when the lease will be classified as financial lease conditions.

Accounting treatment of lease change

If the financial lease changes and meets the following conditions, the Company will treat the change as a separate lease for accounting: ① the change expands the lease scope by adding the right to use one or more leased assets; ② The increased consideration is equivalent to the amount of the separate price of the extended part of the lease scope as adjusted according to the conditions of the contract.

If the change of a financial lease is not accounted for as a separate lease and meets the conditions that if the change takes effect on the commencement date of the lease and the lease will be classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease change, and take the net investment of the lease before the effective date of the lease change as the book value of the leased asset.

2) Accounting treatment of lease

Treatment of rent

During each period of the lease term, the Company adopts the straight-line method / other systematic and reasonable methods to recognize the lease receipts of operating lease as rental income.

Incentives provided

If the rent-free period is provided, the Company will apportion the total rent according to the straight-line method / other reasonable methods in the whole lease period without deducting the rent-free period, and the rent income shall be recognized during the rent-free period. If the Company bears some expenses of the lessee, the expenses shall be deducted from the total rental income and apportioned within the lease term according to the balance of rental income after deduction.

Initial direct costs

The initial direct expenses incurred by the Company in connection with the operating lease shall be capitalized to the cost of the underlying assets of the lease and included in the current profit and loss by stages on the same recognition basis as the rental income during the lease term.

Depreciation

For the fixed assets in the operating leased assets, the Company adopts the depreciation policy of similar assets for depreciation; Other operating leased assets are amortized in systematic and reasonable methods.

Variable lease payments

The variable lease payments obtained by the Company related to operating lease that are not included in the lease receipts are included in the current profit and loss when actually incurred.

Change of operating lease

If the operating lease is changed, the Company will treat it as a new lease for accounting since the effective date of the change. The amount of advance receipts or lease receivables related to the lease before the change is regarded as the amount of new lease receipts.

37. Other significant accounting policy and accounting estimate

When preparing the financial statements, the management of the Company is required to use estimates and assumptions, which will have an impact on the application of accounting policies and the amount of assets, liabilities, income and expenses. The actual situation may differ from these estimates. The management of the Company continuously evaluates the judgment of key assumptions and uncertainties involved in the estimates. The impact of changes in accounting estimates shall be recognized in the current and

future periods of the changes.

The following accounting estimates and key assumptions have significant risks that will lead to major adjustments to the book value of assets and liabilities in the future periods:

(1) Financial assets impairment

The expected credit loss model is adopted to evaluate the impairment of financial instruments in the financial assets impairment, which requires major judgment and estimates and requires considering all reasonable and substantiated information, including forward-looking information. In making such judgments and estimates, the Company deduces the expected changes of the debtor's credit risks based on historical data combined with economic policies, macroeconomic indicators, industrial risks, external market environment, technical environment, changes in customer conditions and other factors.

(2) Provision for inventory impairment

Basis for determining the net realizable value of inventories: the net realizable value of merchandise inventory, materials for sale and other merchandise inventories directly used for sale is recognized by the amount of the estimated sale price of the inventories subtracted by the estimated selling expenses and related taxes; For the inventories held to perform the sales contract or labor contract, the net realizable value is calculated on the basis of contract price; If the number of the inventories held by the enterprise is greater than the quantity ordered in the sales contract, the net realizable value of the excessive inventories is calculated on the basis of general sale price.

The method for inventory falling price reserves: it is priced according to the lower of the year-end inventory and the net realizable value. At the end of the period, on the basis of a comprehensive inventory of the inventories, the inventory falling price reserves are withdrawn for the part of its cost is expected to be non-recoverable due to the inventory damage, full or partial obsolescence or selling price below the cost.

If the influence factors writing down the inventory value before have disappeared, resulting in the net realizable value of the inventories higher than the book value, the amount written down shall be restored and reversed within the originally withdrawn amount of inventory falling price reserves and the amount reversed is included in current profit and loss.

(3) Accounting estimates of provision for impairment of goodwill

The Company conducts impairment test on goodwill every year. The recoverable amount of asset group or the combination of asset groups containing goodwill is the present value of its estimated future cash flows, which need to be calculated using accounting estimates.

If the management revises the gross margin ratio used in the calculation of future cash flows of asset group and the combination of asset groups, and the revised gross margin ratio is lower than the current gross margin ratio, the Company needs to withdraw impairment provision for the increase of goodwill.

If the management revises the pre-tax discount rate used for cash flow discount, and the revised gross margin ratio is higher than the current gross margin ratio, the Company needs to withdraw impairment provision for the increase of goodwill.

If the actual gross margin ratio or pre-tax discount rate is higher or lower than the management's estimates, the Company cannot reverse the originally accrued goodwill impairment loss.

(4) Accounting estimates of impairment provisions for fixed assets

The Company conducts impairment test on fixed assets such as houses, buildings, machinery and equipment with signs of impairment on the balance sheet date. The recoverable amount of fixed assets is the higher of the present value of its estimated future cash flows and the net value of the fair value of the assets minus the disposal expense, which need to be calculated using accounting estimates.

If the management revises the gross margin ratio used in the calculation of future cash flows of asset group and the combination of asset groups, and the revised gross margin ratio is lower than the current gross margin ratio, the Company needs to withdraw impairment provision for the increase of fixed assets.

If the management revises the pre-tax discount rate used for cash flow discount, and the revised gross margin ratio is higher than the current gross margin ratio, the Company needs to withdraw impairment provision for the increase of fixed assets.

If the actual gross margin ratio or pre-tax discount rate is higher or lower than the management's estimates, the Company cannot reverse the originally accrued impairment provisions for fixed assets.

(5) Accounting estimates for deferred income tax asset recognition

The estimation of deferred income tax assets requires an estimate of the taxable income and applicable tax rate of each year in the future. The realization of deferred income tax assets depends on whether the Group is likely to obtain sufficient taxable income in the future. Changes in future tax rates and the reversal time of temporary differences may also affect income tax expenses (income) and the balance of deferred income tax. Changes in the above estimates may result in significant adjustments to deferred income tax.

(6) Useful life of fixed assets and intangible assets

The Company shall review the expected service life of fixed assets and intangible assets at least at the end of each year. The estimated service life is determined by the management based on the historical experience of similar assets, with reference to the estimates commonly used in the same industry and in combination with the expected technical updates. When there are significant changes in previous estimates, the depreciation expenses and amortization expenses for the future period shall be adjusted accordingly.

38. Significant accounting policy and accounting estimate change

(1) Changes in significant accounting policies

Content and reasons of changes in accounting policies	Approval procedures
On December 7, 2018, the Ministry of Finance issued the "Notice on Revising and Issuing Accounting Standards for Enterprises No. 21 - Leases" (C.K. [2018] No. 35) (hereinafter referred to as the "new lease standards"). The Company has implemented the new lease standards since January 1, 2021.	Resolution of the 5 th Meeting of the Fifth Board of Directors

(2) Significant accounting estimate change

The Company has no significant accounting estimate change in the current year.

(3) Adjustment of relevant items in financial statements at the beginning of the implementation year as a result of first implementation of new lease standards from 2021

The Company has implemented the new lease standards since January 1, 2021. The retained earnings and other relevant items in the financial statements at the beginning of the year in which the standards are first implemented shall be adjusted according to the cumulative influence number during the first implementation of the standards, and the information of comparable periods shall not be adjusted. For the operating lease before the first implementation date, the Company measures the lease liabilities at the present value discounted by the lessee's incremental borrowing rate on the first implementation date according to the remaining lease payment on the first implementation date, and makes necessary adjustments according to the amount equal to the lease liabilities and prepaid rent for each lease. The affected report items and amounts are as follows:

1) Consolidated Balance Sheet

Item	December 31, 2020	January 1, 2021	Adjusted figure
Right-of-use assets		15,374,577.46	15,374,577.46
Lease liabilities		14,705,038.35	14,705,038.35
Non-current liabilities due within a year		684,535.10	684,535.10

Notes to the adjustment of the consolidated balance sheet: the consolidated balance sheet increases the right-of-use assets by RMB 15,374,577.46, the lease liabilities by RMB 14,705,038.35 and the non-current liabilities due within a year by RMB 684,535.10.

2) Balance sheet of parent company

The implementation of the new lease standards has no impact on the parent company's financial statements on January 1, 2021

VI. Tax

1. Main tax categories and tax rates

Tax category	Taxation basis	Tax rate
Added value tax	Income from selling commodities	13%
	Technical service income	6%
	Income from house lease	5%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Surcharge for local education	Turnover tax payable	2%
Housing property tax	70% of original value of the property	1.2%

	Rental income	12%
Land use tax	Total land area	5-10 yuan/m ²
Corporate income tax	Income tax payable	15%, 5%, 20%

If there are taxpayers with different enterprise income tax rates, the disclosure statement shall present

Name of taxpayer	Income tax rate
Hangzhou ROBAM Appliances Co., Ltd.	15%
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	15%
Zhejiang Cooking Future Technology Co., Ltd.	25%
Beijing ROBAM Electric Appliance Sales Co., Ltd.	25%
Shanghai ROBAM Electric Appliance 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.	20%

2. Tax preference

(1) Preferential policies for income tax

On December 1, 2020, the Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service of State Taxation Administration and Zhejiang Local Taxation Bureau jointly issued a high-tech enterprise certificate (No. GR202033007142) and the Company passed the high-tech enterprise identification for 3 years. According to relevant regulations, after passing the high-tech enterprise identification, the Company can enjoy the relevant preferential policies of the state on high-tech enterprises for three consecutive years (i.e., the income tax preference period from January 1, 2020 to December 31, 2022), and the enterprise income tax shall be levied at the rate of 15%.

Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd. (Hereinafter referred to as Shengzhou Kinde), a subsidiary of the Company, obtained the high-tech enterprise certificate (No. GR201933002261) jointly issued by the Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service of State Taxation Administration on December 4, 2019 and passed the high-tech enterprise identification. The Company can enjoy the relevant preferential policies of the state on high-tech enterprises for three consecutive years (i.e., the income tax preference period from January 1, 2019 to December 31, 2021), and the enterprise income tax shall be levied at the rate of 15%.

According to the Announcement [2021] No. 8 of the State Taxation Administration, Hangzhou ROBAM Fuchuang Investment Management Co., Ltd., a subsidiary of the Company, includes the part of the annual taxable income tax of small meager-profit enterprises that does not exceed 1 million yuan into the taxable income at a reduced rate of 12.5%, and the enterprise income tax shall be paid at the rate of 20%.

(2) Preferential policies for added-value tax

According to the Notice of the State Taxation Administration of the Ministry of Finance on the Value-added Tax Policy for Software Products (C.S. [2011] No. 100), the Company's embedded software sales products enjoy the value-added tax refunded as soon as they are collected.

