

Hangzhou Robam Appliances Co., Ltd.

2020 Full Annual Report



April 2021

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 the annual report.

All the directors attended the board meeting during which they reviewed this report.

The Company has risks such as 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: based on the total share capital of 949,024,050.00 shares, the Company will send cash dividends of 5 yuan (tax inclusive) and 0 bonus share (tax inclusive) to all shareholders for every 10 shares, and instead of converting capital reserve into share capital.

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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.
The Group	Refers to	Robam Appliances, Mingqi, Beijing ROBAM Electric Appliance Sales Co., Ltd., Shanghai Robam Electric Appliance Sales Co., Ltd. and Kinde Intelligent
Robam Group	Refers to	Hangzhou Robam Industrial Group Co., Ltd., controlling shareholder of the Company
Reporting period	Refers to	Year 2020
AVC	Refers to	Beijing All View Cloud Data Technology Co., Ltd.

Section 2 Company Profile and Main Financial Indicators

I. Company Profile

Stock abbreviation	Robam	Stock code	002508
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	Hangzhou Robam Appliances Co., Ltd.		
Chinese abbreviation of the Company	HANGZHOU ROBAM APPLIANCES CO.,LTD.		
Company name in foreign language (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		
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/		
E-mail	robam@robam.com		

II. Contact Person and Contact Information

	Secretary of the Board	Representative on Securities Matters
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
E-mail	wg@robam.com	jy@robam.com

III. Information Disclosure and Place of Preparation

Name of media selected by the Company for information disclosure	<i>Securities Times, China Securities Journal, Securities Daily, Shanghai Securities News</i>
URL of Website designated by China Securities Regulatory Commission for annual report	http://www.cninfo.com.cn
Place of preparation of the Company's annual	Board office

report	
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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

	2020	2019	Increase/decrease this year compared to the previous year	2018
Operating income (yuan)	8,128,620,799.31	7,760,581,855.53	4.74%	7,424,885,274.14
Net profits attributable to shareholders of listed companies (yuan)	1,660,749,958.89	1,589,814,847.80	4.46%	1,473,579,665.62
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses (yuan)	1,584,584,566.83	1,516,979,830.78	4.46%	1,390,626,550.21
Net cash flow from operating activities (yuan)	1,537,299,958.71	1,555,220,926.90	-1.15%	1,508,960,311.29
Basic EPS (yuan/share)	1.75	1.68	4.17%	1.55
Diluted EPS (yuan/share)	1.75	1.68	4.17%	1.55

Weighted average return on net assets	22.39%	25.10%	Decreased by 2.71%	26.40%
	End of 2020	End of 2019	Increase/decrease at the end of this year compared to the end of the previous year	End of 2018
Total assets (yuan)	12,457,568,276.25	10,651,922,572.87	16.95%	9,455,361,508. 83
Net assets attributable to shareholders of listed companies (yuan)	8,050,626,815.35	6,864,388,881.46	17.28%	6,045,384,387. 57

VII. Accounting data difference 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

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	1,265,689,550.31	1,945,482,785.48	2,415,077,732.21	2,502,370,731.31
Net profits attributable to shareholders of listed companies	245,010,424.02	367,306,825.27	510,521,854.21	537,910,855.39
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses	189,293,064.42	362,027,367.63	505,555,890.56	527,708,244.22
Net cash flow from operating activities	-244,718,331.36	652,405,464.92	533,264,051.72	596,348,773.43

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 2020	Amount in 2019	Amount in 2018
Profits and losses on the disposal of non-current assets (including the write-off part of the provision for asset impairment)	-422,706.54	-158,607.19	-27,525.06
Government subsidies included into the current profits and losses, except those government subsidies, which are closely related to the business of a company and enjoyed in accordance with a certain standard quota or quantity of the state	91,184,657.20	88,113,806.09	98,235,805.08
Profits and losses from investment or management assets entrusted to others			285,386.29
Income and expenditure other than those mentioned above	-2,965,479.76	-1,884,306.56	1,916,399.82
Less: Amount affected by income tax	11,202,215.16	13,290,725.11	17,276,844.91
Amount of minority shareholders' equity affected (after tax)	428,863.68	-54,849.79	180,105.81
Total	76,165,392.06	72,835,017.02	82,953,115.41

Explain the non-recurrent profit and loss items defined by the Company according to the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses* and defined from the 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*

Applicable Not applicable

No definition of non-recurrent profit and loss items defined and enumerated in the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses* as non-recurrent profit and loss items during the reporting period.

Section 3 Business Summary

I. Main Business of the Company during Reporting Period

(I) Main business

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, sterilizer cabinets, steam ovens, ovens, steam oven-ovens, dishwashers, water purifiers, water heaters, microwaves, integrated hobs and integrated sink. 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 23 years and the world for six consecutive years.

(II) Development Stage of Industry

According to the *National Economic and Social Development Statistics Bulletin 2020* issued by the National Bureau of statistics, by the end of 2020, the urbanization rate of the country's permanent population was more than 60%. According to the 14th Five-Year Plan and outline goal of 2035, the urbanization rate of the country's permanent population during the 14th Five-Year Plan will reach 65%. It could be predicted that China's urbanization rate would still achieve a rapid growth, and urbanization construction will shift to a stage of high-quality development in the next few years. Thanks to the increasing urbanization rate, there is still a huge space in the kitchen appliance industry. Due to the influence of COVID-19 in 2020, the kitchen appliance industry was impacted to some extent, but the long-term development trend was not changed. On the other hand, the stock market demand gradually emerged, the new market and the stock market will jointly support the future development of kitchen industry.

According to the data from AVC, in 2020, the annual retail volume of range hoods was 22.83 million, representing a year-on-year decrease of 7.6%, and the amount of retail sales was 31.95 billion yuan, representing a year-on-year decrease of 9.3%. The retail volume of gas hobs was 28.039 million units, representing a year-on-year decrease of 8.1%, and the amount of retail sales was 18.84 billion yuan, representing a year-on-year decrease of 5.9%. The retail volume of steam oven-oven was 12.63 million units, representing a year-on-year increase of 12.3%, and the amount of retail sales was 7.17 billion yuan, representing a year-on-year increase of

11.2%. The retail volume of dishwasher was 1.919 million units, representing a significant year-on-year increase of 31.0%, and the amount of retail sales was 8.70 billion yuan, representing a year-on-year increase of 25.3%. The retail volume of sterilizer cabinet was 5.598 million units, representing a year-on-year increase of 4.3%. In the meantime, the uncertainty of kitchen appliance industry is increased, which is reflected on brand. The revenue and growth rate begin to differentiate. Brand concentration degree is promoted further and Matthew effect highlights. Affected by various factors, such as epidemic situation, rising cost of raw materials, industry shuffling accelerated. According to online and offline monitoring data of AVC, there were 339 online market brands in 2020, representing a year-on-year decrease of 78, and 202 offline market brands, representing a year-on-year decrease of 15.

From the perspective of category development, in addition to the continuous innovation of traditional categories of products such as range hood and gas hob, the steam oven-oven and dishwasher also ushered in rapid growth. The improvement of kitchen life experience is still the unremitting pursuit of the whole industry, and the future kitchen appliance market is still the most promising market in the whole home appliance industry. The evolution and innovation of kitchen appliance products is accelerating, especially under the influence of epidemic, health, intelligence, integration and scene have become the key words of product development, which are mainly manifested in three aspects: 1. The single product's iteration is accelerated, and the product form turns to diversity and stronger function; 2. The whole kitchen solution, represented by series and whole kitchen, is heating up. 3. The health related products, represented by the dishwasher, sterilizer cabinet, built-in steam oven-oven, sell well. In the short term, integrated technology products will focus on solving the contradiction between people's demand for the expansion of kitchen appliances and kitchen space. Integrated products have been more and more recognized by consumers. In the long run, artificial intelligence, Internet of Things and other technologies will lead the upgrade of intelligent products and the transformation of kitchen appliance industry.

II. Significant Changes in Prime Assets

1. Significant Changes in Prime Assets

Prime assets	Significant changes
Equity assets	No significant change during the reporting period
Fixed assets	No significant change during the reporting period

Intangible assets	No significant change during the reporting period
Construction in progress	The construction in progress increased by 70.24% year on year in the reporting period, which was mainly caused by the increased infrastructure investment in Maoshan Intelligent Manufacturing Park in the current year.

2. Major overseas assets

Applicable Not applicable

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". 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 "create 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 six consecutive years from 2015 to 2020. In 2020, Robam has been rated as one of the "BrandZ Top 100 Most Valuable Chinese Brands" for 7 consecutive years, and ranks first in the kitchen appliance industry with a brand value of \$948 million. In addition, Robam has been awarded the "Top 500 Asian Brands" for 15 consecutive years.

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. At present, the research and development team has more than 700 members and has led the establishment of several important industry standards. The R&D investment has been continuously increased year on year. In 2020, the Company applied for 744 patents, including 161 invention patents, and 418 authorized patents, including 14 invention patents. From the hardware side, the Company upholds the craftsman spirit of excellence, promotes the comprehensive multi-dimensional improvement of first, second and third category; As for the software side, the Company explores the development of AI-IoT intelligent IOT platform, focuses on the application of AI intelligent cooking curve, to improve the soft power of kitchen appliances.

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. It looks at global manufacturing and becomes a first-class manufacturing benchmark in China. In addition, informatization, as the subject of the Company's promotion of "in-depth integration of informatization and industrialization", 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.

Section 4 Discussion and Analysis on Business Conditions

I. Overview

In 2020, the kitchen appliance industry was greatly affected by COVID-19 in the first half of the year and recovered significantly in the second half of the year. At the same time, the performance of various channels was significantly differentiated. In terms of retail channel, due to the limited offline consumption caused by epidemic, retail sales decreased significantly, 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 16.7% and 18.1% respectively compared with the same period of last year, which have declined by a large proportion for three consecutive years. In terms of e-commerce channel, due to the obvious improvement of consumers' online shopping intentions, sales in e-commerce channel showed an upward overall trend, 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 9.1% compared with the same period of last year. In terms of engineering channel, according to the 2020 annual report on kitchen appliance products in China's real estate refined decoration market (hereinafter referred to as "All View refined decoration report"), the market of refined decoration kitchen appliances in 2020 decreased by 0.2% year on year, showing a stable overall trend.

The Company, as the industry leader, closely focused on the annual business philosophy of "practice internal skills and go through the period, strive for progress in stability and promote growth - strengthen products, seize the market", and paid close attention to COVID-19 prevention and control and actively promoted the iteration of products of various categories and groups, to continuously increase the market share. In 2020, the Company realized an operating revenue of 8.129 billion yuan, with a year-on-year growth of 4.74%, and realized a net profit attributable to the parent company of 1.661 billion yuan, with a year-on-year increase of 4.46%, which are obviously better than the industry average.

According to the All View offline report, as of December 31, 2020, 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 electrical steam oven	Built-in steam oven-oven	Built-in electric oven	Built-in dishwasher
28.30%	25.80%	21.20%	24.50%	31.50%	34.10%	9.60%
1	1	2	1	2	2	4

According to the All View online report, as of December 31, 2020, 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	Two sets of smoke cooker	Range hood	Gas hobs	Built-in electrical steam oven	Built-in steam oven-oven	Built-in sterilizer cabinet	Built-in dishwasher
28.00%	28.80%	16.00%	8.5%	21.5%	11.40%	10.10%	4.3%
1	1	3	4	2	3	3	5

According to the All View refined decoration report, as of December 31, 2020, the market share of ROBAM in refined decoration channel was 35.0%, ranking first in the industry.

In 2020, the technology sector has made remarkable achievements in new product development, talent training, technology patents, standard formulation and other aspects. With the persistence of the craftsman spirit, we have harvested technology-driven achievements. Through project management, product management, quality management, the Company promoted the multi-dimensional improvement of product hardware performance, appearance form and user experience and other multi-dimensional improvement, launched the industry innovation product double-cavity range hood 8235S; new steam oven-oven CQ975 with extreme performance; dishwasher 775A and 776X which are more suitable for Chinese cooking cleaning. Integrated range hood 5908S+90B8Z, dual chamber oven RQ035 and dishwasher W735 won AWE2020 Appleland Excellent Product Award. At the same time, the Company explored the development of AI-IoT intelligent Internet of Things platform, focused on the application of AI intelligent cooking curve, to enhance the soft power of kitchen electricity products. In addition, the Company continually introduced high-level technical personnel and implemented delicacy management, to improve the construction of technical personnel echelon. The Company paid attention to the quality and efficiency of R&D, continuously optimizes the product development cycle and improves the success rate of product launch, and reserves core technologies for intelligence and integration. In 2020, the Company applied for 744 patents, including 161 invention patents, and 418 authorized patents, including 14 invention patents. In addition, the Company led the development of 7 standards, including 2 industry standards, 4 group standards, 1 Zhejiang manufacturing standard, and participated in the development of 16 standards. The R&D innovation ability has been recognized by the industry, won the Science and Technology Award of China National Light Industry Council, Science and Technology Progress Award of Zhejiang Province, Second Prize for Quality Technology Award of China Quality Association.

In 2020, the marketing sector adhered to the high-end positioning of the brand, took consumers as the starting point and products as the starting point, continued to promote the transformation from channel-driven to product-driven, built product matrix and coordinate channel resources. In terms of retail channel, the Company focused on the sales strategy of "Robam Four-piece suit", which is a set of series products. The matching rate of second and third product groups

increased rapidly. The Company further optimized KA layout and flat store system construction to improve operational efficiency. In terms of e-commerce channel, the Company centered on the idea of "deep category operation, reconstructing user value and strengthening brand building", gave full play to the advantages of the first product group, empowered the growth of the second and third product groups, and excavated the stock value to improve the operational efficiency. In terms of project channels, the Company enriched customer echelon, optimized customer structure, adjusted product structure, gradually improved the permeability of each category, and further promoted central range hood CCS. In terms of innovate channel, the Company cooperated with industry leading company of whole house customization companies and home decoration companies to carry out comprehensive cooperation, directing to the front of consumption, and contributing to the rapid promotion of new and old categories. In terms of overseas channel, the Company actively responded to the great challenges brought by the pandemic, strengthened the positioning of "global high-end kitchen leader", steadily advanced the brand internationalization process, and gradually expanded the global influence of the brand.

In 2020, the production sector deepened intelligent manufacturing with the carrier of automation and information, fully realized online digitization, becoming one of the manufacturing benchmarks with the strongest comprehensive competitiveness in China's manufacturing industry. In terms of supply chain, the Company continued to improve the whole process of efficient logistics system and supplier ecosystem construction, to achieve procurement cost reduction and accurate delivery; In terms of manufacturing capacity, the Company took value-driven as the main line and strengthened lean manufacturing system management, realizing efficient operation of the whole value chain and strove for building an intelligent benchmark factory in the industry; In terms of new product development ability, through the linkage of new product supply chain, the Company shorten the development cycle to ensure the timely delivery of new products; In terms of organization and operation, the Company emphasized the company culture, and organize the construction of a talent system. With the theme of "future cooking, digital intelligent manufacturing", Jiutian center digital platform and zero point manufacturing of Robam appliance were successfully released, marking the official use of unmanned factory. From building of the industry model of replacing people with machine in 2012, to building of the industry's first digital intelligent manufacturing base in 2015, then to building of the industry's first unmanned factory in November 2020, the Company has experienced a gradual transition from local machine replacement to in-depth integration of "informatization and industrialization". It has been successively selected into the "2016 Intelligent Manufacturing Pilot Demonstration Project", "2018 Manufacturing and Internet Integration Development Pilot Demonstration Project" and the first batch of "Future Factory" in Zhejiang Province. Moreover, Maoshan Intelligent Manufacturing Park project of the Company was also constructed smoothly. After completion, it would promote the

iterative upgrading of products and intelligent upgrading of manufacturing and lay a solid foundation for the Company's long-term development.