VII. Notes to Items in Consolidated Financial Statements

1. Monetary capital

Unit: yuan

Item	Ending balance	Beginning balance
Cash on hand	80,944.99	110,770.11
Bank deposit	3,718,304,060.33	3,885,907,031.42
Other monetary capital	83,816,341.23	35,034,898.78
Total	3,802,201,346.55	3,921,052,700.31

Other description

Note: Other monetary capital at the year end is 83,816,341.23 yuan, of which the L/C deposit of 49,905,291.59 yuan, bill acceptance deposit of 32,307,234.61 are limited funds, Alipay balance of 1,577,495.89 yuan and Wechat balance of 26,319.14 yuan are non-limited funds that can be withdrawn at any time. Use of restricted monetary funds

Item	Year-end balance	Year-beginning balance
Letter of guarantee and bill acceptance security deposit	82,212,526.20	34,956,186.75
Total	82,212,526.20	34,956,186.75

2. Trading financial assets

Unit: yuan

Item	Ending balance	Beginning balance
Financial assets measured with fair value and with the changes included in current profit and loss	2,872,312,500.00	2,352,000,000.00
Where:		
Including: Bank financial products	2,872,312,500.00	2,352,000,000.00
Where:		
Total	2,872,312,500.00	2,352,000,000.00

3. Derivative financial assets

N/A

4. Notes receivable

(1) Classified presentation of notes receivable

Unit: yuan

Item	Ending balance	Beginning balance
Bank acceptance bill	862,581,158.56	850,950,227.31
Trade acceptance	467,612,736.26	981,751,215.77
Total	1,330,193,894.82	1,832,701,443.08

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Notes receivable of provision for bad debt by single item	269,463,729.35	17.09%	224,066,803.50	83.15%	45,396,925.85	11,176,846.26	0.59%	7,823,792.38	70.00%	3,353,053.88
Where:										
Notes receivable of provision for bad debt by combination	1,307,018,853.73	82.91%	22,221,884.76	1.70%	1,284,796,968.97	1,887,831,706.05	99.41%	58,483,316.85	3.10%	1,829,348,389.20
Where:										
Including: banker's acceptance bill	862,581,158.56	54.72%			862,581,158.56	850,950,227.31	44.81%			850,950,227.31
Commercial acceptance bill	444,437,695.17	28.19%	22,221,884.76	5.00%	422,215,810.41	1,036,881,478.74	54.60%	58,483,316.85	5.64%	978,398,161.89
Total	1,576,482,583.08	100.00%	246,288,688.26	15.62%	1,330,193,894.82	1,899,008,552.31	100.00%	66,307,109.23	3.49%	1,832,701,443.08

Provision for bad debt by single item:

Unit: yuan

Name	Ending balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Group 1	189,868,003.32	189,868,003.32	100.00%	Debt default

Group 2	43,036,416.09	8,607,283.21	20.00%	Debt extension
Group 3	18,363,143.49	12,854,200.48	70.00%	It is not expected to recover it all
Group 4	5,547,669.08	3,883,368.36	70.00%	It is not expected to recover it all
Group 5	5,274,139.91	3,691,897.95	70.00%	It is not expected to recover it all
Group 6	3,135,636.10	2,194,945.28	70.00%	It is not expected to recover it all
Group 7	2,888,253.86	2,021,777.71	70.00%	It is not expected to recover it all
Group 8	1,350,467.50	945,327.19	70.00%	It is not expected to recover it all
Total	269,463,729.35	224,066,803.50	--	--

Provision for bad debt by single item:

Unit: yuan

Name	Ending balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Banker's acceptance bill combination	862,581,158.56			
Commercial acceptance bill combination	444,437,695.17	22,221,884.76	5.00%	
Total	1,307,018,853.73	22,221,884.76	--	--

(2) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Commercial acceptance bill	66,307,109.23	179,981,579.03				246,288,688.26
Total	66,307,109.23	179,981,579.03				246,288,688.26

Where the amount of bad debt provision recovered or transferred back is important:

Applicable Not applicable

(3) Notes receivable endorsed or discounted by the Company at the end of the period and not expired yet on the balance sheet date

Unit: yuan

Item	Amount with recognition terminated at the end of the period	Amount with recognition not terminated at the end of the period
Bank acceptance bill	24,500,000.00	
Trade acceptance		2,628,497.99
Total	24,500,000.00	2,628,497.99

(4) Notes transferred to accounts receivable by the Company at the end of the period due to failure of the drawer to perform

Unit: yuan

Item	Amount transferred to accounts receivable at the end of the period
Trade acceptance	969,264,960.11
Total	969,264,960.11

5. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Accounts receivable of provision for bad debt by single item	630,075,052.06	28.04%	553,584,090.07	87.86%	76,490,961.99	15,164,080.60	1.40%	12,320,940.24	81.25%	2,843,140.36
Accounts receivable of provision for bad debt by combination	1,617,347,143.15	71.96%	96,145,244.24	5.94%	1,521,201,898.91	1,065,680,355.15	98.60%	60,287,549.11	5.66%	1,005,392.806.04
Accounts receivable of provision for bad debt by expected credit loss combination based on	1,617,347,143.15	71.96%	96,145,244.24	5.94%	1,521,201,898.91	1,065,680,355.15	98.60%	60,287,549.11	5.66%	1,005,392.806.04

aging features										
Total	2,247,422,195.21	100.00%	649,729,334.31	28.91%	1,597,692,860.90	1,080,844,435.75	100.00%	72,608,489.35	6.72%	1,008,235,946.40

Provision for bad debt by single item:

Unit: yuan

Name	Ending balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Group 1	470,382,848.12	470,382,848.12	100.00	Debt default
Group 2	59,399,471.06	11,879,894.24	20.00	Debt extension
Group 3	28,751,367.91	20,125,957.56	70.00	It is not expected to recover it all
Group 4	1,088,119.72	761,683.82	70.00	It is not expected to recover it all
Group 5	15,877,599.20	11,114,319.42	70.00	It is not expected to recover it all
Group 6	5,149,548.81	3,604,684.17	70.00	It is not expected to recover it all
Group 7	6,093,423.82	4,265,396.62	70.00	It is not expected to recover it all
Group 8	2,341,043.43	1,638,730.40	70.00	It is not expected to recover it all
Group 9	25,413,389.42	17,789,372.60	70.00	It is not expected to recover it all
Group 10	11,010,781.52	7,707,547.07	70.00	It is not expected to recover it all
Group 11	1,773,645.05	1,773,645.05	100.00	Debt default
Summary of other companies	2,793,814.00	2,540,011.00	90.92	It is expected that there is recovery risk
Total	630,075,052.06	553,584,090.07	--	--

Provision for bad debt by combination: accounts receivable of provision for bad debt by expected credit loss combination based on aging features

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	1,402,316,357.02	70,115,084.26	5.00%
1~2 years	195,407,077.04	19,540,707.71	10.00%
2~3 years	14,099,627.70	2,819,925.54	20.00%
3~4 years	3,389,682.32	1,694,841.17	50.00%
4~5 years	798,567.54	638,854.03	80.00%

More than 5 years	1,335,831.53	1,335,831.53	100.00%
Total	1,617,347,143.15	96,145,244.24	--

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	2,014,007,288.17
Within 1 year (including 1 year)	2,014,007,288.17
1~2 years	208,993,312.07
2~3 years	14,581,303.06
More than 3 years	9,840,291.91
3~4 years	5,529,931.39
4~5 years	823,283.54
More than 5 years	3,487,076.98
Total	2,247,422,195.21

(2) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of accounts receivable	72,608,489.35	579,457,824.76	1,034,992.00	1,301,987.80		649,729,334.31
Total	72,608,489.35	579,457,824.76	1,034,992.00	1,301,987.80		649,729,334.31

(3) Accounts receivable actually written off at the current period

Unit: yuan

Item	Write-off amount
Provision for bad debt of accounts receivable	1,301,987.80

(4) Receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Ending balance of	Proportion in total ending balance of	Ending balance of
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	accounts receivable	accounts receivable	bad debt provision
Unit 1	654,095,507.84	29.10%	40,066,197.26
Unit 2	299,560,496.54	13.33%	299,560,496.54
Unit 3	95,125,955.20	4.23%	95,125,955.20
Unit 4	87,226,120.73	3.88%	4,361,306.04
Unit 5	92,557,284.90	4.12%	4,627,864.25
Total	1,228,565,365.21	54.66%	

6. Receivables financing

N/A

7. Advances to suppliers

(1) Presentation of advances to suppliers by aging

Unit: yuan

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	129,823,235.88	98.98%	68,516,272.50	98.04%
1~2 years	1,308,725.59	1.00%	1,373,126.97	1.96%
2~3 years	30,069.48	0.02%		
Total	131,162,030.95	--	69,889,399.47	--

The total amount of advances to suppliers with top 5 ending balances by prepayment object in the current year was 80,310,932.31 yuan, accounting for 61.23% of total number of ending balance of advances to suppliers.

8. Other receivables

Unit: yuan

Item	Ending balance	Beginning balance
Other receivables	73,487,381.46	56,589,791.38
Total	73,487,381.46	56,589,791.38

1) Other receivables classified by nature

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Deposit and margin	48,646,642.67	39,954,577.27

Collection by third party	39,389,486.99	20,064,674.31
Imprest	2,785,329.49	4,326,156.43
Withheld amount	3,224,265.49	2,740,994.81
Other	57,881.26	3,306,429.16
Total	94,103,605.90	70,392,831.98

2) Provision for bad debt

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 01, 2021	13,803,040.60			13,803,040.60
Balance on January 1, 2021 in current period	—	—	—	—
Withdrawn in current period	7,095,025.28			7,095,025.28
Canceled after verification in current period	281,841.44			281,841.44
Balance on December 31, 2021	20,616,224.44			20,616,224.44

Large book balance change in the current period of provision for loss

Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	62,712,060.79
Within 1 year (including 1 year)	62,712,060.79
1~2 years	6,095,331.29
2~3 years	4,185,028.62
More than 3 years	21,111,185.20
3~4 years	3,802,805.30
4~5 years	15,878,500.00

More than 5 years	1,429,879.90
Total	94,103,605.90

3) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of other receivables	13,803,040.60	7,095,025.28		281,841.44		20,616,224.44
Total	13,803,040.60	7,095,025.28		281,841.44		20,616,224.44

4) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Ending balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
Unit 1	Collection by third party, unit security deposit	17,510,849.30	0~5 years	18.61%	943,042.47
Unit 2	Unit security deposit	14,778,000.00	4~5 years	15.70%	11,822,400.00
Unit 3	Collection by third party	9,647,377.56	Within 1 year	10.25%	482,368.88
Unit 4	Collection by third party, unit security deposit	7,733,207.76	0~2 years	8.22%	414,160.39
Unit 5	Withheld amount	2,643,369.63	Within 1 year	2.81%	132,168.48
Total	--	52,312,804.25	--	55.59%	13,794,140.22

9. Inventory

Does the Company need to follow the disclosure requirements of real estate industry

No

(1) Inventory classification

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Inventory falling price reserves or provision for impairment of contract performance costs	Book value	Book balance	Inventory falling price reserves or provision for impairment of contract performance costs	Book value
Raw materials	161,795,174.65		161,795,174.65	90,099,485.06		90,099,485.06
Work in process	116,573,107.77		116,573,107.77	56,669,379.52		56,669,379.52
Merchandise inventory	529,957,331.64	28,819,579.60	501,137,752.04	356,798,655.96	31,299,857.11	325,498,798.85
Consumptive biological assets	23,495,275.67		23,495,275.67	18,026,823.98		18,026,823.98
Contract performance cost	48,844,764.12		48,844,764.12			
Semi-finished products shipped in transit	971,605,585.98	51,220,027.98	920,385,558.00	895,794,857.43		895,794,857.43
Total	1,852,271,239.83	80,039,607.58	1,772,231,632.25	1,417,389,201.95	31,299,857.11	1,386,089,344.84

(2) Inventory falling price reserves and provision for impairment of contract performance costs

Unit: yuan

Item	Beginning balance	Amount increased in current period		Amount decreased in current period		Ending balance
		Provision	Other	Reversed or written off	Other	
Merchandise inventory	31,299,857.11	1,412,697.82		3,892,975.33		28,819,579.60
Semi-finished products shipped in transit		51,220,027.98				51,220,027.98
Total	31,299,857.11	52,632,725.80		3,892,975.33		80,039,607.58

10. Other current assets

Unit: yuan

Item	Ending balance	Beginning balance
Pending deduct VAT on purchase	3,442,185.74	667,378.56
Prepaid tax	668,243.42	
Total	4,110,429.16	667,378.56

11. Long-term equity investment

Unit: yuan

Invested unit	Beginning balance (book value)	Increase or decrease in current period								Ending balance (book value)	Balance of impairment provision at the end of period
		Further investment	Capital reduction	Investment gains and losses recognized by the equity method	Adjustment of other comprehensive income	Changes in other equity	Declared payment of cash dividends or profits	Provision for impairment	Other		
I. Cooperative enterprise											
De Dietrich Trade (Shanghai) Co., Ltd.	3,452,769.59			208,930.44						3,661,700.03	
Subtotal	3,452,769.59			208,930.44						3,661,700.03	
II. Joint venture											
Zhejiang Tingshuo Brand Operation Management Co., Ltd.		2,000,000.00		-256,570.12						1,743,429.88	

Subtotal		2,000,00 0.00		-256,57 0.12						1,743,42 9.88	
Total	3,452,76 9.59	2,000,00 0.00		-47,639. 68						5,405,12 9.91	

12. Other equity instrument investments

Unit: yuan

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

Separate disclosure of the current period of non-transactional equity instruments

Unit: yuan

Item name	Recognized dividend income	Aggregate gains	Aggregate losses	Amount of other comprehensive income transferred to retained earnings	Cause for designation to measure at fair value of which changes are recorded into other comprehensive income	Causes for carryforward retained earnings of other comprehensive income
Suzhou Industrial Park Ruican Investment Enterprise (limited partnership)			100,000,000.00		Held for non-trading purposes	—
Shanghai MXCHIP Information Technology Co., Ltd.			17,832,510.78		Held for non-trading purposes	—

13. Investment properties

(1) Investment properties using cost measurement mode

√ Applicable □ Not applicable

Unit: yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Beginning balance	2,686,483.26			2,686,483.26
2. Amount increased in current period	18,304,840.14			18,304,840.14
(1) Purchased				
(2) Transfer from inventory/fixed assets/construction in progress	18,304,840.14			18,304,840.14
(3) Increase by business combination				
3. Amount decreased in current period	9,314,612.72			9,314,612.72
(1) Disposal				
(2) Other transfer-out	9,314,612.72			9,314,612.72
4. Ending balance	11,676,710.68			11,676,710.68
II. Accumulated depreciation and amortization				
1. Beginning balance	95,481.42			95,481.42
2. Amount increased in current period	864,036.59			864,036.59
(1) Accrual or amortization	864,036.59			864,036.59
3. Amount decreased in current period	368,703.40			368,703.40
(1) Disposal	368,703.40			368,703.40
(2) Other transfer-out				
4. Ending balance	590,814.61			590,814.61
III. Provision for impairment				
1. Beginning balance				
2. Amount increased in current period				
(1) Provision				
3. Amount decreased in current period				
(1) Disposal				
(2) Other transfer-out				

4. Ending balance				
IV. Book value				
1. Ending book value	11,085,896.07			11,085,896.07
2. Beginning book value	2,591,001.84			2,591,001.84

14. Fixed assets

Unit: yuan

Item	Ending balance	Beginning balance
Fixed assets	1,179,306,020.01	824,978,354.71
Total	1,179,306,020.01	824,978,354.71

(1) Fixed assets

Unit: yuan

Item	Houses and building	Machinery 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. Amount increased in current period	400,651,311.17	68,680,891.69	4,085,159.49	9,145,740.77	482,563,103.12
(1) Purchase		6,628,955.63	4,085,159.49	6,241,525.64	16,955,640.76
(2) Transfer from construction in progress	391,336,698.45	62,051,936.06		2,904,215.13	456,292,849.64
(3) Increase by business combination					
(4) Other increase	9,314,612.72				9,314,612.72
3. Amount decreased in current period	30,454,417.23	7,466,338.30	1,176,561.36	3,699,402.49	42,796,719.38
(1) Disposal or scrap	30,454,417.23	7,466,338.30	1,176,561.36	3,699,402.49	42,796,719.38
4. Ending balance	1,072,125,559.85	679,169,886.72	21,794,424.31	84,018,707.52	1,857,108,578.40
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. Amount increased in current period	36,800,217.67	56,458,688.18	2,291,136.46	9,611,071.47	105,161,113.78
(1) Provision	36,800,217.67	56,458,688.18	2,291,136.46	9,611,071.47	105,161,113.78
3. Amount decreased in current period	10,091,718.33	5,166,445.65	1,115,168.29	3,349,063.07	19,722,395.34
(1) Disposal or scrap	10,091,718.33	5,166,445.65	1,115,168.29	3,349,063.07	19,722,395.34
4. Ending balance	267,528,198.84	341,157,676.17	12,747,836.37	56,368,847.01	677,802,558.39
III. Provision for impairment					
1. Beginning balance					
2. Amount increased in current period					
(1) Provision					
3. Amount decreased in current period					
(1) Disposal or scrap					
4. Ending balance					
IV. Book value					
1. Ending book value	804,597,361.01	338,012,210.55	9,046,587.94	27,649,860.51	1,179,306,020.01
2. Beginning book value	461,108,966.41	328,089,899.69	7,313,957.98	28,465,530.63	824,978,354.71

(2) Fixed assets without certificate of title

Unit: yuan

Item	Book value	Reasons for not obtaining the certificate
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		of title
Houses and buildings	335,356,590.18	The newly built plant is being handled

15. Construction in progress

Unit: yuan

Item	Ending balance	Beginning balance
Construction in progress	454,643,364.82	463,424,647.46
Total	454,643,364.82	463,424,647.46

(1) Construction in progress

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Maoshan intelligent manufacturing base infrastructure project	194,423,004.31		194,423,004.31	358,241,059.59		358,241,059.59
Shengzhou Chengnan project	174,099,821.16		174,099,821.16	73,511,454.76		73,511,454.76
ROBAM Building project	59,931,795.23		59,931,795.23	2,219,316.28		2,219,316.28
Project of production department 1	10,336,283.17		10,336,283.17			
Integrated range hood project	3,256,637.20		3,256,637.20			
Customized management software	3,223,516.47		3,223,516.47	3,770,316.32		3,770,316.32
Project of production department 3	2,779,911.26		2,779,911.26			
Project of production department 2	1,185,840.80		1,185,840.80	1,530,973.46		1,530,973.46
Black light workshop project				14,096,794.95		14,096,794.95
Riveting equipment project				4,568,965.52		4,568,965.52

Air line project				1,663,716.90		1,663,716.90
Other sporadic projects	5,406,555.22		5,406,555.22	3,822,049.68		3,822,049.68
Total	454,643,364.82		454,643,364.82	463,424,647.46		463,424,647.46

(2) Current changes in major projects under construction

Unit: yuan

Item name	Budget number	Beginning balance	Amount increased in current period	Amount carried forward to fixed assets in current period	Other decreases in current period	Ending balance	Proportion of total project input to the budget	Progress of works	Source of funds
Maoshan intelligent manufacturing base infrastructure project	899,280,000.00	358,241,059.59	229,650,073.92	393,468,129.20		194,423,004.31	65.37%	65.37%	Other
Shengzhou Chengnan project	240,960,000.00	73,511,454.76	135,105,069.03	34,209,021.20	307,681.43	174,099,821.16	72.25%	72.25%	Other
ROBAM Building project	708,250,000.00	2,219,316.28	57,712,478.95			59,931,795.23	8.46%	8.46%	Other
Total	1,848,490,000.00	433,971,830.63	422,467,621.90	427,677,150.40	307,681.43	428,454,620.70	--	--	--

16. Right-of-use assets

Unit: yuan

Item	Houses and buildings	Total
I. Original book value:		
1. Beginning balance	15,768,797.39	15,768,797.39
2. Amount increased in current period	19,851,959.93	19,851,959.93
3. Amount decreased in current period		
4. Ending balance	35,620,757.32	35,620,757.32
II. Accumulated depreciation		
1. Beginning balance	394,219.93	394,219.93

2. Amount increased in current period	5,323,583.17	5,323,583.17
(1) Provision	5,323,583.17	5,323,583.17
3. Amount decreased in current period		
(1) Disposal		
4. Ending balance	5,717,803.10	5,717,803.10
III. Provision for impairment		
1. Beginning balance		
2. Amount increased in current period		
(1) Provision		
3. Amount decreased in current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Ending book value	29,902,954.22	29,902,954.22
2. Beginning book value	15,374,577.46	15,374,577.46

17. Intangible assets

(1) Intangible assets

Unit: yuan

Item	Land use right	Software	Trademark	Patent	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. Amount increased in current period		7,522,919.18			7,522,919.18
(1) Purchase		7,522,919.18			7,522,919.18
(2) Internal R&D					
(3) Increase by business combination					

3. Amount decreased in current period					
(1) Disposal					
4. Ending balance	225,656,679.95	59,863,685.75	24,624,622.64	7,300,000.00	317,444,988.34
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. Amount increased in current period	4,508,422.28	5,254,394.80	2,462,462.24	1,123,076.92	13,348,356.24
(1) Provision	4,508,422.28	5,254,394.80	2,462,462.24	1,123,076.92	13,348,356.24
3. Amount decreased in current period					
(1) Disposal					
4. Ending balance	30,136,519.99	45,379,740.27	8,606,155.60	3,930,769.22	88,053,185.08
III. Provision for impairment					
1. Beginning balance					
2. Amount increased in current period					
(1) Provision					
3. Amount decreased in current period					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	195,520,159.96	14,483,945.48	16,018,467.04	3,369,230.78	229,391,803.26
2. Beginning book value	200,028,582.24	12,215,421.10	18,480,929.28	4,492,307.70	235,217,240.32

18. Goodwill

(1) Original book value of goodwill

Unit: yuan

Investee name or goodwill forming matter	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		By business combination		Disposal		
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	80,589,565.84					80,589,565.84
Total	80,589,565.84					80,589,565.84

(2) Provision for impairment of goodwill

The Company recognizes Shengzhou Kinde as an asset group, and the asset group of goodwill at the end of the year is consistent with the asset group recognized in the goodwill impairment test on the purchase date and previous years.