In 2020, based on the concept of "creating a new Chinese kitchen", the Company carries out brand system construction from multiple dimensions such as products, channels and activities, so as to build the No. 1 brand of high-end kitchen appliances in China that understands Chinese cooking best. From product perspective, relying on "stronger performance, better space, more functions" as the hardware threshold, with the world's largest Chinese cooking AI curve database as software support, the Company devoted itself to creating the brand potential energy of "China's new kitchen, Robam four-piece suit". From channel perspective, the Company relied on multiple channels work together to promote brand building. The new visual image of offline stores was fully covered, and the electronic scene application manual 2.0 version of online stores was newly launched. The brand terminal image was strengthened. From the activity perspective, the Company successfully held the "conference on the consumption trends of new kitchen in China and conference on launch of new Chinese cuisine product of Robam" and issued the *White Paper on China's new kitchen (2020 version)*, aiming to set up standards of China's new kitchen and explore consumption trends of new kitchen in China through the study on Chinese families and Chinese cooking way. At the same time, the Company successfully held China Dishwasher Festival and carried out theme activities such as Family Feast, Yearning Kitchen Festival, Kitchen Carnival Season and Comprehensive Cooking Day, etc. In addition, the Company served as the food creation officer of "Yearning Life 4" and "Chinese Restaurant 4", interpreting Chinese cooking and delivering Chinese flavor; The Company has also become the exclusive supplier of official kitchen appliances for the 2022 Asian Games in Hangzhou, to support the publicity and promotion of the Games and to help the construction of the Asian Games.

In 2020, Mingqi Company focused on transformation and change, to improve the layout of kitchen products and meet the diversified needs of users. The Company created a new retail model, integrated online and offline development, and optimized the consumption experience. Kinde archived a reversal growth under the influence of COVID-19. The development of intelligent integrated kitchen ecological industrialization project was progressing smoothly, after completion, it would enhance the R&D and production capacity of integrated series products.

In 2020, the Company continued to be recognized by the capital market in terms of corporate governance, internal management and shareholder returns, and won "Best Board of Directors in Small and Medium Enterprise Board", "Best New Media Operation in Small and Medium Enterprise Board", "Best Investment Company Award", "Best Director Secretary in Small and Medium Enterprise Board" in the 11th China listed company investor relations Tianma Award, organized by Securities Times; The Company also gained "Top 50 Listed Enterprise in Small and Medium Enterprise Board in Terms of Value", "Top 10 Best Management Team Among the Listed Enterprises in Small and Medium

Enterprise Board” and “Outstanding Director Secretary in Listed Company for Information Disclosure” in 14th China listed company value selection. The Company has been always adhered to kitchen domain, to support long-term value investment.

II. Main business analysis

1. Overview

See “I. Overview” in “Discussion and Analysis of Operation”.

2. Revenue and Costs

(1) Operating income composition

Unit: yuan

	2020		2019		Year-on-year increase/decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	8,128,620,799.31	100%	7,760,581,855.53	100%	4.74%
By industry					
Home and kitchen & bath appliances	7,950,757,663.78	97.81%	7,589,302,689.33	97.79%	4.76%
Other operating income	177,863,135.53	2.19%	171,279,166.20	2.21%	3.84%
By product					
First category:					
Range hood	4,109,720,518.81	50.56%	4,081,545,017.88	52.59%	0.69%
Gas hobs	1,917,138,716.95	23.59%	1,843,440,109.62	23.75%	4.00%
Sterilizer cabinet	558,934,801.48	6.88%	560,848,048.70	7.23%	-0.34%
Second Category:					
Steam oven-oven	377,875,190.46	4.65%	127,740,642.01	1.65%	195.81%
steam oven	188,586,242.66	2.32%	245,373,245.51	3.16%	-23.14%
Oven	118,200,187.42	1.45%	140,846,016.00	1.81%	-16.08%
Third category:					
Dishwasher	223,781,076.46	2.75%	138,025,125.30	1.78%	62.13%

Water purifier	61,458,853.99	0.76%	77,528,039.72	1.00%	-20.73%
Water heater	56,885,678.02	0.70%	42,644,066.19	0.55%	33.40%
Others:					
Integrated hob	259,062,761.51	3.19%	211,906,015.61	2.73%	22.25%
Other small home appliances	79,113,636.02	0.97%	119,406,362.79	1.54%	-33.74%
Other operating income	177,863,135.53	2.19%	171,279,166.20	2.21%	3.84%
By region					
East China - main products	3,660,037,066.87	45.03%	3,295,823,380.45	42.47%	11.05%
East China - other	177,863,135.53	2.19%	171,279,166.20	2.21%	3.84%
South China	1,166,738,209.66	14.35%	1,110,071,492.74	14.30%	5.10%
Central China	798,608,093.61	9.82%	808,538,868.51	10.42%	-1.23%
North China	859,966,194.92	10.58%	906,014,918.04	11.67%	-5.08%
Northeast China	417,632,137.86	5.14%	416,692,738.11	5.37%	0.23%
Northwest China	366,186,500.24	4.50%	390,575,627.50	5.03%	-6.24%
Southeast China	644,756,608.57	7.93%	618,037,810.38	7.96%	4.32%
Overseas regions	36,832,852.05	0.45%	43,547,853.60	0.56%	-15.42%

(2) Industries, products or regions 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	8,128,620,799.31	3,563,206,930.87	56.16%	4.74%	0.41%	1.89%
By product						
Range hood	4,109,720,518.81	1,660,664,394.98	59.59%	0.69%	-2.03%	1.12%
Gas hobs	1,917,138,716.95	783,340,061.78	59.14%	4.00%	-3.40%	3.13%

By region						
East China	3,660,037,066.87	1,548,939,686.79	57.68%	11.05%	7.20%	1.52%
South China	1,166,738,209.66	546,692,231.16	53.14%	5.10%	-3.37%	4.11%
North China	859,966,194.92	350,372,950.55	59.26%	-5.08%	-4.93%	-0.07%

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	2020	2019	Year-on-year increase/decrease
Home and kitchen & bath appliances	Sales volume	Unit	6,952,763	6,748,364	3.03%
	Production output	Unit	7,056,783	6,858,755	2.89%
	Inventory	Unit	2,222,055	2,118,035	4.91%

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

Applicable Not applicable

(4) Performance of major sales 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	2020		2019		Year-on-year increase/decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Home and kitchen & bath appliances	Manufacturing costs	231,680,866.15	6.50%	208,262,654.93	5.87%	11.24%
	Raw materials	3,112,334,458.17	87.35%	3,136,357,317.10	88.38%	-0.77%
	Labor	219,191,606.55	6.15%	204,157,773.01	5.75%	7.36%

Unit: yuan

Product category	Item	2020		2019		Year-on-year increase/decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Range hood	Manufacturing costs	134,505,424.42	3.77%	122,148,958.89	3.44%	10.12%
	Raw materials	1,407,036,579.61	39.49%	1,458,490,197.62	41.10%	-3.53%
	Labor	119,122,390.95	3.34%	114,502,871.76	3.23%	4.03%
Gas hobs	Manufacturing costs	23,134,151.04	0.65%	25,155,032.87	0.71%	-8.03%
	Raw materials	730,332,351.14	20.50%	756,745,591.54	21.32%	-3.49%
	Labor	29,873,559.60	0.84%	28,998,831.19	0.82%	3.02%
Sterilizer cabinet	Manufacturing costs	28,084,404.21	0.79%	27,356,202.65	0.77%	2.66%
	Raw materials	286,265,054.99	8.03%	291,482,100.97	8.21%	-1.79%
	Labor	25,979,428.66	0.73%	21,777,670.44	0.61%	19.29%
Other	Manufacturing costs	45,956,886.49	1.29%	33,602,460.52	0.95%	36.77%
	Raw materials	688,700,472.43	19.33%	629,639,426.97	17.74%	9.38%
	Labor	44,216,227.34	1.24%	38,878,399.62	1.10%	13.73%

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

Yes No

On October 25, 2020, the Company's holding subsidiary Shengzhou Kinde and Gongqingcheng Binlan Investment partnership (limited partnership) (hereinafter referred to as "Binlan Investment") signed a *Project Cooperation Agreement*. The agreement stipulates that both parties jointly contribute to the establishment of Cooking Future with registered capital of 50 million yuan, including 35 million yuan contributed by Shengzhou Kinde, accounting for 70% of the equity, and 15 million yuan contributed by Binlan Investment, accounting for 30% of the equity. There are 7 directors on the board of directors of Cooking Future, including 4 directors from Shengzhou Kinde and 3 directors from Binlan Investment. The resolution of the board of directors must be approved by more than half of the members of the board of directors, so Shengzhou Kinde controls Cooking Future. Cooking Future has completed the industrial and commercial registration on November 16, 2020 and is currently in the preparation

period.

(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)	2,847,342,891.98
Proportion of total sales amount of top five customers in total annual sales	35.03%
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	1,087,165,863.15	13.37%
2	Unit 2	751,181,480.69	9.24%
3	Unit 3	377,455,306.57	4.64%
4	Unit 4	350,802,073.00	4.32%
5	Unit 5	280,738,168.57	3.45%
Total	--	2,847,342,891.98	35.03%

Major suppliers of the Company

Total purchase amount of top five suppliers (yuan)	764,506,651.81
Proportion of total purchase amount of top five suppliers in total annual purchase amount	20.96%
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	179,827,450.62	4.93%
2	Unit 2	161,554,760.89	4.43%
3	Unit 3	151,051,714.02	4.14%
4	Unit 4	147,638,576.98	4.05%
5	Unit 5	124,434,149.30	3.41%
Total	--	764,506,651.81	20.96%

3. Cost

Unit: yuan

	2020	2019	Year-on-year increase/decrease	Description of major changes
Selling expenses	2,146,965,048.87	1,928,259,172.35	11.34%	
Management costs	296,985,763.24	284,364,115.17	4.44%	
Financial expenses	-150,148,186.75	-83,410,491.25	N/A	
Research and development cost	303,347,555.81	299,469,126.54	1.30%	

4. R&D Investment

√Applicable □ Not applicable

In 2020, the Company's R&D investment was 303 million yuan, representing an year-on-year increase of 1.30%. At present, the Company has 742 R&D technicians, accounting for 16.09% of the total number of employees, increased by 0.27% as compared with the same period of last year. The Company now has a national technology center, a national laboratory and a national industrial design center. In addition, the Company also has California Innovation Research Institute and Shenzhen Innovation Research Institute. The former focuses on collection of cutting-edge technology, the latter focuses on basic research and application of new materials and new techniques. In terms of product development, for mature categories such as range hoods and gas hobs, the main development direction is to maintain the industry performance of the "highest point" and double cavity form of gas hobs leads the industry innovation; For non-open fire cooking appliances such as steam oven-oven, the Company focused on creating product differentiation features, enriching product lines, and realizing the ability of multi-dimensional platform layout. At the same time, the Company would increase investment in dishwasher categories, focusing on the researches on strong washing, drying, purification and other characteristic functions. In addition, the Company would explore the development of AI-IoT intelligent IOT platform, focus on the application of AI intelligent cooking curve, to enhance the soft power of kitchen appliances.

R & D investment of the Company

	2020	2019	Proportion of change
Number of R & D personnel (person)	742	714	3.92%
Proportion of R & D personnel	16.09%	15.82%	0.27%

R & D investment amount (yuan)	303,347,555.81	299,469,126.54	1.30%
Proportion of R & D investment in operating revenue	3.73%	3.86%	-0.13%
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%

5. Cash flow

Unit: yuan

Item	2020	2019	Year-on-year increase/decrease
Subtotal cash inflows from operating activities	8,399,284,005.14	8,178,723,903.78	2.70%
Subtotal cash outflows from operating activities	6,861,984,046.43	6,623,502,976.88	3.60%
Net cash flow from operating activities	1,537,299,958.71	1,555,220,926.90	-1.15%
Subtotal cash inflows from investment activities	1,649,618,287.44	4,021,202,772.82	-58.98%
Subtotal cash outflows from investment activities	2,867,289,864.56	2,965,663,320.83	-3.32%
Net cash flow from investment activities	-1,217,671,577.12	1,055,539,451.99	-215.36%
Subtotal cash inflows from financing activities	12,726,177.30	/	/
Subtotal cash outflows from financing activities	474,512,025.00	759,219,240.00	-37.50%
Net cash flow from financing activities	-461,785,847.70	-759,219,240.00	/
Net increase of cash and cash equivalents	-143,199,751.94	1,852,076,406.65	-107.73%

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

Net cash flow from investment activities decreased by 215.36% as compared with that in the same period of previous year, which was mainly caused by the increase of the amount purchased from bank wealth management products.

The cash outflow from financing activities decreased by 37.50% year on year, which was mainly caused by the reduction of the dividend amount last year.

The net increase in cash and cash equivalents decreased by 107.73% from the previous year, which was mainly due to the decrease in net cash flow from investment activities.

III. Non-main business analysis

Applicable Not applicable

IV. Analysis of assets and liabilities

1. Major changes in asset composition

Unit: yuan

	End of 2020		At the beginning of 2020		Proportion change	Description of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	3,921,052,700.31	31.48%	4,054,121,726.23	38.06%	-6.58%	-
Trading financial assets	2,352,000,000.00	18.88%	1,360,000,000.00	12.77%	6.11%	-
Accounts receivable	1,008,235,946.40	8.09%	725,630,901.28	6.81%	1.28%	-
Inventory	1,386,089,344.84	11.13%	1,339,176,925.20	12.57%	-1.44%	-
Investment properties	2,591,001.84	0.02%	112,588.34	0.00%	0.02%	-
Long-term equity investment	3,452,769.59	0.03%	4,168,338.79	0.04%	-0.01%	-
Fixed assets	824,978,354.71	6.62%	826,234,929.97	7.76%	-1.14%	-
Construction in progress	463,424,647.46	3.72%	272,211,720.62	2.56%	1.16%	-
Accounts payable	1,723,832,208.09	13.84%	1,395,061,285.28	13.10%	0.74%	-

2. Assets and liabilities measured at fair value

Applicable Not applicable

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

Other monetary capital at the end of 2020 was 35,034,898.78 yuan, including the L/C deposit of 33,394,968.71 yuan and deposit for bill acceptance of 1,561,218.04, which are limited funds.

V. 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 assets investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investments in the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company had no derivative investments in the reporting period.