Goodwill impairment test process and recognition method of key parameters (forecast period growth rate when estimating the present value of future cash flow, stable period growth rate, profit rate, discount rate and forecast period) and goodwill impairment loss:

The Company entrusts Zhonghe Asset Appraisal Co., Ltd. (hereinafter referred to as Zhonghe Asset) to evaluate Shengzhou Kinde asset group to determine whether the goodwill is impaired. According to the Z.H.Z.B.Zi (2022) No.BJU3002 Valuation Report for the purpose of goodwill impairment test issued by Zhonghe Asset, Zhonghe Asset are determined according to the five-year cash flow forecast approved by the management, and the cash flow after the five-year forecast period is calculated at a specific long-term average growth rate, which is calculated by using the present value model of future cash flow and based on the assumption of going concern, the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset is used for the impairment test of goodwill. According to the test, the recoverable amount of Shengzhou Kinde asset group is higher than the book value of the asset group including goodwill, and no impairment of goodwill is found.

19. Long-term unamortized expenses

Unit: yuan

Item	Beginning balance	Amount increased in current period	Amortization amount in current period	Other decreases	Ending balance
Service charge	317,094.77	771,465.52	170,531.21		918,029.08
Consulting fee	241,087.85	121,512.86	191,400.56		171,200.15
Training membership fee	37,665.20		37,665.20		
Brand	1,202,511.03	1,588,599.43	1,218,234.25		1,572,876.21

endorsement fee					
Office decoration fee		3,636,099.11	942,907.49		2,693,191.62
Environmental protection fee		30,139.14			30,139.14
Total	1,798,358.85	6,147,816.06	2,560,738.71		5,385,436.20

20. Deferred income tax assets and deferred income tax liabilities

(1) Unoffset deferred income tax assets

Unit: yuan

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for credit impairment	917,479,025.92	138,811,114.82	152,718,639.18	24,152,559.74
Recognition for provisional estimate cost	656,596,891.65	98,489,533.76	399,311,723.24	59,896,758.48
Fair value change of other equity instrument investments	117,832,510.78	17,674,876.62	17,832,510.78	2,674,876.62
Recognition for deferred income	102,890,393.42	15,433,559.00	121,306,538.90	18,195,980.84
Provision for impairment of assets	80,039,607.58	12,005,941.14	31,299,857.11	4,694,978.56
Payroll payable withdrawn but not issued	9,848,248.72	1,477,237.31	863,548.19	129,532.23
Unrealized profit of internal transaction	6,550,213.16	1,637,825.81	10,991,208.96	2,747,344.24
Recognition for equity incentive	3,118,765.48	480,458.47		
Unrecognized financing expenses	1,349,960.44	337,490.11		
Total	1,895,705,617.15	286,348,037.04	734,324,026.36	112,492,030.71

(2) Unoffset deferred income tax liabilities

Unit: yuan

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appreciation of assets appraisal for business combination not under common control	25,908,559.83	3,886,283.97	30,040,521.60	4,506,078.24
Taxable temporary differences due to the pretax deduction of fixed assets	15,789,858.60	2,368,478.79	4,697,876.68	704,681.50
Total	41,698,418.43	6,254,762.76	34,738,398.28	5,210,759.74

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

Unit: yuan

Item	Ending offset amount of deferred income tax assets and liabilities	Ending balance of deferred income tax assets and liabilities after offset	Beginning offset amount of deferred income tax assets and liabilities	Beginning balance of deferred income tax assets and liabilities after offset
Deferred income tax assets		286,348,037.04		112,492,030.71
Deferred income tax liabilities		6,254,762.76		5,210,759.74

(4) Details of unrecognized deferred income tax assets

Unit: yuan

Item	Ending balance	Beginning balance
Deductible loss	18,037,908.58	9,798,260.49
Total	18,037,908.58	9,798,260.49

(5) Deductible losses on unrecognized deferred income tax assets will expire in the following year

Unit: yuan

Year	Ending amount	Beginning amount	Remark
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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	9,556,499.12	9,706,606.02	
2026	8,429,540.53		
Total	18,037,908.58	9,798,260.49	--

21. Other non-current assets

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for equipment	33,649,858.27		33,649,858.27	3,624,837.56		3,624,837.56
Advance payment for house purchase	3,129,005.00		3,129,005.00			
Advance payment for engineering	1,690,011.17		1,690,011.17			
Advance payment for software				57,442.11		57,442.11
Total	38,468,874.44		38,468,874.44	3,682,279.67		3,682,279.67

22. Short-term borrowing

(1) Classification of short-term borrowing

Unit: yuan

Item	Ending balance	Beginning balance
Credit loan	29,616,655.41	6,076,177.30
Total	29,616,655.41	6,076,177.30

Description of classification of short-term borrowing

Note: The balance of short-term borrowing is the factoring of bank accounts receivable with recourse not derecognized by the Company.

23. Notes payable

Unit: yuan

Type	Ending balance	Beginning balance
Banker's acceptance bill	962,665,463.99	751,802,498.92
Total	962,665,463.99	751,802,498.92

24. Accounts payable

(1) Presentation of accounts payable

Unit: yuan

Item	Ending balance	Beginning balance
Payment for materials	1,087,160,715.37	950,631,079.92
Costs	923,334,216.09	709,723,793.53
Project payment	152,898,742.07	48,606,778.41
Payment for equipment	18,506,587.47	14,870,556.23
Total	2,181,900,261.00	1,723,832,208.09

(2) Important accounts payable with the aging more than 1 year

As of December 31, 2021, the Company's important accounts payable with an age of more than one year were 10,535,032.25 yuan, mainly for fees not yet settled.

25. Contract liabilities

Unit: yuan

Item	Ending balance	Beginning balance
Advances from customers	1,026,782,402.35	949,591,228.35
Total	1,026,782,402.35	949,591,228.35

26. Payroll payable

(1) Presentation of payroll payable

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
I. Short-term compensation	123,492,155.96	888,568,555.09	852,352,778.61	159,707,932.44
II. Welfare after dismissal - defined contribution plan	2,638,235.28	64,090,669.18	61,259,411.82	5,469,492.64
Total	126,130,391.24	952,659,224.27	913,612,190.43	165,177,425.08

(2) Presentation of short-term compensation

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Wages, bonuses, allowances and subsidies	118,930,729.93	763,310,743.88	727,095,397.98	155,146,075.83
2. Employee welfare expenses		32,392,354.95	32,392,274.95	80.00
3. Social insurance premium	3,928,826.98	44,247,955.36	44,407,680.69	3,769,101.65
Including: medical insurance premium	3,847,685.58	42,495,622.75	42,723,960.08	3,619,348.25
Industrial injury insurance premium	81,141.40	1,752,332.61	1,683,720.61	149,753.40
4. Housing fund	282,148.00	34,910,135.36	34,817,348.96	374,934.40
5. Labor union expenditure and personnel education fund	350,451.05	13,707,365.54	13,640,076.03	417,740.56
Total	123,492,155.96	888,568,555.09	852,352,778.61	159,707,932.44

(3) Presentation of defined contribution plans

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Basic endowment insurance	2,542,370.21	61,903,705.37	59,164,011.86	5,282,063.72
2. Unemployment insurance premium	95,865.07	2,186,963.81	2,095,399.96	187,428.92

Total	2,638,235.28	64,090,669.18	61,259,411.82	5,469,492.64
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27. Tax payable

Unit: yuan

Item	Ending balance	Beginning balance
Corporate income tax	137,979,203.70	111,445,197.66
Added value tax	53,911,099.54	61,150,126.40
Urban maintenance and construction tax	2,141,479.84	3,937,862.94
Individual income tax	3,868,615.91	1,526,364.72
Education surcharge	1,657,978.22	1,687,655.54
Surcharge for local education	1,105,318.89	1,125,103.76
Stamp duty	600,407.34	507,609.14
Land use tax	4,382,947.50	340,344.00
Housing property tax	6,555,342.60	166,973.35
Total	212,202,393.54	181,887,237.51

28. Other payables

Unit: yuan

Item	Ending balance	Beginning balance
Other payables	267,781,215.06	242,559,615.30
Total	267,781,215.06	242,559,615.30

(1) Other payables

1) Other payables listed by nature

Unit: yuan

Item	Ending balance	Beginning balance
Margin payable	252,335,944.60	234,180,292.44
Collections for others	6,179,088.18	2,616,338.90
Deposit payable	5,104,062.30	4,539,028.30
Related party transactions	2,700,000.00	
Other	1,462,119.98	1,223,955.66
Total	267,781,215.06	242,559,615.30

2) Important other payable with the aging more than 1 year

As of December 31, 2021, the Company's important other payables with an age of more than one year were 202,878,637.95 yuan, mainly for sales deposit.

29. Non-current liabilities due within a year

Unit: yuan

Item	Ending balance	Beginning balance
Lease liabilities due within one year	5,387,591.43	684,535.10
Total	5,387,591.43	684,535.10

30. Other current liabilities

Unit: yuan

Item	Ending balance	Beginning balance
Output tax to be carried forward	124,284,081.56	116,535,407.26
Notes receivable not derecognized		10,000,000.00
Total	124,284,081.56	126,535,407.26

31. Lease liabilities

Unit: yuan

Item	Ending balance	Beginning balance
Lease payments	37,325,149.01	19,997,500.29
Unrecognized financing expenses	-5,760,523.29	-4,607,926.84
Non-current liabilities reclassified to due within a year	-5,387,591.43	-684,535.10
Total	26,177,034.29	14,705,038.35

32. Deferred income

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance	Causes
Government subsidies	150,163,523.90		18,416,145.48	131,747,378.42	
Total	150,163,523.90		18,416,145.48	131,747,378.42	--

Projects involving government subsidies:

Unit: yuan

Government subsidy project	Year-beginning balance	Amount of additional subsidy in current year	Amount recorded in current profit and loss in current year	Year-end balance	Asset/income related
Intelligent manufacturing, integrated standardization and new mode application project	46,784,353.78		8,539,505.64	38,244,848.14	Asset related
Production and construction project of annual production of 2.25 million kitchen appliances	24,904,851.84		2,573,781.24	22,331,070.60	Asset related
Construction project of kitchen appliance R&D, design and test center	9,409,768.25		2,365,167.24	7,044,601.01	Asset related
Subsidy for the production and construction project of annual production of 1 million kitchen appliances	2,282,841.08		1,143,783.96	1,139,057.12	Asset related
Project of annual 108 embedded kitchen electric appliance products	4,934,334.75		682,491.00	4,251,843.75	Asset related
New-generation environmentally friendly and energy-saving kitchen appliances and production line	721,676.15		190,650.84	531,025.31	Asset related
Digital intelligent manufacturing workshop of intelligent household appliances	581,649.00		159,426.72	422,222.28	Asset related
Project of annual production of 2.25 million digital workshops	128,386.69		103,706.04	24,680.65	Asset related
Recycling transformation project	452,076.81		91,610.16	360,466.65	Asset related
Subsidies for investment project of annual production of 150,000 range hoods	88,988.91		58,882.80	30,106.11	Asset related
Academician expert workstation	256,878.32		46,255.68	210,622.64	Asset related
Kitchen appliance R&D, design and test center	42,571.60		7,624.80	34,946.80	Asset related
Technological upgrading project of manufacturing enterprises	8,300,000.00			8,300,000.00	Asset related
Technical transformation project with an annual output of 500,000 units	2,591,399.07		374,411.16	2,216,987.91	Asset related
Intelligent unmanned factory based on 5G and cloud technology	19,826,762.65		2,078,848.20	17,747,914.45	Asset related
Subsidy for No.M2020-09 Land, Chengnan New Area	28,856,985.00			28,856,985.00	Asset related
Total	150,163,523.90		18,416,145.48	131,747,378.42	—

33. Capital stock

Unit: yuan

	Beginning balance	Increase/decrease (+, -)	Ending balance
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		New issue of shares	Share donation	Share capital increase from reserved funds	Other	Subtotal	
Total amount of shares	949,024,050.00						949,024,050.00

34. Capital reserve

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Capital premium (capital stock premium)	401,799,332.67			401,799,332.67
Other capital surplus		3,118,765.48		3,118,765.48
Total	401,799,332.67	3,118,765.48		404,918,098.15

35. Treasury stock

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Share repurchase		199,995,742.59		199,995,742.59
Total		199,995,742.59		199,995,742.59

The increase in current year is the share repurchase plan of the Company from the secondary market for employee equity incentive.

36. Other comprehensive income

Unit: yuan

Item	Beginning balance	Amount incurred in current period						Ending balance
		Amount before current income tax	Less: amount included in other comprehensive income in previous period and included in profit and loss in	Less: amount included in other comprehensive income in previous period and	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	

			current period	included in carryforward retained earnings in current period				
I. Other comprehensive income that can't be reclassified into profit and loss	-15,157,634.16	-100,000,000.00			-15,000,000.00	-85,000,000.00		-100,157,634.16
Fair value change of other equity instrument investments	-15,157,634.16	-100,000,000.00			-15,000,000.00	-85,000,000.00		-100,157,634.16
Total other comprehensive income	-15,157,634.16	-100,000,000.00			-15,000,000.00	-85,000,000.00		-100,157,634.16

37. Surplus reserves

Unit: yuan

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

38. Undistributed profit

Unit: yuan

Item	Current period	Prior period
Undistributed profit at the end of previous period before adjustment	6,240,444,654.34	5,054,206,720.45
Undistributed profits at the beginning of the period after adjustment	6,240,444,654.34	5,054,206,720.45
Plus: Net profits attributable to the owners of parent company in the current period	1,331,712,059.03	1,660,749,958.89
Common stock dividends payable	473,435,158.00	474,512,025.00
Undistributed profits at the end of the period	7,098,721,555.37	6,240,444,654.34

39. Operating income and operating cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	9,878,609,034.58	4,780,326,936.38	7,950,757,663.78	3,506,245,981.19
Other businesses	269,097,000.77	54,726,467.99	177,863,135.53	56,960,949.68
Total	10,147,706,035.35	4,835,053,404.37	8,128,620,799.31	3,563,206,930.87

40. Taxes and surcharges

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Urban maintenance and construction tax	38,432,112.18	34,478,037.91
Education surcharge	27,451,508.66	24,627,169.96
Stamp duty	3,168,252.51	2,261,813.76
Land use tax	4,444,471.50	340,344.00
Housing property tax	7,059,080.25	194,014.14
Vehicle and vessel use tax	8,219.19	24,962.74
Other	27,605.88	30,288.37
Total	80,591,250.17	61,956,630.88

41. Selling expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Sales and service fees	888,105,322.12	717,952,394.72
Advertising and promotion expenses	688,276,034.18	511,075,473.36
Employee compensation	335,997,909.99	242,145,914.14
Booth decoration fee	234,356,309.98	135,635,749.35
Promotion fees	120,917,154.89	154,130,738.31
Material consumption	70,585,682.15	64,982,374.37
Transportation expenses		258,544,222.83
Business entertainment expenses	17,321,525.30	13,609,905.26
Traveling expense	36,526,754.00	10,818,904.86
Rental fees	16,683,897.40	13,434,292.19

Intermediary service charge	18,942,729.75	10,691,046.91
Office allowance	12,091,581.39	6,327,286.95
Other	14,613,138.77	7,616,745.62
Total	2,454,418,039.92	2,146,965,048.87

42. Management costs

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	196,152,990.40	156,332,380.80
Depreciation and amortization	49,553,437.40	44,483,666.82
Consulting service charge	27,970,501.93	29,904,258.97
Maintenance expense	18,523,798.07	12,833,205.67
Office allowance	15,140,294.06	11,475,519.47
Rental fees	10,256,242.02	7,249,751.59
Traveling expense	8,295,851.23	6,210,428.73
Business entertainment expenses	7,427,987.83	5,061,075.24
Communication expense	5,536,487.28	4,880,481.20
Car fare	4,010,092.59	3,787,560.02
Equity incentive fee	3,118,765.48	
Material consumption	2,410,539.20	3,471,188.77
Other	15,365,385.14	11,296,245.96
Total	363,762,372.63	296,985,763.24

43. Research and development expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	178,520,125.46	139,169,323.42
Direct investment	151,535,589.24	128,816,650.57
Depreciation and amortization	15,344,134.84	15,654,469.61
Design fee	7,421,984.65	7,071,597.30
Other expenses	13,204,832.15	12,635,514.91
Total	366,026,666.34	303,347,555.81

44. Financial expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenditure	9,638,311.28	6,721,543.47
Less: Interest revenue	152,136,833.79	160,282,611.34
Plus: Exchange gain or loss	1,087,864.00	2,177,052.47
Plus: other expenses	1,737,150.64	1,235,828.65
Total	-139,673,507.87	-150,148,186.75

45. Other income

Unit: yuan

Other sources of income	Amount incurred in current period	Amount incurred in previous period
Financial support funds for enterprise cultivation	33,070,000.00	54,039,120.00
Amortization of deferred income	18,416,145.48	16,167,324.40
Embedded software tax rebate	10,979,888.36	
Special fund for industrial development	7,967,840.13	2,749,907.00
Patent reward fund	4,352,000.00	7,509,809.00
Job subsidies and social insurance subsidies	1,038,232.33	4,685,321.80
Special financial funds	976,752.00	5,650,000.00
Individual income tax service charge refund	575,697.14	1,111,062.72
VAT exemption or reduction	18,000.00	18,000.00
Other subsidies	30,000.00	251,700.00

46. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
long-term equity investment gains measured by employing the equity method	-47,639.68	-715,569.20
Investment income from trading financial assets during the holding period	90,550,171.74	28,218,702.24
Dividend income from other equity instrument investments in the holding		11,985,836.92

period		
Total	90,502,532.06	39,488,969.96

47. Credit impairment loss

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Loss on bad debts of other receivables	-7,095,025.28	-3,511,997.51
Loss on bad debts of notes receivable	-179,981,579.03	-33,316,740.51
Loss on bad debts of accounts receivable	-578,422,832.76	-27,309,380.51
Total	-765,499,437.07	-64,138,118.53

48. Assets impairment losses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
II. Inventory falling price loss and impairment loss of contract performance costs	-52,632,725.80	-21,977,893.76
Total	-52,632,725.80	-21,977,893.76

49. Income from disposal of assets

Unit: yuan

Source of income from disposal of assets	Amount incurred in current period	Amount incurred in previous period
Income from disposal of non-current assets	-2,122,173.87	-387,844.96
Including: income from disposal of fixed assets	-2,122,173.87	-387,844.96
Total	-2,122,173.87	-387,844.96

50. Non-operating income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
Government subsidies	43,000.00	131,475.00	43,000.00

Income from fines	15,853.31		15,853.31
Other	1,720,972.55	952,904.00	1,720,972.55
Total	1,779,825.86	1,084,379.00	

Government subsidies included in current profit and loss:

Unit: yuan

Subsidized project	Whether the subsidy affects the profit and loss of current year	Special subsidy or not	Amount incurred in current period	Amount incurred in previous period	Asset/income related
Subsidies for early scrapping of diesel vehicles under China III vehicle emission standards			13,000.00	77,000.00	Income related
Corporate Culture Club awards and subsidies			30,000.00	30,000.00	Income related
Subsidy for replacing training with work				8,500.00	Income related
Other				15,975.00	Income related

51. Non-operating expenditure

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
External donations	2,000,000.00	2,090,000.00	2,000,000.00
Abnormal loss	350,752.22		350,752.22
Penalty expenditure	178,475.20		178,475.20
Loss on damage and scrap of non-current assets	168,013.37	34,861.58	168,013.37
Other	1,514,224.96	1,828,383.76	1,514,224.96
Total	4,211,465.75	3,953,245.34	4,211,465.75

52. Income tax expenses

(1) Income tax expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Current income tax expenses	341,789,501.27	303,369,646.88
Deferred income tax expenses	-157,812,003.31	-42,122,003.14
Total	183,977,497.96	261,247,643.74

(2) Accounting profit and income tax expense adjustment process

Unit: yuan

Item	Amount incurred in current period
Total profit	1,532,768,920.66
Income tax expenses calculated at the appropriate/applicable tax rate	229,915,338.10
Impact of different tax rates applied on subsidiaries	816,537.14
Impact of income tax before adjustment	-4,259,934.76
Impact of non-deductible costs, expenses and losses	4,970,781.68
Impact of deductible losses on the use of deferred income tax assets not previously recognized	-37,526.73
Impact of temporary difference or deductible losses on unrecognized deferred income tax assets in the current period	2,222,067.42
Profits and losses of cooperative enterprise or joint venture accounted by equity method	7,145.95
Tax impact of additional deduction for research and development expenses (express with "-")	-49,656,610.83
Income tax expenses	183,977,497.96

53. Other comprehensive income

See the notes for details.

54. Cash flow statement items

(1) Other cash received related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Income from deposit interest	152,136,833.79	160,282,611.34
Government subsidies	59,051,409.96	127,625,980.52
Agent business	17,645,868.20	4,896,957.44

Imprest	5,429,032.71	2,627,693.78
Margin and deposit	21,136,563.04	422,768.10
L/C deposit		61,930.00
Other payments	16,271,319.04	2,880,904.80
Total	271,671,026.74	298,798,845.98

(2) Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Period charge	2,043,557,267.21	1,659,646,233.71
Agent business	51,345,724.50	44,527,246.51
Margin and deposit	11,160,267.03	13,012,066.02
Deposit for L/C and acceptance bill	54,739,852.30	10,192,656.02
Imprest	1,154,242.51	621,928.41
Other	19,699,160.50	17,300,131.65
Total	2,181,656,514.05	1,745,300,262.32

(3) Other cash received related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Accounts receivable factoring income	30,694,588.74	6,076,177.30
Total	30,694,588.74	6,076,177.30

(4) Other cash paid related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Rent	6,046,438.38	
Share repurchase	199,995,742.59	
Total	206,042,180.97	

55. Further information on cash flow statement

(1) Further information on cash flow statement

Unit: yuan

Further information	Current amount	Last term amount
1. Reconciliation from net profits to cash flows from operating activities:	--	--
Net profit	1,348,791,422.70	1,687,357,903.94
Plus: Provision for impairment of assets	52,632,725.80	21,977,893.76
Depreciation of fixed assets, oil and gas assets and productive biological assets	106,025,150.37	95,376,728.90
Depreciation of Right-of-use assets	5,717,803.10	
Amortization of intangible assets	13,348,356.24	13,619,877.40
Amortization of long-term deferred expenses	2,560,738.71	420,355.97
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	2,122,173.87	387,844.96
Loss on retirement of fixed assets (gains expressed with "-")	168,013.37	34,861.58
Loss from fair value changes (gains expressed with "-")		
Financial expenses (gains expressed with "-")	10,451,521.99	7,763,829.30
Investment losses (gains expressed with "-")	-90,502,532.06	-39,488,969.96
Decreased in deferred income tax assets (increase expressed with "-")	-158,856,006.33	-41,614,914.62
Increase in deferred income tax liabilities (decrease expressed with "-")	1,044,003.02	-507,088.51
Decrease in inventories (increase expressed with "-")	-434,882,037.88	-68,890,313.40
Decrease in operating receivables (increase expressed with "-")	-859,544,649.72	-681,714,318.42
Increase in operating payables (decrease expressed with "-")	600,801,099.08	478,438,149.28
Other	765,499,437.07	64,138,118.53
Net cash flow from operating activities	1,365,377,219.33	1,537,299,958.71
2. Significant investment and financing activities not involving cash deposit and withdrawal:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:	--	--
Ending balance of cash	3,719,988,820.35	3,886,096,513.56
Less: Beginning balance of cash	3,886,096,513.56	4,029,296,265.50
Plus: Beginning balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase of cash and cash equivalents	-166,107,693.21	-143,199,751.94

(2) Composition of cash and cash equivalents

Unit: yuan

Item	Ending balance	Beginning balance
I. Cash	3,719,988,820.35	3,886,096,513.56
Including: cash on hand	80,944.99	110,770.11
Bank deposit readily available for payment	3,718,304,060.33	3,885,907,031.42
Other monetary capital readily available for payment	1,603,815.03	78,712.03
III. Balance of cash and cash equivalents at end of period	3,719,988,820.35	3,886,096,513.56

56. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: yuan

Item	Ending balance in foreign currency	Conversion exchange rate	Ending balance converted to RMB
Monetary capital	--	--	
Including: USD	6,967,391.94	6.3757	44,422,000.73
Euro	3.29	7.2197	15.21
Accounts receivable	--	--	
Including: USD	3,449,944.52	6.3757	21,995,808.72
Euro	289.60	7.2197	2,090.83
Advance from customers			
Including: EUR	17,468.96	7.2197	126,120.65

57. Government subsidies

(1) Basic information of government subsidies

Unit: yuan

Type	Amount	Presented item	Amount recorded in current profit and loss
Financial subsidies for enterprise cultivation	33,000,000.00	Other income	33,000,000.00
Embedded software tax rebate	10,979,888.36	Other income	10,979,888.36

Performance award of Shanghai Hongkou District Finance Bureau	2,600,000.00	Other income	2,600,000.00
Financial incentives for green factories in 2020	2,000,000.00	Other income	2,000,000.00
The first batch of provincial industrial Internet platform district-level award	1,750,000.00	Other income	1,750,000.00
DIA China Design Intelligence Award	1,000,000.00	Other income	1,000,000.00
2020 district standardization project award	800,000.00	Other income	800,000.00
Yuhang Management Committee energy double control subsidies	715,502.22	Other income	715,502.22
Social security subsidies	596,281.41	Other income	596,281.41
Individual income tax service charge refund	575,697.14	Other income	575,697.14
2020 science and technology progress award	500,000.00	Other income	500,000.00
Subsidies from Shengzhou Administration for Market Regulation	500,000.00	Other income	500,000.00
2019 reward funds for increasing enterprise R & D investment and project	429,600.00	Other income	429,600.00
Subsidy for replacing training with work	376,600.00	Other income	376,600.00
Subsidies for talents introduced by enterprises in the fourth quarter of 2020	330,630.00	Other income	330,630.00
R & D subsidies for Hangzhou science and technology enterprises in 2021	294,000.00	Other income	294,000.00
Foreign trade and economic subsidies from Yuhang Bureau of Commerce	288,000.00	Other income	288,000.00
2020 Zhejiang manufacturing brand certification award of Linping District	200,000.00	Other income	200,000.00
2020 district-level cultural and creative policy incentives and subsidies	200,000.00	Other income	200,000.00
2020 national high-tech enterprise award	200,000.00	Other income	200,000.00
Financial subsidies from Bureau of Commerce of Linping District	200,000.00	Other income	200,000.00
Subsidies for invention patent industrialization project in 2020	200,000.00	Other income	200,000.00
Subsidies for per-mu leaders in Shaoxing in 2020	200,000.00	Other income	200,000.00
Financial support for technological innovation in 2020-2021	150,000.00	Other income	150,000.00
2019 industrial economic policy funds	150,000.00	Other income	150,000.00
China Patent Excellent Award	100,000.00	Other income	100,000.00
Subsidies for patent protection projects of district government	90,832.00	Other income	90,832.00

Subsidies for enterprises from Yuhang District Market Supervision Administration	87,920.00	Other income	87,920.00
Special incentive funds for supply chain innovation and application in 2021	70,000.00	Other income	70,000.00
Private economic development incentives	70,000.00	Other income	70,000.00
Corporate Culture Club awards and subsidies	30,000.00	Other income	30,000.00
Commendation and rewards for key enterprises of Shanghai Hongkou District Investment Promotion Office	60,000.00	Other income	60,000.00
Subsidies and rewards for 5G technology application and promotion projects in 2020	50,000.00	Other income	50,000.00
2019 Shengzhou industrial enterprise equipment investment subsidy funds	38,800.00	Other income	38,800.00
Top 10 industrial enterprises in 2020	30,000.00	Other income	30,000.00
Special patent subsidies	28,000.00	Other income	28,000.00
Stability maintenance subsidies	25,220.92	Other income	25,220.92
Reduction and exemption for employing unemployed personnel for half a year	24,050.00	Other income	24,050.00
VAT exemption or reduction	18,000.00	Other income	18,000.00
Employment subsidies for the disabled	16,080.00	Other income	16,080.00
Financial subsidies of Administration Committee of Yuhang Development Zone	10,000.00	Other income	10,000.00
Special fund for open economy development of the District in 2020	9,000.00	Other income	9,000.00
2019 innovation voucher subsidies	8,000.00	Other income	8,000.00
Energy double control assessment incentives	6,307.91	Other income	6,307.91
Corporate Culture Club awards and subsidies	30,000.00	Non-operating income	30,000.00
Subsidies for early scrapping of diesel vehicles under China III vehicle emission standards	13,000.00	Non-operating income	13,000.00

VIII. Consolidation Scope Changes

There is no change in the scope of consolidation

IX. Interests in Other Entities

1. Interests in a subsidiary

(1) Composition of enterprise group

Subsidiary name	Main operation site	Registration place	Business nature	Shareholding ratio		Way of obtaining
				Direct	Indirect	
Beijing ROBAM Electric Appliance Sales Co., Ltd.	Beijing	Beijing	Sales of kitchen electric appliance products	100.00%		Business combination under common control
Shanghai ROBAM Electric Appliance Sales Co., Ltd.	Shanghai	Shanghai	Sales of kitchen electric appliance products	100.00%		Business combination under common control
Hangzhou Mingqi Electric Co., Ltd.	Hangzhou	Hangzhou	Sales of kitchen electric appliance products	100.00%		Acquisition by establishment
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of kitchen electric appliance products	51.00%		Acquisition by investment
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Shengzhou	Shengzhou	Production and sales of kitchen electric appliance products	51.00%		Business combination not under common control
Hangzhou ROBAM Fuchuang Investment Management Co., Ltd.	Hangzhou	Hangzhou	Assets and investment management	100.00%		Acquisition by establishment
Zhejiang	Shengzhou	Shengzhou	Intelligent		35.70%	Acquisition by

Cooking Future Technology Co., Ltd.			kitchen design			establishment
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Note: The basis that the Company holds half or less of the voting rights of Zhejiang Cooking Future Technology Co., Ltd., but still controls Zhejiang Cooking Future Technology Co., Ltd. basis: since the Company forms a control relationship with Shengzhou Kinde, it also forms a control relationship with its holding subsidiary Zhejiang Cooking Future Technology Co., Ltd.

(2) Important non-wholly owned subsidiary

Unit: yuan

Subsidiary name	Minority shareholding ratio	Current profits and losses attributable to minority shareholders	Current dividends declared to minority shareholders	Ending balance of minority equity
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	49.00%	19,745,641.19	22,050,000.00	134,423,431.99
Zhejiang Cooking Future Technology Co., Ltd.	30.00%	-2,666,277.52		4,608,344.98

(3) Main financial information of important non-wholly owned subsidiaries

Unit: yuan

(1) Main financial information of important non-wholly owned subsidiaries

Subsidiary name	Year-end balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	215,540,936.45	309,621,535.16	525,162,471.61	204,306,095.17	35,111,747.76	239,417,842.93
Zhejiang Cooking Future Technology Co., Ltd.	18,295,624.97	1,856,306.24	20,151,931.21	4,790,781.30		4,790,781.30

(Continued)

Subsidiary name	Year-beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shengzhou Kinde Intelligent Kitchen Electric 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 Cooking Future Technology Co., Ltd.	23,647,941.39	56,337.05	23,704,278.44	305,536.79		305,536.79

(Continued)

Subsidiary name	Amount incurred in current year				Amount incurred in last year			
	Operating income	Net profit	Total comprehensive income	Cash flow from financing activities	Operating income	Net profit	Total comprehensive income	Cash flow from financing activities
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	279,090,651.50	37,631,627.30	37,631,627.30	50,456,257.24	276,441,382.99	54,536,423.58	54,536,423.58	125,090,042.97
Zhejiang Cooking Future Technology Co., Ltd.	360,328.16	-8,887,591.74	-8,887,591.74	-11,991,748.70		-751,258.35	-751,258.35	-615,581.14

2. Equity in joint venture arrangement or joint venture

(1) Important cooperative enterprises or joint ventures

Name of cooperative enterprise or joint venture	Main operation site	Registration place	Business nature	Shareholding ratio		Accounting treatment method of investment in cooperative enterprises or joint ventures
				Direct	Indirect	
De Dietrich Trade (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of kitchen appliances	51.00%		Equity method
Zhejiang Tingshuo Brand Operation Management Co., Ltd.	Hangzhou	Hangzhou	Retail industry	40.00%		Equity method

(2) Summary of financial information of unimportant cooperative enterprises and joint ventures

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Cooperative enterprise:	--	--
Total book value of investment	3,661,700.03	3,452,769.59
Total number of following items by shareholding ratio	--	--
- Net profit	208,930.44	-715,569.20
- Total comprehensive income	208,930.44	-715,569.20
Joint venture:	--	--
Total book value of investment	1,743,429.88	
Total number of following items by shareholding ratio	--	--
- Net profit	-256,570.12	
- Total comprehensive income	-256,570.12	

X. Risks Associated with Financial Instruments

The main financial instruments of the Company include accounts receivable, accounts payable, etc. The detailed description of the financial instruments is shown in Note VI. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company shall manage and monitor

these risk exposures to ensure that the above risks are controlled within the limited scope.