5. Use of funds raised

Applicable Not applicable

No funds raised are used in the reporting period.

VI. 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

VII. Analysis of main holding and joint-stock companies

Applicable Not applicable

During the reporting period, there is no important information of the shareholding company that should be disclosed.

VIII. Structured entities controlled by the company

Applicable Not applicable

IX. 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 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 2021, the Company's work policy is "build dreams and travel far, advance courageously in torrent". The Company will comprehensively reshape the Company's culture of struggle, highlight the Company's hard power; Make the cooking culture powerful, shape the soft power of the enterprise; Realize digitalization driven

transformation and build smart power.

4. Risk Factors

(1) Risk of real estate market fluctuation

The Company takes root in the kitchen and provides integrated solutions for built-in kitchen appliances including range hoods, gas hobs, sterilizer cabinets, steam oven-oven, ovens, steaming machine, dishwashers, water purifiers, integrated hobs, purification sinks, etc. Its demand comes from the kitchen decoration after the house purchase, which has certain attributes of "decoration" and "furniture". In addition, main demand currently is from the new demand rather than the renewal demand, so its demand is greatly affected by the fluctuation of the real estate market. Although the Company has certain 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.

(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. Since the fourth quarter of 2020, the price of the Company's main raw materials have risen sharply, exerting certain pressure on the Company's operating performance.

(3) Risk of intensified market competition

In recent years, due to the decline of demand caused by real estate regulation, the continuous improvement of industry concentration, the increasing investment of comprehensive brands in the kitchen appliance market and the strong 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.

X. Reception, research, communication, interview and other activities

1. Registration form of reception, research, communication, interview and other activities during the reporting period

Applicable Not applicable

Reception time	Reception location	Reception way	Type of received object	Basic information index of the survey
January 02, 2020	Meeting room of the Company	Field survey	Organization	See <i>Record of Investor Relations Activity on January 02, 2020</i> in Cninfo for further information about the received objects and main communications

January 06, 2020	Meeting room of the Company	Field survey	Organization	See <i>Record of Investor Relations Activity on January 06-16, 2020</i> at in Cninfo for further information about the received objects and main communications
August 28, 2020	Meeting room of the Company	Field survey	Organization	See <i>Record of Investor Relations Activity on August 28, 2020</i> in Cninfo for further information about the received objects and main communications
Tuesday, September 22, 2020	Meeting room of the Company	Field survey	Organization	See <i>Record of Investor Relations Activity on September 22, 2020</i> in Cninfo for further information about the received objects and main communications
September 24, 2020	Meeting room of the Company	Field survey	Organization	See <i>Record of Investor Relations Activity on September 24, 2020</i> in Cninfo for further information about the received objects and main communications
November 09, 2020	Meeting room of the Company	Field survey	Organization	See <i>Record of Investor Relations Activity on November 9-11, 2020</i> in Cninfo for further information about the received objects and main communications
December 24, 2020	Meeting room of the Company	Field survey	Organization	See <i>Record of Investor Relations Activity on December 24, 2020</i> in Cninfo for further information about the received objects and main communications

Section 5 Important Matters

I. Common stock profit distribution and share capital increase from capital surplus

Formulation, implementation and adjustment of common stock profit distribution policy, especially cash dividend policy, during the reporting period

Applicable Not applicable

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

Common stock dividend distribution program (plan) and share capital increase from capital surplus program (plan) in the past 3 years (including this reporting period)

1. The Company's profit distribution plan in 2018: based on its existing total stock issue of 949,024,050 shares, the Company distributed cash dividends of 8 yuan (tax inclusive) for every 10 shares to all shareholders, amounting up to a total of 759,219,240 yuan.
2. The Company's profit distribution plan in 2019: based on its existing total stock issue of 949,024,050 shares, the Company distributed cash dividends of 5 yuan (tax inclusive) for every 10 shares to all shareholders, amounting up to a total of 474,512,025.00 yuan.
3. The Company's profit distribution plan in 2020: based on its existing total stock issue of 949,024,050 shares, the Company distributed cash dividends of 5 yuan (tax inclusive) for every 10 shares to all shareholders, amounting up to a total of 474,512,025.00 yuan.

Common stock cash dividends of the Company in the past 3 years (including this reporting period)

Unit: yuan

Year of dividend	Amount of cash dividend (tax inclusive)	Net profits attributable to common stockholders of the listed company in the annual consolidated	Ratio of cash dividends to net profits attributable to common stockholders of the listed company in the consolidated	Amount of cash dividend in other forms (e.g. share repurchase	Ratio of cash dividends in other forms to net profits attributable to	Total amount of cash dividends (including other forms)	Ratio of total amount of cash dividends (including other forms) to net profits attributable

		statement of dividends	statement	se)	common stockholders of the listed company in the consolidated statement		to common stockholders of the listed company in the consolidated statement
2020	474,512,025.00	1,660,749,958.89	28.57%			474,512,025.00	28.57%
2019	474,512,025.00	1,589,814,847.80	29.85%			474,512,025.00	29.85%
2018	759,219,240.00	1,473,579,665.62	51.52%			759,219,240.00	51.52%

The Company achieved profit within the reporting period and the parent company's attributable profit to common stockholders was positive, but no common stock cash dividend distribution plan was proposed.

Applicable Not applicable

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

Applicable Not applicable

Bonus shares per 10 shares (shares)	0
Dividend per 10 shares (yuan) (tax inclusive)	5
The number of shares converted every 10 shares (shares)	0
Equity base of distribution plan (shares)	949,024,050.00
Amount of cash dividend (yuan) (tax inclusive)	474,512,025.00
Amount of cash dividend in other forms (e.g. share repurchase) (yuan)	0.00
Amount of cash dividend (including other forms) (yuan)	474,512,025.00
Distributable profit (yuan)	6,240,444,654.34
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 2020 was RMB 1,660,749,958.89 yuan (number of parent company), plus the undistributed profit of RMB 5,054,206,720.45 yuan at the beginning of the year, minus the cash dividend of profit distribution of 2019, i.e., RMB 474,512,025.00 yuan, the Company's profit available to shareholders at the end of 2020 was RMB 6,240,444,654.34 yuan. Based on its existing total stock issue of 949,024,050 shares, the Company distributed cash dividends of 5 yuan (tax inclusive) for every 10 shares to all shareholders, amounting up to a total of 474,512,025.00 yuan.

III. Performance of the 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	Tuesday, 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	Tuesday, November 23, 2010	Long-term	Strict performance

			technical information, process flow, marketing channels or other trade secrets to other companies, enterprises, organizations or individuals whose 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.	Tuesday, 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

IV. Non-operating occupation of funds of listed companies by controlling shareholders and their related parties

Applicable Not applicable

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

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, accounting estimates and accounting methods when compared to the financial statements of the previous fiscal year

Applicable Not applicable

In 2017, the Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 14 - Revenue (referred to as the "new revenue standards"). From January 1, 2020, the Company will conduct accounting treatment in

accordance with the newly revised above standards. According to the convergence provisions, the balance of items in relevant statements at the beginning of this reporting period will be adjusted according to the difference between the implementation of the new standards and the current standards on the first day, and the information in comparable periods will not be adjusted.

VII. Explanation of rectification of major accounting error in the reporting period which needs to be tracked and restated

Applicable Not applicable

No rectification of major accounting error in the reporting period which needs to be tracked and restated.

VIII. Explanation of changes in the scope of combined financial statements when compared with financial statements of the previous fiscal year

Applicable Not applicable

On October 25, 2020, the Company's holding subsidiary Shengzhou Kinde and Gongqingcheng Binlan Investment partnership (limited partnership) (hereinafter referred to as "Binlan Investment") signed a *Project Cooperation Agreement*. The agreement stipulates that both parties jointly contribute to the establishment of Cooking Future with registered capital of 50 million yuan, including 35 million yuan contributed by Shengzhou Kinde, accounting for 70% of the equity, and 15 million yuan contributed by Binlan Investment, accounting for 30% of the equity. There are 7 directors on the board of directors of Cooking Future, including 4 directors from Shengzhou Kinde and 3 directors from Binlan Investment. The resolution of the board of directors must be approved by more than half of the members of the board of directors, so Shengzhou Kinde controls Cooking Future. Cooking Future has completed the industrial and commercial registration on November 16, 2020 and is currently in the preparation period.

IX. Appointment 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)	83
Term of audit services of domestic accounting firms	2
Name of certified public accountants in domestic accounting firms	Lei Yongxin, Wang Qing

Term of auditing services of certified public accountant in domestic accounting firms	2
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Whether the accounting firm has been changed within the reporting period?

Yes No

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

Applicable Not applicable

X. Delisting confronted upon disclosure of the annual report

Applicable Not applicable

XI. Matters related to bankruptcy reorganization

Applicable Not applicable

There is no matter related to bankruptcy reorganization of the Company during the reporting period.

XII. Major litigations and arbitration matters

Applicable Not applicable

There is no major litigation or arbitration matters of the Company during the reporting period.

XIII. Punishment and rectification

Applicable Not applicable

There is no punishment or rectification of the Company during the reporting period.

XIV. Credit conditions of the Company, its controlling shareholders and actual controllers

Applicable Not applicable

XV. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Applicable Not applicable

Implementation of the employee stock ownership plan in 2018

- (1) On January 11, 2018, the 3rd meeting of the 4th Board of Directors of the Company was held to review and approve the documents titled *About the Company's 2018 Employee Stock Ownership Plan (Draft) and the Summary and Proposal on Authorizing the Board of Directors to Handle Matters Related to the Company's Stock Ownership Plan*. The former was also reviewed and approved in the 3rd meeting of the 4th Board of Supervisors of the Company the same day.
- (2) On February 2, 2018, the Company's first extraordinary general meeting of shareholders in 2018 was held to review and approve *About the Company's 2018 Employee Stock Ownership Plan (Draft) and the Summary and Proposal on Authorizing the Board of Directors to Handle Matters Related to the Company's Stock Ownership Plan*.

- (3) On May 4, 2018, purchases of the Company's employee stock ownership plan in 2018 had been completed, purchasing price up to 35.94 yuan/share, a total of 5,443,300 shares purchased, accounting for 0.57% of the total stock issue.
- (4) On July 22, 2020, the Company completed the sale of the Employee Stock Ownership Plan. Please refer to the Company's Notice on the Completed Sale of the Employee Stock Ownership Plan (Notice No. : 2020-018) for details.

XVI. Major related transactions

1. Related transactions associated with daily operation

Applicable Not applicable

There is no related transactions associated with daily operation during the reporting period.

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

Applicable Not applicable

There is 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

There is no related transactions of joint foreign investment of the Company during the reporting period.

4. Related claims and debts

Applicable Not applicable

There is no related claims and debts of the Company during the reporting period.

5. Other major related transactions

Applicable Not applicable

There is no other major related transactions of the Company during the reporting period.

XVII. Major contracts and their performance

1. Trusteeship, contracting and lease

(1) Trusteeship

Applicable Not applicable

There is no trusteeship of the Company during the reporting period.

(2) Contracting

Applicable Not applicable

There is no contracting of the Company during the reporting period.

(3) Lease

Applicable Not applicable

There is no lease of the Company during the reporting period.

2. Major guarantee

Applicable Not applicable

There is no 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
Bank financial products	Owned fund	236,000	235,200	0
Total		236,000	235,200	0

Specific circumstance of high-risk entrusted financing with significant single amount or with low security, poor liquidity and not break-even

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

There is no entrusted loans of the Company during the reporting period.

4. Major contracts for daily operations

Applicable Not applicable

5. Other major contracts

Applicable Not applicable

There is no other major contracts of the Company during the reporting period.

XVIII. Social responsibility

1. Social responsibility fulfillment

For more details, see the Company's Social Responsibility Report of 2020, which is disclosed in the designated media.

2、 Implementation of social responsibility for targeted poverty alleviation

N/A

3. Environmental protection related condition

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

Yes No

XIX. Description on other important events

Applicable Not applicable

There is no other important events to be described during the reporting period.

XX. Major events of subsidiaries

Applicable Not applicable

Section 6 Changes in Shares and Shareholders

I. Change in shares

1. Change in shares

Unit: share

	Prior to this change		Increase/Decrease by this change (+, -)					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%
Share held by other domestic capital	14,123,269	1.49%						14,123,269	1.49%
Shares held by domestic natural persons	14,123,269	1.49%						14,123,269	1.49%
II. Unrestricted shares	934,900,781	98.51%						934,900,781	98.51%
Common stock in RMB	934,900,781	98.51%						934,900,781	98.51%
III. Total amount of shares	949,024,050	100.00%						949,024,050	100.00%

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

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 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 Co. Ltd.	Overseas legal person	13.09%	124,229,511	-10,845,886		124,229,511		
Shen Guoying	Domestic natural person	1.29%	12,240,000			12,240,000		
TEMASEK	Overseas	1.10%	10,461,546	10,461,546		10,461,546		

FULLERTON ALPHA PTE LTD	legal person							
Hangzhou Jinchuang Investment Co., Ltd.	Domestic non-state legal person	1.00%	9,451,985			9,451,985		
Norges Bank - equity fund	Overseas legal person	0.99%	9,440,215	8,118,215		9,440,215		
Quebec Savings and Investment Group	Overseas legal person	0.72%	6,808,111	6,808,111		6,808,111		
Hangzhou Yinchuang Investment Co., Ltd.	Domestic non-state legal person	0.67%	6,318,000			6,318,000		
China Resources Szitic Trust Co.,Ltd. - China Resources Trust ·Kuan Yuan Value Renaissance Securities Investment Collect Fund Trust Plan	Other	0.66%	6,299,928	6,299,928		6,299,928		
Ren Jianhua	Domestic natural person	0.62%	5,923,150		4,442,362	1,480,788		
Description of the associated relationship or consistent actions of the above shareholders	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.							
Shareholding of top 10 shareholders with unlimited sales conditions								
Shareholder's name			Number of shares with			Type of share		

	unlimited sales conditions held at the end of the reporting period	Type of share	Quantity
Hangzhou Robam Industrial Group Co., Ltd.	471,510,000	Common stock in RMB	471,510,000
Hong Kong Securities Clearing Co. Ltd.	124,229,511	Common stock in RMB	124,229,511
Shen Guoying	12,240,000	Common stock in RMB	12,240,000
TEMASEK FULLERTON ALPHA PTE LTD	10,461,546	Common stock in RMB	10,461,546
Hangzhou Jinchuang Investment Co., Ltd.	9,451,985	Common stock in RMB	9,451,985
Norges Bank - equity fund	9,440,215	Common stock in RMB	9,440,215
Quebec Savings and Investment Group	6,808,111	Common stock in RMB	6,808,111
Hangzhou Yinchuang Investment Co., Ltd.	6,318,000	Common stock in RMB	6,318,000
China Resources Sztic Trust Co.,Ltd. - China Resources Trust -Kuan Yuan Value Renaissance Securities Investment Collect Fund Trust Plan	6,299,928	Common stock in RMB	6,299,928
Central Huijin Investment Ltd.	5,685,810	Common stock in RMB	5,685,810
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.		
Description of the top 10 common shareholders engaging in securities margin trading (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 shareholders during the reporting period	Directly holds 55.76% of the equity of Hangzhou Nbond Nonwoven Co., Ltd. (603238), acting as its controlling shareholder.			