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

The Company's risk management is to strike an appropriate balance between risks and benefits, minimize the negative impact of risks on the Company's business performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Company's risk management is to determine and analyze various risks faced by the Company, establish an appropriate bottom line for risk tolerance, make risk management and timely and reliably supervise various risks to control the risks within the limited scope.

(1) Market risk - price risk

The Company sells the products at market prices and are therefore subject to fluctuations in these prices.

(2) Credit risk

the largest credit risk exposure that may cause financial losses of the Company on December 31, 2021 mainly comes from the loss of financial assets of the Company caused by the failure of the other party to fulfill its obligations, including the book value of financial assets recognized in the consolidated balance sheet.

In order to reduce credit risks, the Company shall assign special personnel to determine the credit limit, conduct credit examination and approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. Moreover, the Company shall review the recovery of each single receivable on each balance sheet date to ensure that adequate bad debt provisions are withdrawn for unrecoverable amounts. Therefore, the Company's management believes that the Company's credit risk has been greatly reduced.

The Company's working capital is deposited in banks with high credit rating, so the credit risk of working capital is low.

There is no significant credit concentration risk due to the Company's risk exposure to multiple parties and customers.

The Company has adopted the necessary policies to ensure that all sales customers have good credit records. The Company has no significant credit concentration risk.

Total amount of the top 5 accounts receivable: 1,228,565,365.21 yuan.

Total amount of the top 5 other receivables: 52,312,804.25 yuan.

(3) Liquidity risk:

The risk that the Company is unable to perform its financial obligations at maturity. The Company manages its liquidity risk by ensuring that it has sufficient liquidity to meet maturing obligations without causing unacceptable losses or damage to the credibility of the business. The management of the Company has conducted a detailed inspection on the working capital of the Company and regularly analyzed the debt structure, term and bank line of credit to ensure sufficient funds. The conclusion is that the Company has sufficient funds to meet the needs of the Company's short-term debts and capital expenditures. The financial assets and financial liabilities held by the Company are analyzed as follows according to the maturity of undiscounted remaining contractual obligations:

Amount on December 31, 2021:

Item	Within one year	One to two years	Two to five years	More than five years	Total
Financial assets					
Monetary capital	3,802,201,346.55				3,802,201,346.55
Trading financial assets	2,872,312,500.00				2,872,312,500.00
Notes receivable	1,330,193,894.82				1,330,193,894.82
Accounts receivable	1,597,692,860.90				1,597,692,860.90
Other receivables	73,487,381.46				73,487,381.46
Financial liabilities					
Short-term borrowing	29,616,655.41				29,616,655.41
Notes payable	962,665,463.99				962,665,463.99
Accounts payable	2,181,900,261.00				2,181,900,261.00
Other payables	267,781,215.06				267,781,215.06
Payroll payable	165,177,425.08				165,177,425.08
Other current liabilities	124,284,081.56				124,284,081.56
Non-current liabilities due within a year	5,387,591.43				5,387,591.43
Lease liabilities		5,861,635.26	9,596,932.61	10,718,466.42	26,177,034.29

(4) Sensitivity analysis of foreign exchange risk

The Company's exchange rate risk is mainly related to US dollar, Euro, Hong Kong dollar and other currencies. The foreign exchange risk borne by the Company is mainly related to USD (which shall be modified according to the actual situation), and the main business activities of the Company are denominated and settled in RMB. As of December 31, 2021, the Company's assets and liabilities were RMB balance, except the foreign currency balance of the assets and liabilities in Note "VI. 54 Foreign currency monetary items". The foreign exchange risks arising from the assets and liabilities of such foreign currency balance may have an impact on the Company's business performance.

The Company pays close attention to the exchange rate movement on its foreign exchange risks, and has not taken any measures to avoid foreign exchange risks.

XI. Fair Value Disclosure

1. Ending fair value of assets and liabilities measured with fair value

Unit: yuan

Item	Ending fair value			
	Measurement of fair value at the first level	Measurement of fair value at the second level	Measurement of fair value at the third level	Total
I. Continuous fair value measurement	--	--	--	--
(I) Trading financial assets			2,872,312,500.00	2,872,312,500.00
1. Financial assets measured with fair value and with the changes included in current profit and loss			2,872,312,500.00	2,872,312,500.00
(III) Other equity instrument investments			2,116,023.22	2,116,023.22
Total assets continuously measured at fair value			2,874,428,523.22	2,874,428,523.22
II. Non-continuous fair value measurement	--	--	--	--

2. Continuous and non-continuous measurement items of fair value at third level, qualitative and quantitative information on valuation techniques adopted and important parameters

Item	December 31, 2021 Fair value	Valuation technique	Significant unobservable value	Relationship between unobservable value and fair value
Bank financial products	2,872,312,500.00	Best estimate of fair value	Investment cost	—
Shanghai MXCHIP Information Technology Co., Ltd.	2,116,023.22	Best estimate of fair value	Investment cost	—

Due to the deterioration of the business environment, business conditions and financial conditions of the invested enterprise Suzhou Industrial Park Ruican Investment Enterprise (limited partnership), the Company takes zero yuan as a reasonable estimate of the fair value for measurement.

XII. Related Parties and Related Transactions

1. Parent company of the Company

Parent company name	Registration place	Business nature	Registered capital	Shareholding ratio of the parent company in the Company	Voting right ratio of the parent company in the Company
Hangzhou ROBAM Industrial Group Co., Ltd.	Hangzhou, Zhejiang	Investment and industrial management	RMB 60 million	49.68%	49.68%

2. Situation of other related parties

Name of other related parties	Relationship of other related parties with the Company
Hangzhou Amblem Kitchenware Co., Ltd.	Controlled by the same final controller
Hangzhou Yuhang ROBAM Gas Station Co., Ltd.	Controlled by the same final controller
Hangzhou Nbond Nonwoven Co., Ltd.	Controlled by the same final controller
Hangzhou Yuhang Matt Spray Painting Factory	Other related parties
Garden Hotel Hangzhou	Other related parties
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Controlled by the same final controller
Shaoxing Kinde Electric Appliance Co., Ltd.	Other related parties
Hangzhou Guoguang Touring Commodity Co., Ltd.	Controlled by the same final controller
Hangzhou seasons Technology Co., Ltd.	Controlled by the same final controller

3. Related transaction

(1) Related transaction of purchases and sales of goods, provision and acceptance of services

Purchase of goods/acceptance of services

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Whether the transaction quota is exceeded	Amount incurred in previous period
Hangzhou Yuhang Matt Spray Painting Factory	Labor receiving	9,560,985.98	No	11,303,674.25
Hangzhou seasons Technology Co., Ltd.	Product purchase	6,339,452.12	No	

Hangzhou Amblem Kitchenware Co., Ltd.	Product purchase	1,846,329.38	No	1,814,159.29
Hangzhou Yuhang ROBAM Gas Station Co., Ltd.	Product purchase	854,444.59	No	678,662.70
Garden Hotel Hangzhou	Labor receiving	201,474.34	No	
Hangzhou Guoguang Touring Commodity Co., Ltd.	Product purchase	94,897.35	No	857,890.96
Hangzhou Nbond Nonwoven Co., Ltd.	Product purchase	86,436.20	No	67,343.18
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Product purchase	424.78	No	2,019,569.34

Selling commodities/offering labor

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Amount incurred in previous period
Hangzhou Amblem Kitchenware Co., Ltd.	Selling goods	11,650,995.14	6,079,306.17
Shaoxing Kinde Electric Appliance Co., Ltd.	Selling goods		1,955,652.51
De Dietrich Trade (Shanghai) Co., Ltd.	Selling goods	1,190,969.50	

Related transaction of purchases and sales of goods, provision and acceptance of services

(2) Related-party lease

The Company as the lessor:

Unit: yuan

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Hangzhou ROBAM Industrial Group Co., Ltd.	House	28,800.00	28,800.00

The Company as the lessee:

Unit: yuan

Name of lessor	Type of leased assets	Lease fee recognized in the current period	Lease fee recognized in the previous period
Hangzhou ROBAM Industrial Group Co., Ltd.	House	550,024.57	550,024.57

6. Accounts receivable and payable by related parties

(1) Payables

Unit: yuan

Item name	Related party	Year-end balance	Year-beginning balance
Accounts payable	Hangzhou Yuhang Matt Spray Painting Factory	3,543,430.78	3,182,779.20
Accounts payable	Hangzhou Yuhang ROBAM Gas Station Co., Ltd.	1,723,356.74	2,257,834.37
Accounts payable	Hangzhou Guoguang Touring Commodity Co., Ltd.	23,605.20	22,336.73
Other payables	Hangzhou Yuhang Matt Spray Painting Factory	200,000.00	200,000.00
Other payables	Hangzhou Guoguang Touring Commodity Co., Ltd.	2,000.00	2,000.00

XIII. Share-based Payment

Applicable Not applicable

XIV. Commitment and Contingencies

1. Important commitment issues

Important commitments on balance sheet date

Investment commitments to subsidiaries and associated companies

Shengzhou Kinde, a subsidiary of the Company, has committed to invest 35 million yuan in Cooking Future. At present, 17.5 million yuan has been paid in, accounting for 70% of the equity, and 17.5 million yuan has not been paid.

The Company has committed to invest 4 million yuan in Tingshuo Brand, an associated company of the Company. At present, 2 million yuan has been paid in, accounting for 40% of the equity, and 2 million yuan has not been paid. Except for the above commitments, the Company has no other major commitments as of the date of presentation of the financial statements.

XV. Contingencies

(1) Important contingencies on balance sheet date

The Company had no significant contingencies to be disclosed as of December 31, 2021.

(2) Explanation even if the Company has no important contingencies to be disclosed

The Company has no important contingencies to be disclosed.

XVI. Post-balance Sheet Events

1. Stock option incentive plan

On March 31, 2022, the 9th meeting of the Fifth Board of Directors of the Company deliberated and approved the Company's "2022 Stock Option Incentive Plan (Draft)". The incentive plan mainly takes the operating income from 2022 to 2024 as the performance evaluation target, and provides stock option incentive to 285 middle management and core technology (business) backbones working in the Company (including subsidiaries), with an exercise price of 29.27 yuan/share. The above proposals need to be submitted to the general meeting of shareholders of the Company for deliberation.