Change of controlling shareholders during the reporting period

Applicable Not applicable

There is no change in controlling shareholders during the reporting period.

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

Type of actual controller: natural person

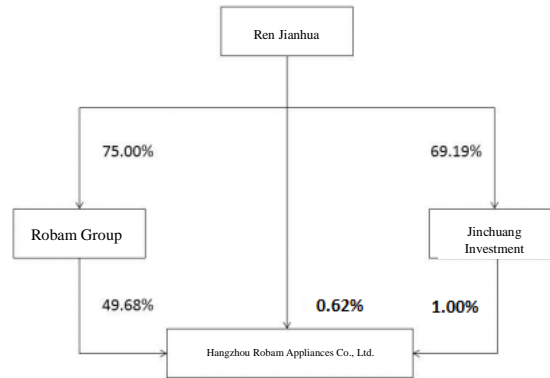
Actual controller's name	Relationship with actual controller	Nationality	Whether to obtain the right of residence in other countries or regions
Ren Jianhua	Self	China	No
Main occupations and positions	Chairman and secretary of the party committee of Robam Group, chairman of Robam Appliances, chairman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

Changes in actual controller during the reporting period

Applicable Not applicable

There is 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. Other legal person shareholders holding more than 10%

Applicable Not applicable

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

Applicable Not applicable

Section 7 Preferred Shares

Applicable Not applicable

There is no preferred shares of the Company during the reporting period.

Section 8 Convertible Bonds

Applicable Not applicable

There is no convertible bonds of the Company during the reporting period.

Section 9 Directors, Supervisors, Senior Management and Employees

I. Equity changes of directors, supervisors and senior management

Name	Position	Employment Status	Gender	Age	Start date of tenure	End date of tenure	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)
Ren Jianhua	Chairman	Incumbent	Male	64	Tuesday, August 18, 2020	August 17, 2023	5,923,150	5,923,150
Ren Fujia	Deputy chairman, general manager	Incumbent	Male	37	Tuesday, August 18, 2020	August 17, 2023	2,800,075	2,800,075
Zhao Jihong	Director	Incumbent	Male	58	Tuesday, August 18, 2020	August 17, 2023	1,690,065	1,690,065
Ren Luozhong	Director	Incumbent	Male	58	Tuesday, August 18, 2020	August 17, 2023	1,690,062	1,690,062
Wang Gang	Director, deputy general manager, secretary to the board of directors	Incumbent	Male	45	Tuesday, August 18, 2020	August 17, 2023	576,750	576,750
Shen Guoliang	Director	Incumbent	Male	55	Tuesday, August 18, 2020	August 17, 2023	1,524,264	1,524,264
Zhang Guangjie	Independent director	Abtreten	Male	57	August 18, 2017	August 17, 2020		
Dong Jing	Independent director	Abtreten	Female	45	August 18, 2017	August 17, 2020		
Ma Guoxin	Independent director	Incumbent	Male	67	Tuesday, August 18, 2020	August 17, 2023		
He Yuanfu	Independent director	Incumbent	Male	65	Tuesday, August 18, 2020	August 17, 2023		

					2020			
Chen Yuanzhi	Independent director	Incumbent	Male	43	Tuesday, August 18, 2020	August 17, 2023		
Zhang Linyong	Chairman of the board of supervisors	Incumbent	Male	55	Tuesday, August 18, 2020	August 17, 2023	1,112,315	1,112,315
Tang Genquan	Employee supervisor	Incumbent	Male	60	Tuesday, August 18, 2020	August 17, 2023	1,112,312	1,112,312
Zhang Songnian	Supervisor	Incumbent	Male	54	Tuesday, August 18, 2020	August 17, 2023	1,112,312	1,112,312
Zhang Huifen	Employee supervisor	Incumbent	Female	42	Tuesday, August 18, 2020	August 17, 2023		
Sheng Yueming	Supervisor	Incumbent	Male	61	Tuesday, August 18, 2020	August 17, 2023	53,875	53,875
Xia Zhiming	Deputy general manager	Incumbent	Male	45	Tuesday, August 18, 2020	August 17, 2023	411,950	411,950
He Yadong	Deputy general manager	Incumbent	Male	46	Tuesday, August 18, 2020	August 17, 2023	411,950	411,950
Zhang Guofu	Chief financial officer	Incumbent	Male	51	Tuesday, August 18, 2020	August 17, 2023	411,950	411,950
Total	--	--	--	--	--	--	18,831,030	18,831,030

II. Change of directors, supervisors and senior management

√Applicable □ Not applicable

Name	Position	Type	Date	Reason
Zhang Guangjie	Independent director	Leave office after expiration of the term	August 17, 2020	Independent director leaves office after expiration of the term
Dong Jing	Independent director	Leave office after expiration of the term	August 17, 2020	Independent director leaves office after expiration of the term

He Yuanfu	Independent director	Appointment	Tuesday, August 18, 2020	Appointment of independent director
Chen Yuanzhi	Independent director	Appointment	Tuesday, August 18, 2020	Appointment of independent director

III. Service status

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

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., Hangzhou Robam Industrial Group Co., Ltd., Hangzhou Nbond Nonwoven Co., Ltd., Hangzhou Guoguang Touring Commodity Co., Ltd. and Hangzhou Amblem Household 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 Household Co., Ltd., the director of Dize Home 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; now he is the director 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 Mundell World Executive Awards for Achievement and was selected into the dictionary of Chinese experts and celebrities. Now, he is the director of the Company, director of uTransHub Technologies Co., Ltd. and Dize Home Appliance Trading (Shanghai) Co., Ltd.; director and general manager of Hangzhou Robam Industrial

Group Co., Ltd., director of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., 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. Now, he is the director of the Company, director of Hangzhou Robam Industrial Group Co., Ltd, and president of Hangzhou Yuhang 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. Now, he is the director, the secretary of the board of directors and deputy general manager of the Company, the director of Hangzhou Nbond Nonwovens Co., Ltd., the director of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., the director of Dize Home Appliances Trading (Shanghai) Co., Ltd., the director of Ninbo Qinfeng Investment 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 Versolsolar Hangzhou Co., Ltd., the director of Hangzhou Wheeler General Machinery Co.,Ltd., the supervisor of Shanghai MXCHIP Information Technology Co., Ltd.

Mr. Ren 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. Now, he is the director of the Company, vice chairman of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., the director of Zhejiang Cooking Future Technology Co., Ltd., the supervisor of Hangzhou Amblem Household 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, p,rofessor-level senior accountant, CPA retired in January, 2012. Now, he is the independent director of the Company and the independent director of Xilinmen Furniture Co., Ltd., Anhui Jiangnan Chemical Industry Co.,Ltd., Zhejiang CFMOTO Power Co., Ltd. and Zhejiang Yilida Co.,Ltd. He used to be the principal staff

member of accountant management division of Zhejiang Provincial Department of Finance, secretary general of Zhejiang Institute of Certified Public Accountants, director of Zhejiang Provincial Education Center for Financial Leaders, vice president of China Accounting Correspondence School in Zhejiang Province.

Mr. Chen Yuanzhi, Han nationality, born in November, 1977, Chinese; member of Communist Party of China, doctor of management. He has held the post of professor in China Executive Leadership Academy Pudong, adjunct researcher in the Research Center for Technological Innovation, Tsinghua University, director of China Enterprise Management Research Association (Special Committee for Future Analysis and Management of Emerging Technologies), expert of Shanghai Science and Technology Expert Database, and adjunct professor of East China Normal University. Now, he is an independent director of the Company.

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. Now, he is the chairman of the board of supervisors of the Company and 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. Now, he is the staff 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 president of Hangzhou Yuhang 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. Now, he is supervisor of the board of supervisors of the Company and 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, she is the employee representative supervisor of the Company.

Mr. Sheng Yueming, Han nationality, born in October, 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 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 Dize Home 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 the staff member	Shareholder unit name	Position held in shareholder unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in the shareholder unit
Ren Jianhua	Hangzhou Robam Industrial Group Co., Ltd.	Chairman	Saturday, February 25, 1995		No
Ren Jianhua	Hangzhou Jinchuang Investment Co., Ltd.	Executive director	March 24, 2008		No
Ren Luozhong	Hangzhou Robam Industrial Group Co., Ltd.	Deputy chairman	December 24, 2014		No
Zhao Jihong	Hangzhou Robam Industrial Group Co., Ltd.	Director, general manager	December 24, 2014		No
Shen Guoliang	Hangzhou Robam Industrial	Director	March 01, 1999		No

	Group Co., Ltd.				
Zhang Linyong	Hangzhou Robam Industrial Group Co., Ltd.	Director	March 01, 1999		No
Tang Genquan	Hangzhou Robam Industrial Group Co., Ltd.	Director	March 01, 1999		No
Zhang Songnian	Hangzhou Robam Industrial Group Co., Ltd.	Director	March 01, 1999		No
Description of service status in the shareholder unit	N/A				

Service status in other unit

√Applicable □ Not applicable

Name of the staff member	Other unit name	Position held in other unit	Whether to receive remuneration or allowance in other unit
Ren Jianhua	Hangzhou Amblem Household 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
	Hangzhou Yuhang Robam Gas Station Co., Ltd.	Chairman	No
	Zhejiang Hangzhou Yuhang Rural Commercial Bank Company Limited	Director	No
	Hangzhou Jinnuochuang 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 Household 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
	Dize Home Appliance Trading (Shanghai) Co., Ltd.	Director	No
	Zhejiang Cooking Future Technology Co., Ltd.	Chairman	No
Ren Luozhong	Hangzhou Amblem Household Co., Ltd.	Director	No

Shen Guoliang	Hangzhou Amblem Household 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 Appliance Association	Secretary general, vice president	Yes
	AUPU Home Style Corporation Limited	Independent director	Yes
He Yuanfu	Xilinmen Furniture Co., Ltd.	Independent director	Yes
	Anhui Jiangnan Chemical Industry Co.,Ltd.	Independent director	Yes
	Zhejiang CFMOTO Power Co., Ltd.	Independent director	Yes
	Zhejiang Yilida Co.,Ltd.	Independent director	Yes
Chen Yuanzhi	Hangzhou Gaoxin Rubber & Plastic Materials Co.,Ltd.	Independent director	Yes
	Chian Executive Leadership Academy Pudong	Professor	Yes
	Research Center for 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 Fortune Gas Cryogenic Group Co., Ltd.	Director	No
	Versolsolar Hangzhou Co., Ltd.	Director	No
	Hangzhou Gaoxin Rubber & Plastic Materials Co.,Ltd.	Independent director	Yes
	Hangzhou Nbond Nonwoven Co., Ltd.	Director	No
	Ninbo Qinfeng Investment Co., Ltd.	Director	No
	De Dietrich Trade (Shanghai) Co., Ltd.	Director	No
	Dize Home Appliance 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
	Dize Home Appliance 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
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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

IV. 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: 10,000 yuan

Name	Position	Gender	Employment Status	Total pretax remuneration received from the Company	Whether to get remuneration from related parties of the Company
Ren Jianhua	Chairman	Male	Incumbent	87.04	No
Ren Fujia	Deputy chairman, general manager	Male	Incumbent	93.09	No
He Yadong	Deputy general manager	Male	Incumbent	113.09	No
Xia Zhiming	Deputy general manager	Male	Incumbent	90.15	No
Zhang Guofu	Chief financial officer	Male	Incumbent	85.95	No
Wang Gang	Director, secretary of the board, deputy general manager	Male	Incumbent	90.63	No
Ren Luozhong	Director	Male	Incumbent	81.43	No
Shen Guoliang	Director	Male	Incumbent	73.03	No
Zhao Jihong	Director	Male	Incumbent	84.23	No
Zhang Linyong	Chairman of the board of supervisors	Male	Incumbent	67.43	No
Tang Genquan	Supervisor	Male	Incumbent	81.84	No
Zhang Songnian	Supervisor	Male	Incumbent	67.43	No
Zhang Huifen	Supervisor	Male	Incumbent	12.78	No

Sheng Yueming	Supervisor	Male	Incumbent	28.3	No
Dong Jing	Independent director	Female	Abtreten	5.99	No
Zhang Guangjie	Independent director	Male	Abtreten	5.99	No
Ma Guoxin	Independent director	Male	Incumbent	9.52	No
He Yuanfu	Independent director	Male	Incumbent	3.53	No
Chen Yuanzhi	Independent director	Male	Incumbent	3.53	No
Total	--	--	--	1,084.98	--

Equity incentive granted to directors and senior management of the Company during the reporting period

Applicable Not applicable

V. Company Employees

1. Number of employees, professional composition and education background

Number of employees in the parent company (person)	2,880
Number of employees in main subsidiaries (person)	1,732
Total number of employees (person)	4,612
Total number of employees receiving salary in the current period (person)	4,634
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	22
Professional composition	
Professional composition categories	Number of professionals (person)
Production personnel	1,662
Sales personnel	1,637
Technical personnel	742
Financial personnel	166
Administrative personnel	405
Total	4,612
Education background	
Education background categories	Number (person)
Bachelor degree or above	1,049
Junior college	1,085
Other	2,478
Total	4,612

2. Salary policy

The Company has formulated the *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

The Company has carried out various training programs in 2020, including Lemon, Blue Whale, Sunflower, Ivy, etc, and talent projects; As the Company's own mobile learning 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

Section 10 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*, the *Securities Law*, the *Governance Guidelines for Listed Companies*, the *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, the *Rules for Stock Listing of Shenzhen Stock Exchange* and *Guidelines on the Standardized Operation of Listed Companies on the SME 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 organize 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 the *Guidelines on the Behaviors of Directors of Listed Companies on the SME Board*, 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

the *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 the *Securities Times*, the *China Securities Journal*, the *Securities Daily* 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) Stakeholders

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.

Whether there is significant difference between the actual situation of corporate governance and the normative documents on listed corporate governance issued by China Securities Regulatory Commission.

Yes No

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.

II. Independence of Company from its controlling shareholders in terms of business, personnel, assets, institutions and finance

The Company operates in strict accordance with the *Company Law* and the *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	Disclosure index
2019 Annual General Meeting of Shareholders	Annual general meeting of shareholders	65.33%	Tuesday, May 19, 2020	May 20, 2020	Cninfo: Announcement of Resolutions of 2019 Annual General Meeting of Shareholders
First extraordinary general meeting of shareholders in 2020	Extraordinary general meeting of shareholders	65.73%	Tuesday, August 18, 2020	August 19, 2020	Cninfo: Announcement of Resolutions of 2020 First Extraordinary General Meeting of Shareholders

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

Applicable Not applicable

V. Performance of duties by independent directors during the reporting period

1. Attendance of board of directors and shareholders' meeting by independent directors

Attendance of board of directors and shareholders' meeting by independent directors							
Name of independent director	Number of board meetings to	Number of board meetings	Number of board meetings	Number of board meetings	Number of board meetings	Whether not to personally attend the	Number of shareholders' meetings

	be attended during this reporting period	attended on site	attended by correspondence	delegated to attend	absent	board meeting for two consecutive times	attended
Zhang Guangjie	2	0	2		0	No	0
Dong Jing	2	0	2		0	No	0
Ma Guoxin	5	5	0		0	No	2
He Yuanfu	3	2	1		0	No	0
Chen Yuanzhi	3	1	2		0	No	0

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

2. Objections made by independent directors on relevant matters

Whether the independent directors make objections on relevant matters of the Company

Yes No

The independent directors don't make objections on relevant matters of the Company in the reporting period.

3. Other description on the performance of duties by the independent directors

Whether relevant suggestions of the independent directors on the Company are adopted

Yes No

Description on adoption or non-adoption of relevant suggestions of the independent directors on the Company

N/A

VI. Performance of duties by special committees under the board of directors during the reporting period

In 2020, the board strategy committee held several meetings: strategic theory-discussing meeting, strategic seminar, strategy and performance communication meeting, etc., effectively fulfilling the responsibilities of the strategy committee.

In 2020, the audit committee held several meetings to review the Company's regular reports and internal audit work reports and supervise the improvement and implementation of the internal control system, communicated with the certified public accountants of the annual audit on the audit arrangement and progress and the problems found in the audit process and effectively performed the duties of the audit committee.

In 2020, the remuneration and appraisal committee held a meeting to review and approve the remuneration of the Company's directors and senior managers, effectively fulfilling the responsibilities of the remuneration and appraisal committee.

In 2020, the nominations committee actively performed its duties and seriously examined the tenure and performance of the Company's directors and senior managers.

VII. 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.

VIII. Evaluation and incentive of senior managers

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.

IX. Internal control evaluation report

1. Details of major internal control defects discovered during the reporting period

Yes No

2. Internal control self-evaluation report

Full disclosure date of internal control self-evaluation report	April 28, 2021	
Index of full disclosure of internal control evaluation report	Cninfo: Internal control evaluation report of Robam Appliances	
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	Signs of major defects in the financial report include: 1) The fraud of the directors, supervisors and senior executives of the Company; 2) Misstatement correction of material errors in financial reports that have been announced by the Company;	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

	<p>3) Material misstatement in the current financial report, which is not found by the internal control in the process of operation;</p> <p>4) The audit committee and the audit department are ineffective for the supervision of the internal control of the external financial report and financial report of the Company.</p> <p>Signs of important defects in the financial report include:</p> <p>1) Fail to select and apply accounting policies in accordance with the accepted accounting standards;</p> <p>2) The anti-fraud procedures and control measures have not been established.</p> <p>3) No corresponding control mechanism is established or no corresponding compensatory control has been established for unconventional or special transactions;</p> <p>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 to control defects other than the major defects and important defects mentioned above.</p>	<p>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;</p> <p>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 major defects;</p> <p>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.</p>
<p>Quantitation standard</p>	<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>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>

	<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>	
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

Section 11 Corporate Bonds

Whether the Company has bonds publicly issued and listed on the stock exchange that have not expired or expired but not paid in full on the date of approval of the annual report

No

Section 12: Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Date of signing of audit report	Tuesday, April 27, 2021
Name of audit institution	Shinewing Certified Public Accountants
Name of Certified Public Accountant	Lei Yongxin, Wang Qing

Main body of the audit report

XYZH/2021BJAA100383

To all shareholders of Hangzhou Robam Appliances Co., Ltd.:

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, 2020, 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 2020 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, 2020 and of the financial performance and cash flows for the year 2020 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 part on "CPA's responsibility for financial statements audit" of the audit report further expounds our responsibilities under these guidelines. 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 confirm that the following matters are key matters about which we need communicated in the audit report.

1. Income recognition - Agency model and engineering channels	
Key audit items	Response in audit
<p>Refer to Notes to financial statements IV. 29 and VI. 34</p> <p>Operating income and operating cost.</p> <p>The operating income of Robam was 8,128,620,800 yuan in 2020, an increase of 368,038,900 yuan compared with that of 2019, including the agency mode income of 2,191,561,200 yuan and the engineering channel income of 1,835,559,100 yuan, accounting for 49.54% 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. Combine contract terms and business nature, and check the terms related to the transfer time point of control right of commodity, to evaluate whether the revenue recognition method and the time point conform to the relevant provisions of the accounting standards for enterprises; 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, 2020, the balance of notes receivable of Robam was 1,899,008,600 yuan and the provision for bad debt was 66,307,100 yuan; the balance of accounts receivable was 1,080,844,400 yuan, and the provision for bad debt was 72,608,500 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 2020, but excluding the financial statements and our audit report.

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

In combination with our audit of financial statements, it is our duty to read other information. In the process, we consider whether other information is significantly inconsistent with the financial statements or what we learned in the audit process, or there seems to be a substantial misstatement.

Based on the work that we have already implemented, we should report the fact if we determine that there is a major misstatement in other information. In this respect, we have nothing to report.

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. At the same time, we also carry out the following work:

- (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 worthing attention.

We also provide a statement to the government layer that we have been complying with the professional ethics requirements related to independence, and communicate with the government layer about all the relationships and other matters that may be considered to affect our independence, and about the related 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, 2020

Unit: yuan

Item	December 31, 2020	Tuesday, December 31, 2019
Current assets:		
Monetary capital	3,921,052,700.31	4,054,121,726.23
Deposit reservation for balance		
Lending funds		
Trading financial assets	2,352,000,000.00	1,360,000,000.00
Derivative financial assets		
Notes receivable	1,832,701,443.08	986,693,149.40
Accounts receivable	1,008,235,946.40	725,630,901.28
Receivables financing		408,972,104.07
Advances to suppliers	69,889,399.47	50,113,549.84
Premiums receivables		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	56,589,791.38	110,899,448.65
Including: Interest receivable		
Dividends receivable		14,295,039.38
Redemptory monetary capital for sale		
Inventory	1,386,089,344.84	1,339,176,925.20
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	667,378.56	16,189,237.81

Total current assets	10,627,226,004.04	9,051,797,042.48
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	3,452,769.59	4,168,338.79
Other equity instrument investments	102,116,023.22	102,116,023.22
Other non-current financial assets		
Investment properties	2,591,001.84	112,588.34
Fixed assets	824,978,354.71	826,234,929.97
Construction in progress	463,424,647.46	272,211,720.62
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	235,217,240.32	219,733,270.51
Development expenditure		
Goodwill	80,589,565.84	80,589,565.84
Long-term unamortized expenses	1,798,358.85	523,195.74
Deferred income tax assets	112,492,030.71	70,877,116.09
Other non-current assets	3,682,279.67	23,558,781.27
Total non-current assets	1,830,342,272.21	1,600,125,530.39
Total assets	12,457,568,276.25	10,651,922,572.87
Current liabilities		
Short-term borrowing	6,076,177.30	
Borrowings from central bank		
Borrowing funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	751,802,498.92	603,308,648.96
Accounts payable	1,723,832,208.09	1,395,061,285.28
Advance from customers		1,092,261,332.25
Contract liabilities	949,591,228.35	
Financial assets sold for repurchase		

Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	126,130,391.24	122,070,325.03
Tax payable	181,887,237.51	102,726,655.21
Other payables	242,559,615.30	241,641,864.89
Including: Interest payable		
Dividends payable		
Fees and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sales		
Non-current liabilities due within a year		
Other current liabilities	126,535,407.26	
Total current liabilities	4,108,414,763.97	3,557,070,111.62
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term borrowing		
Bonds payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	150,163,523.90	114,851,263.30
Deferred income tax liabilities	5,210,759.74	5,717,848.25
Other non-current liabilities		
Total non-current liabilities	155,374,283.64	120,569,111.55
Total liabilities	4,263,789,047.61	3,677,639,223.17
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		

Capital reserve	401,799,332.67	401,799,332.67
Minus: treasury stock		
Other comprehensive income	-15,157,634.16	-15,157,634.16
Special reserve		
Surplus reserves	474,516,412.50	474,516,412.50
General risk preparation		
Undistributed profit	6,240,444,654.34	5,054,206,720.45
Total owners' equities attributable to the owners of parent company	8,050,626,815.35	6,864,388,881.46
Minority equity	143,152,413.29	109,894,468.24
Total owners' equities	8,193,779,228.64	6,974,283,349.70
Total liabilities and owners' equities	12,457,568,276.25	10,651,922,572.87

Legal representative: Ren Jianhua

Head of accounting work: Zhang Guofu

Head of accounting institution: Zhang Guofu

2. Balance sheet of parent company

Unit: yuan

Item	December 31, 2020	Tuesday, December 31, 2019
Current assets:		
Monetary capital	3,660,573,828.66	3,974,490,043.89
Trading financial assets	2,260,000,000.00	1,100,000,000.00
Derivative financial assets		
Notes receivable	1,826,318,388.55	974,185,844.67
Accounts receivable	933,609,909.29	704,246,884.81
Receivables financing		408,605,906.50
Advances to suppliers	54,046,490.84	41,005,526.82
Other receivables	49,092,820.31	105,766,154.95
Including: Interest receivable		
Dividends receivable		14,295,039.38
Inventory	1,310,365,800.56	1,268,289,683.46
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets		12,064,254.50
Total current assets	10,094,007,238.21	8,588,654,299.60

Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	229,958,703.32	230,674,272.52
Other equity instrument investments	102,116,023.22	102,116,023.22
Other non-current financial assets		
Investment properties	2,890,836.38	436,960.72
Fixed assets	798,041,764.29	798,954,901.11
Construction in progress	388,628,789.02	271,619,361.89
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	153,598,124.59	157,002,023.43
Development expenditure		
Goodwill		
Long-term unamortized expenses	1,626,828.83	383,195.74
Deferred income tax assets	110,283,291.78	70,173,783.09
Other non-current assets	3,005,279.67	23,558,781.27
Total non-current assets	1,790,149,641.10	1,654,919,302.99
Total assets	11,884,156,879.31	10,243,573,602.59
Current liabilities		
Short-term borrowing	6,076,177.30	
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	706,096,531.24	601,960,648.96
Accounts payable	1,643,087,806.83	1,358,297,550.30
Advance from customers		983,128,543.51
Contract liabilities	863,047,926.93	
Payroll payable	102,753,699.88	97,599,336.20
Tax payable	170,747,570.08	96,425,637.42
Other payables	225,015,032.38	226,064,422.04
Including: Interest payable		
Dividends payable		

Liabilities held for sales		
Non-current liabilities due within a year		
Other current liabilities	115,284,778.08	
Total current liabilities	3,832,109,522.72	3,363,476,138.43
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	121,306,538.90	114,851,263.30
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	121,306,538.90	114,851,263.30
Total liabilities	3,953,416,061.62	3,478,327,401.73
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserve	401,754,349.66	401,754,349.66
Minus: treasury stock		
Other comprehensive income	-15,157,634.16	-15,157,634.16
Special reserve		
Surplus reserves	474,516,412.50	474,516,412.50
Undistributed profit	6,120,603,639.69	4,955,109,022.86
Total owners' equities	7,930,740,817.69	6,765,246,200.86
Total liabilities and owners' equities	11,884,156,879.31	10,243,573,602.59

3. Consolidated Statement of Income

Unit: yuan

Item	Year 2020	Year 2019
I. Total operating income	8,128,620,799.31	7,760,581,855.53
Including: Operating income	8,128,620,799.31	7,760,581,855.53
Interest revenue		
Premium earned		
Fee and commission income		
II. Total operating costs	6,222,313,742.92	6,044,077,772.58
Including: Operating costs	3,563,206,930.87	3,548,777,745.04
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	61,956,630.88	66,618,104.73
Selling expenses	2,146,965,048.87	1,928,259,172.35
Management costs	296,985,763.24	284,364,115.17
Research and development cost	303,347,555.81	299,469,126.54
Financial expenses	-150,148,186.75	-83,410,491.25
Including: interest expenditure	6,721,543.47	477,352.78
Interest revenue	160,282,611.34	84,590,717.34
Plus: other incomes	92,182,244.92	86,454,822.71
Income from investment (loss expressed with “-”)	39,488,969.96	127,100,794.11
Including: Income from investment of joint venture and cooperative enterprise	-715,569.20	1,550,487.63
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 “-”)	-64,138,118.53	-48,823,331.47
Assets impairment losses (loss expressed with “-”)	-21,977,893.76	-9,321,963.35
Income from disposal of assets (loss expressed with “-”)	-387,844.96	-158,607.19
III. Operating profits (loss expressed with “-”)	1,951,474,414.02	1,871,755,797.76

Plus: Non-operating income	1,084,379.00	4,098,230.54
Minus: Non-operating expenditure	3,953,245.34	4,323,553.72
IV. Total profits (total loss expressed with “-”)	1,948,605,547.68	1,871,530,474.58
Minus: income tax expenses	261,247,643.74	257,285,119.95
V. Net profits (net loss expressed with “-”)	1,687,357,903.94	1,614,245,354.63
(I) Classification by business continuity		
1. Net profits from ongoing operation (net loss expressed with “-”)	1,687,357,903.94	1,614,245,354.63
2. Net profits from discontinuing operation (net loss expressed with “-”)		
(II) Classified by ownership		
1. Net owners' profits attributable to the shareholders of the parent company	1,660,749,958.89	1,589,814,847.80
2. Minority interest income	26,607,945.05	24,430,506.83
VI. Net of tax of other comprehensive income		-15,157,634.16
Net amount of after-tax other comprehensive income attributable to the owners of the parent company		-15,157,634.16
(I) Other comprehensive income that can't be reclassified into profit and loss		-15,157,634.16
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		-15,157,634.16
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. Translation reserve		
7. Other		
Net of tax of other comprehensive income attributable to the minority shareholders		
VII. Total comprehensive income	1,687,357,903.94	1,599,087,720.47

Total comprehensive income belonging to parent company	1,660,749,958.89	1,574,657,213.64
Total comprehensive income belonging to minority shareholders	26,607,945.05	24,430,506.83
VIII. Earnings per share:		
(I) Basic earnings per share	1.75	1.68
(II) Diluted earnings per share	1.75	1.68

In case of business combination involving enterprises under common control in this period, the net profits achieved by the combined enterprise before combination were RMB and achieved by the combined enterprise in previous period were RMB .