2. Dividend distribution

At the Company's 10th meeting of the Fifth Board of Directors on April 19, 2022, the Profit Distribution Plan for 2021 was approved. Based on the total share capital of 944,094,916 as of December 31, 2021 (the existing total share capital is 949,024,050 shares, excluding 4,929,134 shares repurchased), the Company intends to pay a cash dividend of 5.00 yuan (tax included) per 10 shares to all shareholders, for a total of 472,047,458.00 yuan. The proposal needs to be reviewed and approved by the general meeting of shareholders.

The Company had no other important matters to be disclosed as of December 31, 2021.

XVII. Notes on Main Items of Parent Company's Financial Statement

1. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Accounts receivable of provision for bad debt by single item	628,127.248.06	29.39%	551,636.286.07	87.82%	76,490,961.99	11,250,779.60	1.13%	8,407,639.24	74.73%	2,843,140.36
Where:										
Accounts receivable of provision for bad debt by combination	1,509,321,539.72	70.61%	89,120,674.12	5.90%	1,420,200,865.60	984,599,159.57	98.87%	53,832,390.64	5.47%	930,766,768.93
Where:										
Combination of related party	13,799,399.00	0.64%			13,799,399.00	26,572,541.50	2.67%			26,572,541.50
Accounts receivable of provision for bad debt by expected credit loss	1,495,522,140.72	69.97%	89,120,674.12	5.96%	1,406,401,466.60	958,026,618.07	96.20%	53,832,390.64	5.62%	904,194,227.43

combination based on aging features										
Total	2,137,448,787.78	100.00%	640,756,960.19	29.98%	1,496,691,827.59	995,849,939.17	100.00%	62,240,029.88	6.25%	933,609,909.29

Provision for bad debt by single item:

Unit: yuan

Name	Ending balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Group 1	470,382,848.12	470,382,848.12	100.00	Debt default
Group 2	59,399,471.06	11,879,894.24	20.00	Debt extension
Group 3	28,751,367.91	20,125,957.56	70.00	It is not expected to recover it all
Group 4	1,088,119.72	761,683.82	70.00	It is not expected to recover it all
Group 5	15,877,599.20	11,114,319.42	70.00	It is not expected to recover it all
Group 6	5,149,548.81	3,604,684.17	70.00	It is not expected to recover it all
Group 7	6,093,423.82	4,265,396.62	70.00	It is not expected to recover it all
Group 8	2,341,043.43	1,638,730.40	70.00	It is not expected to recover it all
Group 9	25,413,389.42	17,789,372.60	70.00	It is not expected to recover it all
Group 10	11,010,781.52	7,707,547.07	70.00	It is not expected to recover it all
Group 11	1,773,645.05	1,773,645.05	100.00	Debt default
Summary of other companies	846,010.00	592,207.00	70.00	It is not expected to recover it all
Total	628,127,248.06	551,636,286.07	--	--

Provision for bad debt by combination: accounts receivable of provision for bad debt by expected credit loss combination based on aging features

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	1,282,814,618.48	64,140,730.92	5.00%
1~2 years	194,591,192.05	19,459,119.21	10.00%
2~3 years	13,593,353.21	2,718,670.64	20.00%
3~4 years	3,164,810.08	1,582,405.04	50.00%
4~5 years	692,092.95	553,674.36	80.00%

More than 5 years	666,073.95	666,073.95	100.00%
Total	1,495,522,140.72	89,120,674.12	--

Provision for bad debt by combination: accounts receivable of provision for bad debt by combination of related parties

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Combination of related party	13,799,399.00		
Total	13,799,399.00		--

Unit: yuan

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	1,908,295,189.63
Within 1 year (including 1 year)	1,908,295,189.63
1~2 years	208,042,636.08
2~3 years	14,075,028.57
More than 3 years	7,035,933.50
3~4 years	3,850,658.15
4~5 years	716,808.95
More than 5 years	2,468,466.40
Total	2,137,448,787.78

(2) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of accounts receivable	62,240,029.88	578,516,930.31				640,756,960.19
Total	62,240,029.88	578,516,930.31				640,756,960.19

(3) Receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Ending balance of accounts receivable	Proportion in total ending balance of accounts receivable	Ending balance of bad debt provision
Unit 1	632,520,806.39	29.59%	38,978,254.25
Unit 2	299,560,496.54	14.01%	299,560,496.54
Unit 3	95,125,955.20	4.45%	95,125,955.20
Unit 4	87,226,120.73	4.08%	4,361,306.04
Unit 5	64,153,667.97	3.00%	3,207,683.40
Total	1,178,587,046.83	55.13%	--

2. Other receivables

Unit: yuan

Item	Ending balance	Beginning balance
Other receivables	66,149,239.78	49,092,820.31
Total	66,149,239.78	49,092,820.31

1) Other receivables classified by nature

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Collection by third party	39,389,486.99	20,064,674.31
Deposit and margin	41,547,121.13	33,786,199.08
Associated contact	4,064,000.00	4,064,000.00
Withheld amount	2,646,050.39	2,256,187.63
Imprest	966,513.08	1,383,261.26
Other	6,021.99	3,199,125.99
Total	88,619,193.58	64,753,448.27

2) Provision for bad debt

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1,	15,660,627.96			15,660,627.96

2021				
Balance on January 1, 2021 in current period	—	—	—	—
Withdrawn in current period	6,809,325.84			6,809,325.84
Balance on December 31, 2021	22,469,953.80			22,469,953.80

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	57,509,276.34
Within 1 year (including 1 year)	57,509,276.34
1~2 years	4,670,203.22
2~3 years	3,781,771.82
More than 3 years	22,657,942.20
3~4 years	2,345,413.80
4~5 years	15,570,600.00
More than 5 years	4,741,928.40
Total	88,619,193.58

3) Provision, recovery or reversal of bad debt reserves in the current period

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of other receivables	15,660,627.96	6,809,325.84				22,469,953.80
Total	15,660,627.96	6,809,325.84				22,469,953.80

4) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Ending balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
Unit 1	Collection by third party	17,310,849.30	Within 1 year	19.53%	865,542.47
Unit 2	Unit security deposit	14,778,000.00	4~5 years	16.68%	11,822,400.00
Unit 3	Collection by third party	9,647,377.56	Within 1 year	10.89%	482,368.88
Unit 4	Collection by third party	7,533,207.76	Within 1 year	8.50%	376,660.39
Unit 5	Loan	4,064,000.00	More than 5 years	4.59%	4,064,000.00
Total	--	53,333,434.62	--	60.19%	17,610,971.74

3. Long-term equity investment

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	257,032,370.17	20,400,000.00	236,632,370.17	246,905,933.73	20,400,000.00	226,505,933.73
Investment in associated enterprises and joint enterprises	5,405,129.91		5,405,129.91	3,452,769.59		3,452,769.59
Total	262,437,500.08	20,400,000.00	242,037,500.08	250,358,703.32	20,400,000.00	229,958,703.32

(1) Investment in subsidiaries

Unit: yuan

Invested unit	Beginning balance (book value)	Increase or decrease in current period				Ending balance (book value)	Balance of impairment provision at the end of period
		Further investment	Capital reduction	Provision for impairment	Other		
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	162,320,000.00					162,320,000.00	
Hangzhou Mingqi Electric Co., Ltd.	51,901,780.81	126,436.44				52,028,217.25	
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	630,900.00					630,900.00	20,400,000.00
Shanghai ROBAM Electric Appliance Sales Co., Ltd.	5,838,272.10					5,838,272.10	
Beijing ROBAM Electric Appliance 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	10,126,436.44				236,632,370.17	20,400,000.00

(2) Investment in associated enterprises and joint enterprises

Unit: yuan

Invested entity	Beginning balance (book value)	Increase or decrease in current period								Ending balance (book value)	Balance of impairment provision at the
		Further investment	Capital reduction	Investment gains and losses	Adjustment of other comprehensive income	Changes in other equity	Declared payment of cash	Provision for impairment	Other		

				recogniz ed by the equity method			divide nds or profits				end of period
I. Cooperative enterprise											
De Dietrich Trade (Shangha i) Co., Ltd.	3,452,76 9.59			208,930. 44						3,661,70 0.03	
Subtotal	3,452,76 9.59			208,930. 44						3,661,70 0.03	
II. Joint venture											
Zhejiang Tingshuo Brand Operatio n Manage ment Co., Ltd.		2,000,00 0.00		-256,57 0.12						1,743,42 9.88	
Subtotal		2,000,00 0.00		-256,57 0.12						1,743,42 9.88	
Total	3,452,76 9.59	2,000,00 0.00		-47,639. 68						5,405,12 9.91	

4. Operating income and operating cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	9,034,839,040.01	4,512,516,514.28	7,371,735,814.27	3,327,933,213.49
Other businesses	249,392,105.48	45,025,643.79	158,693,150.69	47,551,519.54
Total	9,284,231,145.49	4,557,542,158.07	7,530,428,964.96	3,375,484,733.03

5. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
long-term equity investment gains measured by employing the equity method	-47,639.68	-715,569.20
Investment income from trading financial assets during the holding period	86,701,654.28	20,859,653.65
Dividend income from other equity instrument investments in the holding period		11,985,836.92
Other	22,950,000.00	
Total	109,604,014.60	32,129,921.37

XVIII. Further Information

1. Current non-recurring gain and loss statement

Applicable Not applicable

Unit: yuan

Item	Amount	Description
Profit and loss on disposal of non-current assets	-2,290,187.24	
Government subsidies included into the current profits and losses (except those government subsidies, which are closely related to the normal business of the Company, comply with national policies and regulations and continuously enjoyed in accordance with a certain standard quota or quantity)	65,893,969.94	
Reversal of impairment provision for receivables subject to separate impairment test	1,034,992.00	
Income and expenditure other than those mentioned above	-2,306,626.52	
Less: Amount affected by income tax	6,738,387.65	
Amount of minority shareholders' equity affected	735,018.14	
Total	54,858,742.39	--

2. Return on net assets and earnings per share

Reporting profit	Weighted average return on net assets	Earnings Per Share	
		Basic EPS (yuan/share)	Diluted EPS (yuan/share)
Net profit attributable to common shareholders of the Company	15.78%	1.41	1.41
Net profit attributable to common shareholders of the Company after deduction of non-recurring	15.13%	1.35	1.35

profits and losses			
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3. Differences in Accounting Data under Domestic and Foreign Accounting Standards

(1) Differences between net profits and net assets in financial statements disclosed according to the International Accounting Standards (IAS) and Chinese Accounting Standards simultaneously

Applicable Not applicable

(2) Differences between net profits and net assets in financial statements disclosed according to the Overseas Accounting Standards and Chinese Accounting Standards simultaneously

Applicable Not applicable

(3) Causes for differences in accounting data under domestic and foreign accounting standards. If the difference adjustment has been made to the data audited by the overseas audit institution, the name of the overseas audit institution shall be indicated

4. Other