Legal representative: Ren Jianhua Head of accounting work: Zhang Guofu Head of accounting institution: Zhang Guofu

4. Income statement of parent company

Unit: yuan

Item	Year 2020	Year 2019
I. Operating income	7,530,428,964.96	7,171,273,971.28
Minus: operating costs	3,375,484,733.03	3,380,454,870.95
Taxes and surcharges	56,158,201.66	59,608,538.30
Selling expenses	1,883,064,814.48	1,663,615,331.66
Management costs	216,279,202.32	203,713,247.47
Research and development cost	290,347,551.69	289,897,222.53
Financial expenses	-146,412,372.62	-82,103,320.70
Including: interest expenditure	6,721,543.47	477,352.78
Interest revenue	155,949,366.04	82,747,708.18
Plus: other incomes	85,947,189.06	80,543,507.55
Income from investment (loss expressed with "-")	32,129,921.37	118,589,082.46
Including: Income from investment of joint venture and cooperative enterprise	-715,569.20	1,550,487.63
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 "-")	-58,992,629.71	-47,422,169.48
Assets impairment losses (loss expressed with "-")	-21,977,893.76	-9,321,963.35
Income from disposal of assets (loss expressed with "-")	-585,889.07	-303,654.83
II. Operating profit (loss to be filled out with the minus sign "-")	1,892,027,532.29	1,798,172,883.42
Plus: Non-operating income	858,846.38	3,704,034.22
Minus: Non-operating expenditure	2,997,945.29	1,542,215.05

III. Total profit (total loss to be filled out with the minus sign "-")	1,889,888,433.38	1,800,334,702.59
Minus: income tax expenses	249,881,791.55	246,593,779.26
IV. Net profit (net loss to be filled out with the minus sign "-")	1,640,006,641.83	1,553,740,923.33
(I) Net profits from going concern (net loss expressed with "-")		
(II) Net profits from discontinuing operation (net loss expressed with "-")		
V. Net amount of other comprehensive income after tax		-15,157,634.16
(I) Other comprehensive income that can't be reclassified into profit and loss		-15,157,634.16
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		-15,157,634.16
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. Translation reserve		
7. Other		
VI. Total comprehensive income	1,640,006,641.83	1,538,583,289.17
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flow

Unit: yuan

Item	Year 2020	Year 2019
I. Cash flow from financing activities:		
Cash from selling commodities or offering labor	8,100,485,159.16	7,864,881,727.36

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		15,076.40
Other cash received related to operating activities	298,798,845.98	313,827,100.02
Subtotal cash inflows from operating activities	8,399,284,005.14	8,178,723,903.78
Cash paid for selling commodities or offering labor	3,532,083,383.04	3,263,409,930.51
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	802,932,443.05	781,240,228.31
Taxes and fees paid	781,667,958.02	852,036,925.94
Other cash paid related to operating activities	1,745,300,262.32	1,726,815,892.12
Subtotal cash outflows from operating activities	6,861,984,046.43	6,623,502,976.88
Net cash flow from operating activities	1,537,299,958.71	1,555,220,926.90
II. Cash flow from investment activities:		
Cash from investment withdrawal	1,593,000,000.00	3,898,500,000.00
Cash from investment income	55,973,702.31	122,289,095.82
Net cash from disposal of fixed assets, intangible assets and other long-term assets	644,585.13	413,677.00
Net cash from disposal of subsidiaries and other business units		
Other cash received related to investment activities		
Subtotal cash inflows from investment activities	1,649,618,287.44	4,021,202,772.82
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	282,289,864.56	272,163,320.83

Cash paid for investment	2,585,000,000.00	2,693,500,000.00
Net increase in hypothecated loan		
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal cash outflows from investment activities	2,867,289,864.56	2,965,663,320.83
Net cash flow from investment activities	-1,217,671,577.12	1,055,539,451.99
III. Cash flow from financing activities:		
Receipts from equity securities	6,650,000.00	
Including: Cash received from subsidiaries' absorption of minority shareholders' investment	6,650,000.00	
Cash from borrowings		
Other cash received related to financing activities	6,076,177.30	
Subtotal cash inflows from financing activities	12,726,177.30	
Cash repayments of amounts borrowed		
Cash paid for distribution of dividends, profits or interest expenses	474,512,025.00	759,219,240.00
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities		
Subtotal cash outflows from financing activities	474,512,025.00	759,219,240.00
Net cash flow from financing activities	-461,785,847.70	-759,219,240.00
IV. Impact of exchange rate movements on cash and cash equivalents	-1,042,285.83	535,267.76
V. Net increase of cash and cash equivalents	-143,199,751.94	1,852,076,406.65
Plus: Balance of cash and cash equivalents at the beginning of the period	4,029,296,265.50	2,177,219,858.85
VI. Balance of cash and cash equivalents at the end of the period	3,886,096,513.56	4,029,296,265.50

6. Cash flow statement of parent company

Unit: yuan

Item	Year 2020	Year 2019
I. Cash flow from financing activities:		
Cash from selling commodities or offering labor	7,509,377,698.55	7,234,628,896.12
Refund of tax and levies		
Other cash received related to operating activities	251,289,264.69	263,736,687.48
Subtotal cash inflows from operating activities	7,760,666,963.24	7,498,365,583.60
Cash paid for selling commodities or offering labor	3,394,399,263.08	3,102,184,422.96

Cash paid to and for employees	610,750,252.22	578,818,044.96
Taxes and fees paid	727,573,489.15	768,377,438.19
Other cash paid related to operating activities	1,565,516,700.37	1,539,782,850.67
Subtotal cash outflows from operating activities	6,298,239,704.82	5,989,162,756.78
Net cash flow from operating activities	1,462,427,258.42	1,509,202,826.82
II. Cash flow from investment activities:		
Cash from investment withdrawal	1,100,000,000.00	3,330,000,000.00
Cash from investment income	48,392,109.16	113,777,384.17
Net cash from disposal of fixed assets, intangible assets and other long-term assets	208,339.13	540,568.71
Net cash from disposal of subsidiaries and other business units		
Other cash received related to investment activities		
Subtotal cash inflows from investment activities	1,148,600,448.29	3,444,317,952.88
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	205,445,153.06	234,445,701.10
Cash paid for investment	2,260,000,000.00	2,009,500,000.00
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal cash outflows from investment activities	2,465,445,153.06	2,243,945,701.10
Net cash flow from investment activities	-1,316,844,704.77	1,200,372,251.78
III. Cash flow from financing activities:		
Receipts from equity securities		
Cash from borrowings		
Other cash received related to financing activities	6,076,177.30	
Subtotal cash inflows from financing activities	6,076,177.30	
Cash repayments of amounts borrowed		
Cash paid for distribution of dividends, profits or interest expenses	474,512,025.00	759,219,240.00
Other cash paid related to financing activities		
Subtotal cash outflows from financing activities	474,512,025.00	759,219,240.00
Net cash flow from financing activities	-468,435,847.70	-759,219,240.00
IV. Impact of exchange rate movements on cash and cash equivalents	-1,042,359.16	535,278.90
V. Net increase of cash and cash equivalents	-323,895,653.21	1,950,891,117.50
Plus: Balance of cash and cash equivalents at the beginning of the period	3,951,074,513.16	2,000,183,395.66
VI. Balance of cash and cash equivalents at the end of the period	3,627,178,859.95	3,951,074,513.16

7. Consolidated statement of change in equity

Current amount

Unit: yuan

Item	Year 2020														
	Owners' equities attributable to the owners of parent company												Minority equity	Total owners' equities	
	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		5,054,206,720.45		6,864,388,881.46	109,894,468.24	6,974,283,349.70
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		5,054,206,720.45		6,864,388,881.46	109,894,468.24	6,974,283,349.70
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")											1,186,237,933.89		1,186,237,933.89	33,257,945.05	1,219,495,878.94
(I) Total comprehensive income											1,660,749,958.89		1,660,749,958.89	26,607,945.05	1,687,357,903.94
(II) Owner's invested and decreased capital														6,650,000.00	6,650,000.00
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		-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. 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															

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(V) Special reserve															
1. Draw in this current															
2. Use in this current															
(VI) Other															
IV. The final balance of current period	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

Last term amount

Unit: yuan

Item	2019														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													
I. Ending balance in previous year	949,024,050.00				401,689,801.42	3,456,989.00			474,516,412.50		4,223,611,112.65		6,045,384,387.57	85,463,961.41	6,130,848,348.98	
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				401,689,801.42	3,456,989.00			474,516,412.50		4,223,611,112.65		6,045,384,387.57	85,463,961.41	6,130,848,348.98	
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")					109,531.25	-3,456,989.00	-15,157,634.16				830,595,607.80		819,004,493.89	24,430,506.83	843,435,000.72	
(I) Total comprehensive income							-15,157,634.16				1,589,814,847.80		1,574,657,213.64	24,430,506.83	1,599,087,720.47	
(II) Owner's invested and decreased capital					109,531.25	-3,456,989.00							3,566,520.25		3,566,520.25	
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											-759,219,240.00		-759,219,240.00		-759,219,240.00	
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk preparation																
3. Distribution of owners (or shareholders)											-759,219,240.00		-759,219,240.00		-759,219,240.00	
4. Other																
(IV) Internal transfer of owner's equity																
1. Capital surplus transfer to paid-in capital (or capital stock)																

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(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. 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													

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comprehensive income												
6. Other												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Other												
IV. The final balance 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

Last term amount

Unit: yuan

Item	2019											
	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				401,644,818.41	3,456,989.00			474,516,412.50	4,160,587,339.53		5,982,315,631.44
Plus: changes in accounting policies												
Prior period error correction												
Other												
II. Beginning balance in current year	949,024,050.00				401,644,818.41	3,456,989.00			474,516,412.50	4,160,587,339.53		5,982,315,631.44
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")					109,531.25	-3,456,989.00	-15,157,634.16			794,521,683.33		782,930,569.42
(I) Total comprehensive income							-15,157,634.16			1,553,740,923.33		1,538,583,289.17
(II) Owner's invested					109,531.25	-3,456,989.00						3,566,520.25

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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												3,566,520.25
4. Other												
(III) Profit distribution										-759,219,240.00		-759,219,240.00
1. Withdrawal of surplus reserves												
2. Distribution of owners (or shareholders)										-759,219,240.00		-759,219,240.00
3. 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												

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1. Draw in this current												
2. Use in this current												
(VI) Other												
IV. The final balance of current period	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. Basic Information 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 (ZJXK [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, 2020, the capital stock of the Company after several equity changes was RMB 949,024,050. 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 combined financial statement of the company includes following six subsidiaries: Beijing Robam Electric Appliance Sales Co., Ltd., Shanghai Robam Electric Appliance Sales Co., Ltd., Hangzhou Mingqi Appliances Co., Ltd., Dize Appliances (Shanghai) Co., Ltd., Shengzhou Kinde Intelligent Appliances Co., Ltd.(Shengzhou Kinde), Hangzhou Robam Fuchuang Investment Management Co., Ltd. In this period, there are seven subsidiaries of consolidation scope, with a new company entered, Zhejiang Cooking Future Technology Co., Ltd.(Cooking Future).

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.

1、 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 of compliance with Accounting Standards for Business Enterprises

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. Bookkeeping currency

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. Classification of joint venture arrangement and accountant arrangement method of joint operation

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 business and translation of financial statements denominated in foreign currencies

(1) Foreign currency transactions

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) Translation 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.

(4) 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.

(5) 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.

(6) 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 Recognition of credit losses

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 "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 for the difference on schedule.

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 of which 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 accounts receivable-others into three stages. Different accounting methods for accounts receivable-others 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 loss provision according to the expected credit loss in 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 after 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 after 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.

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) Recognition and standard of contract assets

Contract assets refers to the Company has the right to charge consideration when transferred commodity to customer, and that right depends on something other than time. If the Company sells two clearly distinguishable items to the Customer and is entitled to receive payment for the delivery of one item, but the receipt of such payment is contingent on the delivery of the other item, the Company shall regard the right as contract asset.

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

Recognition method for expected credit loss of contract assets refers to the related description above 10. Financial asset and financial liabilities, 11. Notes receivable and 12. Accounts receivable

The Company shall calculate the expected credit loss of 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 "allowances for contract assets impairment". 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 "allowances for contract assets impairment" 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 for the difference on schedule.

17. Contract cost

(1) Recognition method for assets related to contract costs

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

Contract performance cost refers to the cost incurred by the Company for contract fulfillment. It shall be recognized as assets in the contract when it is not included in the scope of accounting standards for other enterprises and simultaneously meets the following conditions: the costs is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs identified to be borne by the customer and any other costs incurred solely as a result of the contract; the cost takes up resources of the Company to fulfill its obligatory performance and agreement; the cost is expected to be withdrawn.

Contract acquisition costs refer to the incremental cost incurred by the Company to acquire contract and expected to be withdrawn, being recognized as assets in the contract acquisition; if the amortization period of assets is within one year, it shall be included in the current profits and losses. Incremental cost refers to the costs (such as sales commissions, etc.) that would not incur without contract acquisition by the Company. Other expenses incurred by the Company to acquire contract, other than the incremental costs expected to be withdrawn (such as the incurred travel expenses regardless of contract acquisition), shall be included in the current profits and losses. However, costs identified to be borne by the customer are excluded.

(2) Amortization of assets related to contract costs

The assets of the Company related to the contract cost shall be amortized on the same basis with the revenue recognition of commodity related to assets, and shall be included in the current profits and losses.

(3) Impairment of assets related to contract costs

Once any loss of asset impairment related to contract costs is recognized, the Company shall firstly determine the impairment loss of other assets which are confirmed in accordance with the accounting standards of other related enterprises and related to contract; and then, if the book value of the asset is higher than the difference between the remaining consideration expected to be obtained by the Company from the transfer of commodity related to the asset and the estimated cost to be incurred for the transfer of commodity, the excessed balance shall be made provision for impairment and recognized as an assets impairment loss.

When the former impairment factors changes, which makes the previous balance higher than the book value of assets, the asset impairment reserves that have been originally withdrawn will be reversed and included in the current profits and losses. The book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal if no provision for impairment is assumed.

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. 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
Patents	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.

Expenses of developing intangible assets internally in research phases shall be included in the current profits and losses at the time of occurrence; If all of the following conditions are satisfied, expenses incurred in the development phase shall be recognized as assets:

- (1) Technically feasible to complete the intangible assets, so that they can be used or sold;
- (2) The intangible assets with the intention of use or sale;

- (3) Products generated by the intangible assets can be sold, or the intangible assets themselves can be sold;
- (4) With the support of adequate technical and financial and other resources to complete the development of the intangible assets and with the ability to use or sell the intangible assets
- (5) Expenses on development of the intangible assets can be measured in a reliable way.

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.

24. 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.

Impairment indication:

- (1) The current market price of the asset falls sharply, which is significantly higher than expected decrease for over time or normal use;
- (2) The enterprise is undergoing significant changes in the business environment of economy, technology or law and the market of assets in the current period or in the near future, which will cause a bad effect on

the enterprise itself;

- (3) The market interest rate or the return rate of investment in other markets has increased in the current period, which influence the enterprise to calculate discount rate for the present value of the expected future cash flow of the asset, and results in a significant decrease in the recoverable amount of the asset;
- (4) There is evidence that the asset is obsolete or its entity is damaged;
- (5) The asset has been or will be idle, terminated for use, or disposed ahead of time;
- (6) The evidence of the internal report of the enterprise indicates that the economic performance of the asset has been below or will below expectation. For instance, the net cash flow created by the asset or the business profit (or loss) is considerably lower than (or higher than) the estimated amount;
- (7) Other indications showing that the assets impairment may have occurred.

25. 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.

26. 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.

27. 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.

28. Share-based payments

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.

29. Revenue recognition principle and calculating method

The operating revenue of the Company mainly includes income from selling commodities, income from offering labor.

(1) Revenue recognition principle

The Company recognize the income when it has fulfilled its obligation stipulated in the contract, and the time when the clients have controlled the relevant goods or services. Acquisition of control of the relevant goods or services means that the clients can guide goods using and service providing and receive all economic benefit therefrom.

The Company shall evaluate the contract on the commencement date of the contract, identify individual performance obligations contained in the contract, and determine each performance obligation to be fulfilled within a certain period time or at a certain point of time.

If one of the following conditions is satisfied, the Company shall perform its obligations within a certain period time; Otherwise, it shall perform its obligations at a certain point of time:

- 1) The clients obtain and take away economic benefits brought by the Company's fulfillment of obligation when the clients fulfill their obligation of the Company.
- 2) The clients are able to control commodities under production in the process of the Company's fulfillment of obligation.
- 3) The commodities produced during the performance of the Contract by the Company is irreplaceable. And the Company has the right to charge for the accumulated performance completed so far during contract period.

For the obligations performed within a certain period time, the Company shall recognize the income in accordance with the performance progress during the period. If the performance cannot be reasonably

determined, and the Company is expected to receive compensation for incurred cost, the Company shall recognize the income based on incurred cost until the performance can be reasonably determined.

For the obligations performed at a certain point of time, the Company shall recognize the income when the clients have controlled relevant commodities or services. In determining whether the customer has controlled relevant commodities or services, the Company shall consider the following indications:

- 1) The Company has the right to collect the current bill for the commodities or services.
- 2) The Company has transferred the legal title of commodities to the customer.
- 3) The Company has transferred the physical commodities to the customer.
- 4) The Company has transferred the main risks and rewards on the legal title of commodities to the customer.
- 5) The customer has accepted commodities or services, etc.

The Company's right to receive consideration for commodities or services transferred to the customer is shown as an asset under the contract, which is subject to impairment based on expected credit losses. The Company's unconditional right to charge consideration from the customer shall be listed as account receivable. The Company's obligation of the transfer of commodities or services to customers for consideration of goods delivery is listed as a contract liability.

(2) Revenue measurement principle

- 1) If the contract contains two or more performance obligations, the Company shall apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the commodity or service committed by each performance obligation at the beginning of the contract, and measure the revenue according to the transaction price apportioned to each performance obligation.
- 2) The transaction price is the consideration amount expected to be collected by the Company for the transfer of commodities or services to the customer, excluding the payments received from a third party. The transaction price confirmed by the Company shall not exceed the amount of accumulated recognized revenue, which is unlikely to turn back when the relevant uncertainties have been eliminated. The amount expected to be refunded to customers shall be regarded as liability and be excluded in the transaction price.
- 3) If the contract includes significant financing elements, the Company shall determine the transaction price based on the amount payable in cash assumed to be paid by the customer upon acquisition of control of the commodities or services. The balance 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 interval between the day of the customer's acquisition of

control of the commodities or services control and customer's payment of the price not exceed one year, the significant financing elements in the contract will not be taken into consideration.

(3) Specific revenue recognition method

1) Recognizing revenue at a certain point of time

Sell of electrical products, accessories and materials belongs to the performance obligations performed at a certain point of time.

Revenue recognition conditions for domestic commodities: the Company has delivered products to the customer according to the contract and order. The customer has received the products. The Company has collected payment and obtained receipts. The relevant economic benefits are likely to get into the Company. The main risks and rewards on the ownership of commodities have been transferred. The legal ownership and control rights of commodities have been transferred.

Revenue recognition conditions for export commodities: the Company has made an export declaration of the products according to the contract, obtained the bill of lading and delivered the commodities to the carrier entrusted by the buyer. The Company has collected payment and obtained receipts. The relevant economic benefits are likely to get into the Company. The main risks and rewards on the ownership of commodities have been transferred. The legal ownership and control rights of commodities have been transferred.

2) Recognizing revenue by contract fulfillment

For the obligations performed within a certain period of time, the Company shall recognize the income in accordance with technology service and operating lease with the customer.

30. 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.

31. 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.

32. Leased

Finance lease is the lease substantially transferring all risks and remuneration related to the asset ownership. The lease other than the finance lease is operating lease. The Company's lease is mainly operating lease.

The rental income or expense of operating lease is charged to relevant asset cost or current profit and loss by the straight-line method in the lease term.

33. Significant accounting policy and accounting estimate change

(1) Changes in significant accounting policies

Applicable Not applicable

In 2017, the Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 14 - Revenue (referred to as the "new revenue standards"). From January 1, 2020, the Company will conduct accounting treatment in accordance with the newly revised above standards. According to the convergence provisions, the balance of items in relevant statements at the beginning of this reporting period will be adjusted according to the difference between the implementation of the new standards and the current standards on the first day, and the information in comparable periods will not be adjusted.

(2) Significant accounting estimate change

Applicable Not applicable

(3) Adjustment of relevant items in financial statements at the beginning of the implementation year as a result of first implementation of new revenue standards and new release standards from 2020

Consolidated Balance Sheet

Unit: yuan

Item	Tuesday, December 31, 2019	January 01, 2020	Adjusted figure
Current assets:			
Advance from customers	1,092,261,332.25		-1,092,261,332.25
Contract liabilities		970,225,647.09	970,225,647.09
Other current liabilities		122,035,685.16	122,035,685.16

Balance Sheet of the Parent Company

Unit: yuan

Item	Tuesday, December 31, 2019	January 01, 2020	Adjusted figure
Current assets:			
Advance from customers	983,128,543.51		-983,128,543.51
Contract liabilities		873,647,957.94	873,647,957.94
Other current liabilities		109,480,585.57	109,480,585.57

(4) Retrospective adjustment of early comparative data description as a result of first implementation of new revenue standards and new release standards from 2020 N/A**VI. Taxes****1. Main tax categories and tax rates**

Tax category	Taxation basis	Tax rate
Added value tax	Income from selling commodities	13%
Added value tax	Technical service income	6%
Added value tax	Income from house lease	5%
Tax on city maintenance and construction	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Surcharge for local education	Turnover tax actually paid	2%
House property tax	70% of original value of the property	1.2%
House property tax	Rental income	12%
Land use tax	Total land area	5-10 yuan/m ²
Corporate income tax	Income tax payable	15%, 25%

Presentation of condition shall be disclosed in cases that there are different subjects of corporate income tax payment

Name of subject of tax payment	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%

Dize Home Appliance Trading (Shanghai) Co., Ltd.	25%
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	25%

2. Tax preference

1) Preferential policies for income tax

On December 01, 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 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. (Shengzhou Kinde), a subsidiary of the Company, obtained the high-tech enterprise certificate (No. GR201933002261) jointly issued by the Science and Technology Department of Zhejiang Province, Finance Department of Zhejiang Province and Zhejiang Provincial Tax Bureau of the State Administration of Taxation on December 4, 2019. Shengzhou Kinde 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 from January 1, 2019 to December 31, 2021), and the enterprise income tax shall be levied at the rate of 15%.

2) Preferential tax policies for land use tax

On December 2, 2020, the State Administration of Taxation, Hangzhou Yuhang District Tax Bureau issued a notice on the tax affairs (Hangyu shuitong [2020] No. 53490), from January 1, 2020 to December 31, 2020, Class A enterprises is free of tax on urban land use, the Company belongs to Class A enterprise and can enjoy the preferential policy of exemption of tax on urban land use.

According to *Decision of the State Council on Amending the Interim Regulations of the People's Republic of China on Urban Land Use Tax*, the regulation of Article 7 of Order No. 483 of the State Council of the People's Republic of China, Shengzhou Kinde, a subsidiary of the Company, applied tax exemptions to the State Administration of Taxation Shengzhou Tax Bureau and received approval (filing code: 210406170634586299) and was approved to enjoy the preferential policy of full reduction of land use tax from January 1, 2020 to December 31, 2020.

3) Preferential policies for house property tax.

On December 31, 2020, the State Administration of Taxation, Hangzhou Yuhang District Tax Bureau issued a notice on the tax affairs (Hangyu shuitong [2020] No. 59493). From January 1, 2020 to December 31, 2020,

the ad valorem collection of house property tax levied on manufacturing (excluding tobacco products), wholesale and retail enterprises (for personal use) is exempted affected by the epidemic. The Company meets such requirements and can enjoy the preferential policy of full reduction of house property tax.

VII. Notes to Items in Consolidated Financial Statements

1. Monetary capital

Unit: yuan

Item	Year-end balance	Beginning balance
Cash on hand	110,770.11	218,775.77
Bank deposit	3,885,907,031.42	4,029,077,489.73
Other monetary capital	35,034,898.78	24,825,460.73
Total	3,921,052,700.31	4,054,121,726.23
Including: total amount of fund deposit abroad	0.00	0.00

Other description

Note: Other monetary capital at the year end is 35,034,898.78 yuan, including the L/C deposit of 33,394,968.71 yuan and deposit for bill acceptance of 1,561,218.04 which are limited funds, and Alipai balance of 78,712.03 yuan which allows to withdraw money at any time and without funds limitation.

2. Trading financial assets

Unit: yuan

Item	Year-end balance	Beginning balance
Financial assets measured with fair value and with the changes included in current profit and loss	2,352,000,000.00	1,360,000,000.00
Including:		
Bank financial products	2,352,000,000.00	1,360,000,000.00
Including:		
Total	2,352,000,000.00	1,360,000,000.00

4. Notes receivable

(1) Classified presentation of notes receivable

Unit: yuan

Item	Year-end balance	Beginning balance
Banker's acceptance	850,950,227.31	359,876,143.64
Trade acceptance	981,751,215.77	626,817,005.76

Total	1,832,701,443.08	986,693,149.40
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Unit: yuan

Category	Year-end 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 single provision for bad debt	11,176,846.26	0.59%	7,823,792.38	70.00%	3,353,053.88	0.00	0.00%	0.00	0.00%	0.00
Including:										
Notes receivable of provision for bad debt by combination	1,887,831,706.05	99.41%	58,483,316.85	3.10%	1,829,348,389.20	1,019,683,518.12	100.00%	32,990,368.72	3.24%	986,693,149.40
Including:										
Banker's acceptance bill	850,950,227.31	44.81%	0.00	0.00%	850,950,227.31	359,876,143.64	35.29%	0.00	0.00%	359,876,143.64
Trade acceptance	1,036,881,478.74	54.60%	58,483,316.85	5.64%	978,398,161.89	659,807,374.48	64.71%	32,990,368.72	5.00%	626,817,005.76
Total	1,899,008,552.31	100.00%	66,307,109.23	3.49%	1,832,701,443.08	1,019,683,518.12	100.00%	32,990,368.72	3.24%	986,693,149.40

Provision for bad debt by single item:

Unit: yuan

Name	Year-end balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Trade acceptance with provision for bad debt provision withdrawn by single item	11,176,846.26	7,823,792.38	70.00%	

Provision for bad debt by combination:

Unit: yuan

Name	Year-end balance		
	Book balance	Provision for bad debt	Accruing proportion
Banker's acceptance bill combination	850,950,227.31	0.00	0.00%
Commercial acceptance bill combination	1,036,881,478.74	58,483,316.85	5.64%
Total	1,887,831,706.05	58,483,316.85	--

(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				Year-end balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Trade acceptance	32,990,368.72	33,316,740.51	0.00	0.00		66,307,109.23
Total	32,990,368.72	33,316,740.51	0.00	0.00		66,307,109.23

(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 confirmed at end of period	Amount not yet confirmed at end of period
Banker's acceptance	908,147.68	0.00
Trade acceptance	0.00	10,000,000.00
Total	908,147.68	10,000,000.00

(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	Accounts receivable transferred at the end of the period
Trade acceptance	16,504,843.78
Total	16,504,843.78

5. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: yuan

Category	Year-end 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	15,164,080.60	1.40%	12,320,940.24	81.25%	2,843,140.36	4,216,329.97	0.55%	4,216,329.97	100.00%	0.00
Including:										

Accounts receivable of provision for bad debt by combination	1,065,680,355.15	98.60%	60,287,549.11	5.66%	1,005,392,806.04	768,561,756.12	99.45%	42,930,854.84	5.59%	725,630,901.28
Including:										
Total	1,080,844,435.75	100.00%	72,608,489.35	6.72%	1,008,235,946.40	772,778,086.09	100.00%	47,147,184.81	6.10%	725,630,901.28

Provision for bad debt by single item:

Unit: yuan

Name	Year-end balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Accounts receivable without large single amount and withdrawn with single provision for bad debt	5,686,946.05	5,686,946.05	100.00%	Expected to be irrecoverable
Accounts receivable without large single amount and withdrawn with single provision for bad debt	9,477,134.55	6,633,994.19	70.00%	Expected risk of recovery
Total	15,164,080.60	12,320,940.24	--	--

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	Year-end balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	1,005,819,109.05	50,273,301.62	5.00%
1-2 years	45,421,774.91	4,542,177.50	10.00%
2-3 years	8,757,586.46	1,751,517.29	20.00%
3-4 years	3,747,177.04	1,873,588.53	50.00%
4-5 years	438,717.57	350,974.05	80.00%
More than 5 years	1,495,990.12	1,495,990.12	100.00%
Total	1,065,680,355.15	60,287,549.11	--

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	1,015,150,908.06
Within 1 year (including 1 year)	1,015,150,908.06
1-2 years	47,452,910.95

2-3 years	10,415,782.96
More than 3 years	7,824,833.78
3-4 years	3,747,177.04
4-5 years	808,021.57
More than 5 years	3,269,635.17
Total	1,080,844,435.75

(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				Year-end balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of accounts receivable	47,147,184.81	27,309,380.51	0.00	1,848,075.97		72,608,489.35
Total	47,147,184.81	27,309,380.51	0.00	1,848,075.97		72,608,489.35

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

Unit: yuan

Item	Written-off amount
Accounts receivable	1,848,075.97

(4) 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	150,213,112.47	13.90%	7,510,655.63
Unit 2	139,545,372.57	12.91%	6,977,268.62
Unit 3	106,880,264.70	9.89%	5,344,013.24
Unit 4	22,204,462.73	2.05%	1,568,955.14
Unit 5	19,105,863.54	1.77%	955,293.18
Total	437,949,076.01	40.52%	

6. Receivables financing

Unit: yuan

Item	Year-end balance	Beginning balance
Banker's acceptance bill	0.00	408,972,104.07
Total		408,972,104.07

7. Advances to suppliers

(1) Presentation of advances to suppliers by aging

Unit: yuan

Aging	Year-end balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	68,516,272.50	98.04%	50,109,021.83	99.99%
1-2 years	1,373,126.97	1.96%	4,528.01	0.01%
2-3 years	0.00	0.00%	0.00	0.00%
Total	69,889,399.47	--	50,113,549.84	--

(2) Advances to suppliers with top 5 ending balances by prepayment object

The total amount of advances to suppliers with top 5 ending balances by prepayment object in the current year was 36,963,699.30 yuan, accounting for 52.90% of total number of ending balance of advances to suppliers.

8. Other receivables

Unit: yuan

Item	Year-end balance	Beginning balance
Dividends receivable		14,295,039.38
Other receivables	56,589,791.38	96,604,409.27
Total	56,589,791.38	110,899,448.65

(1) Interest receivable

1) Classification of interest receivable

Unit: yuan

Item	Year-end balance	Beginning balance
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(2) Dividends receivable**1) Classification of dividends receivable**

Unit: yuan

Project (or investee)	Year-end balance	Beginning balance
Suzhou Industrial Park Ruican Investment Enterprise (limited partnership)	0.00	14,295,039.38
Total		14,295,039.38

(3) Other receivables**1) Other receivables classified by nature**

Unit: yuan

Fund nature	Year-end book balance	Year-begining book balance
Deposit and margin	39,954,577.27	37,167,812.49
Collection by third party	20,064,674.31	63,604,415.88
Imprest	4,326,156.43	3,137,976.93
Withheld amount	2,740,994.81	2,502,348.12
Other	3,306,429.16	512,898.94
Total	70,392,831.98	106,925,452.36

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, 2020	10,321,043.09			10,321,043.09
Balance on January 1, 2020 in current period	—	—	—	—
Withdrawn in current period	3,511,997.51			3,511,997.51
Written-off in current period	30,000.00			30,000.00
Balance on December 31, 2020	13,803,040.60			13,803,040.60

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	39,565,072.08
Within 1 year (including 1 year)	39,565,072.08
1-2 years	8,112,128.54
2-3 years	4,307,383.02
More than 3 years	18,408,248.34
3-4 years	16,291,346.00
4-5 years	677,388.96
More than 5 years	1,439,513.38
Total	70,392,831.98

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				Year-end balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of other receivables	10,321,043.09	3,511,997.51	0.00	30,000.00		13,803,040.60
Total	10,321,043.09	3,511,997.51	0.00	30,000.00		13,803,040.60

4) Other receivables actually written off at the current period

Unit: yuan

Item	Written-off amount
Other receivables actually written off in the current year	30,000.00

5) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Year-end balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
Unit 1	Deposit and margin	14,778,000.00	3-4 years	20.99%	7,389,000.00

Unit 2	Collection by third party	14,390,028.64	Within 1 year	20.44%	719,501.43
Unit 3	Collection by third party	3,852,394.93	Within 1 year	5.47%	192,619.75
Unit 4	Deposit and margin	3,000,000.00	1-2 years	4.26%	300,000.00
Unit 5	Deposit and margin	2,218,384.00	Within 1 year	3.15%	110,919.20
Total	--	38,238,807.57	--	54.31%	8,712,040.38

9. Inventory

(1) Inventory classification

Unit: yuan

Item	Year-end balance			Beginning balance		
	Book balance	Provision for inventory falling price reserves or contract performance costs	Book value	Book balance	Provision for inventory falling price reserves or contract performance costs	Book value
Raw materials	90,099,485.06		90,099,485.06	65,865,050.18		65,865,050.18
Work in process	56,669,379.52		56,669,379.52	48,635,094.61		48,635,094.61
Merchandise inventory	356,798,655.96	31,299,857.11	325,498,798.85	333,027,454.91	9,321,963.35	323,705,491.56
Semi-finished products shipped in transit	895,794,857.43	0.00	895,794,857.43	882,209,547.51	0.00	882,209,547.51
Low priced and easily worn	18,026,823.98	0.00	18,026,823.98	18,761,741.34	0.00	18,761,741.34

articles and wrappage						
Total	1,417,389,201.95	31,299,857.11	1,386,089,344.84	1,348,498,888.55	9,321,963.35	1,339,176,925.20

(2) Provision for inventory falling price reserves and contract performance costs

Unit: yuan

Item	Beginning balance	Amount increased in current period		Amount decreased in current period		Year-end balance
		Provision	Other	Reversed or written off	Other	
Merchandise inventory	9,321,963.35	21,977,893.76				31,299,857.11
Total	9,321,963.35	21,977,893.76				31,299,857.11

10. Contract assets N/A**11. Assets available for sales** N/A**12. Non-current assets due within a year** N/A**13. Other current assets**

Unit: yuan

Item	Year-end balance	Beginning balance
Pending deduct VAT on purchase	667,378.56	2,386,707.05
Prepaid tax	0.00	13,802,530.76
Total	667,378.56	16,189,237.81

14. Debt investments N/A**15. Other debt investments** N/A**16. Long-term receivables** N/A**17. Long-term equity investment**

Unit: yuan

Investe	Beginni	Increase or decrease in current period	Ending	Balance
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Unit	Beginning balance (book value)	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	Balance (book value)	Impairment provision at the end of period
I. Joint enterprise											
De Dietrich Trade (Shanghai) Co., Ltd.	4,168,338.79	0.00	0.00	-715,569.20	0.00	0.00	0.00	0.00	0.00	3,452,769.59	
Subtotal	4,168,338.79	0.00	0.00	-715,569.20	0.00	0.00	0.00	0.00		3,452,769.59	
II. Joint venture											
Total	4,168,338.79			-715,569.20						3,452,769.59	

Other description

18. Other equity instrument investments

Unit: yuan

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

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

Unit: yuan

Project name	Recognized dividend income	Aggregate gains	Aggregate losses	Amount of other comprehensive income	Cause for designation to measure at fair value of which changes are	Causes for carryforward retained earnings of other
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				transferred to retained earnings	recorded into other comprehensive income	comprehensive income
Suzhou Industrial Park Ruican Investment Enterprise (limited partnership)	11,985,836.92	0.00	0.00	0.00	Held for non-trading purposes	—
Shanghai MXCHIP Information Technology Co., Ltd.	0.00	0.00	17,832,510.78	0.00	Held for non-trading purposes	—

Other description:

19. Other non-current financial assets

20. Investment properties

(1) Investment properties using cost measurement mode

Applicable Not applicable

Unit: yuan

Item	Houses and buildings	Total
I. Original book value		
1. Year-beginning balance	189,197.82	189,197.82
2. Increase in current year	2,497,285.44	2,497,285.44
(1) Transfer of fixed assets	2,497,285.44	2,497,285.44
3. Decrease in current year	0.00	0.00
4. Year-end balance	2,686,483.26	2,686,483.26
II. Accumulative depreciation		
1. Year-beginning balance	76,609.48	76,609.48
2. Increase in current year	18,871.94	18,871.94
(1) Accrual	18,871.94	18,871.94
3. Decrease in current year	0.00	0.00
4. Year-end balance	95,481.42	95,481.42
III. Provision for impairment		
1. Year-beginning balance	0.00	0.00

Item	Houses and buildings	Total
2. Increase in current year	0.00	0.00
3. Decrease in current year	0.00	0.00
4. Year-end balance	0.00	0.00
IV. Book value		
1. Year-end Book value	2,591,001.84	2,591,001.84
2. Year-beginning book value	112,588.34	112,588.34

(2) Investment properties using fair value measurement mode

Applicable Not applicable

21. Fixed assets

Unit: yuan

Item	Year-end balance	Beginning balance
Fixed assets	824,978,354.71	826,234,929.97
Total	824,978,354.71	826,234,929.97

(1) Fixed assets

Unit: yuan

Item	Houses and building	Machinery equipment	Transportation equipment	Other equipment	Total
I. Original book value					
1. Year-beginning balance	680,982,703.90	558,659,463.30	18,620,780.98	73,367,146.35	1,331,630,094.53
2. Increase in current year	23,443,247.45	63,342,721.26	2,499,339.13	8,373,560.86	97,658,868.70
(1) Purchase	1,328,349.35	12,093,983.61	2,499,339.13	8,373,560.86	24,295,232.95
(2) Transfer from construction in progress	22,114,898.10	51,248,737.65	0.00	0.00	73,363,635.75
3. Decrease in current year	2,497,285.44	4,046,851.23	2,234,293.93	3,168,337.97	11,946,768.57
(1) Disposal or scrap	0.00	4,046,851.23	2,234,293.93	3,168,337.97	9,449,483.13
2. Others decreases	2,497,285.44	0.00	0.00	0.00	2,497,285.44
4. Year-end balance	701,928,665.91	617,955,333.33	18,885,826.18	78,572,369.24	1,417,342,194.66
II. Accumulative depreciation					
1. Year-beginning balance	209,304,987.24	240,108,059.23	11,262,138.92	44,719,979.17	505,395,164.56
2. Increase in current year	31,514,712.26	53,199,041.23	2,432,308.53	8,211,794.94	95,357,856.96

Item	Houses and building	Machinery equipment	Transportation equipment	Other equipment	Total
(1) Accrual	31,514,712.26	53,199,041.23	2,432,308.53	8,211,794.94	95,357,856.96
3. Decrease in current year	0.00	3,441,666.82	2,122,579.25	2,824,935.50	8,389,181.57
(1) Disposal or scrap	0.00	3,441,666.82	2,122,579.25	2,824,935.50	8,389,181.57
4. Year-end balance	240,819,699.50	289,865,433.64	11,571,868.20	50,106,838.61	592,363,839.95
III. Provision for impairment					
1. Year-beginning balance	0.00	0.00	0.00	0.00	0.00
2. Increase in current year	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	0.00	0.00	0.00	0.00	0.00
4. Year-end balance	0.00	0.00	0.00	0.00	0.00
IV. Book value					
1. Year-end Book value	461,108,966.41	328,089,899.69	7,313,957.98	28,465,530.63	824,978,354.71
2. Year-beginning book value	471,677,716.66	318,551,404.07	7,358,642.06	28,647,167.18	826,234,929.97

22. Construction in progress

Unit: yuan

Item	Year-end balance	Beginning balance
Construction in progress	463,424,647.46	272,211,720.62
Total	463,424,647.46	272,211,720.62

(1) Construction in progress

Unit: yuan

Item	Year-end balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Maoshan intelligent manufacturing base infrastructure project	358,241,059.59	0.00	358,241,059.59	259,945,664.42	0.00	259,945,664.42
Shengzhou south district project	73,511,454.76	0.00	73,511,454.76	352,500.23	0.00	352,500.23
Dark workshop project	14,096,794.95	0.00	14,096,794.95	0.00	0.00	0.00

Riveting equipment project	4,568,965.52	0.00	4,568,965.52	0.00	0.00	0.00
Customized management software	3,770,316.32	0.00	3,770,316.32	3,574,118.78	0.00	3,574,118.78
Robam Mansion project	2,219,316.28	0.00	2,219,316.28	0.00	0.00	0.00
Air line project	1,663,716.90	0.00	1,663,716.90	0.00	0.00	0.00
Project of production department 2	1,530,973.46	0.00	1,530,973.46	1,206,896.55	0.00	1,206,896.55
Project of production department 3	0.00	0.00	0.00	2,015,449.74	0.00	2,015,449.74
Cutting machine project	0.00	0.00	0.00	1,435,896.56	0.00	1,435,896.56
Dispensing equipment project	0.00	0.00	0.00	713,675.21	0.00	713,675.21
Other sporadic projects	3,822,049.68	0.00	3,822,049.68	2,967,519.13	0.00	2,967,519.13
Total	463,424,647.46		463,424,647.46	272,211,720.62		272,211,720.62

(3) Current changes in major projects under construction

Unit: yuan

Project name	Year-beginning balance	Increase in current year	Decrease in current year		Year-end balance
			Carried forward to fixed assets	Other decreases	
Maoshan intelligent manufacturing base infrastructure project	259,945,664.42	128,292,791.18	29,997,396.01	0.00	358,241,059.59
Shengzhou south district project	352,500.23	96,396,729.53	23,237,775.00	0.00	73,511,454.76
Robam Mansion project	0.00	2,219,316.28	0.00	0.00	2,219,316.28
Total	260,298,164.65	226,908,836.99	53,235,171.01	0.00	433,971,830.63

(Continued)

Project name	Budget number	Proportion of project input to the budget (%)	Progress of the project (%)	Cumulative amount of capitalized interest	Including: amount of capitalized interest in current period of the year	Interest of current year Capitalization rate	Source of funds
Maoshan intelligent manufacturing base infrastructure project	633,650,000.00	56.54	56.54	0.00	0.00	0.00	Self-financing
Shengzhou south district project	240,960,000.00	40.15	40.15	0.00	0.00	0.00	Self-financing

Project name	Budget number	Proportion of project input to the budget (%)	Progress of the project (%)	Cumulative amount of capitalized interest	Including: amount of capitalized interest in current period of the year	Interest of current year Capitalization rate	Source of funds
Robam Mansion project	546,000,000.00	0.41	0.41	0.00	0.00	0.00	Self-financing

23. No productive biological assets

24. No oil and gas assets

25. No right-of-use assets

26. Intangible assets

(1) Intangible assets

Unit: yuan

Item	Land use right	Software	Trademark	Patents	Total
I. Original book value					
1. Year-beginning balance	202,418,904.95	46,474,694.36	24,624,622.64	7,300,000.00	280,818,221.95
2. Increase in current year	23,237,775.00	5,866,072.21	0.00	0.00	29,103,847.21
(1) Purchase	23,237,775.00	5,866,072.21	0.00	0.00	29,103,847.21
3. Decrease in current year	0.00	0.00	0.00	0.00	0.00
4. Year-end balance	225,656,679.95	52,340,766.57	24,624,622.64	7,300,000.00	309,922,069.16
II. Accumulated amortization					
1. Year-beginning balance	21,274,593.91	34,447,626.59	3,678,115.56	1,684,615.38	61,084,951.44
2. Increase in current year	4,353,503.80	5,677,718.88	2,465,577.80	1,123,076.92	13,619,877.40
(1) Accrual	4,353,503.80	5,677,718.88	2,465,577.80	1,123,076.92	13,619,877.40
3. Decrease in current year	0.00	0.00	0.00	0.00	0.00
4. Year-end balance	25,628,097.71	40,125,345.47	6,143,693.36	2,807,692.30	74,704,828.84
III. Provision for impairment					
1. Year-beginning balance	0.00	0.00	0.00	0.00	0.00
2. Increase in current year	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	0.00	0.00	0.00	0.00	0.00

Item	Land use right	Software	Trademark	Patents	Total
4. Year-end balance	0.00	0.00	0.00	0.00	0.00
IV. Book value					
1. Year-end Book value	200,028,582.24	12,215,421.10	18,480,929.28	4,492,307.70	235,217,240.32
2. Year-beginning book value	181,144,311.04	12,027,067.77	20,946,507.08	5,615,384.62	219,733,270.51

27. Development expenditure N/A**28. 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		Year-end balance
		By business combination		Disposal		
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	80,589,565.84	0.00	0.00			80,589,565.84
Total						

(2) Provision for impairment of goodwill

Unit: yuan

Investee name or goodwill forming matter	Beginning balance	Increase in current period		Decrease in current period		Year-end balance
		Provision		Disposal		
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	0.00	0.00	0.00	0.00		0.00

Information about the asset group or combination of asset groups in which the goodwill is located

The Company has recognized Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.(Shengzhou Kinde) as an assets group. The assets group of year-end goodwill is consistent with the assets group confirmed on the date of purchase and goodwill impairment in the year before last.

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:

Our Company commissioned Zhonghe Appraisal Co., Ltd. (hereinafter referred to as Zhonghe Appraisal) to evaluate whether the goodwill impairment of assets group of Shengzhou Kinde would occur. According to the No. BJU3002 Zhonghe Appraisal Report (2021) on Goodwill Impairment Test issued by Zhonghe Appraisal, Zhonghe Appraisal makes a decision according to the approved forecast of cash flow for the next five years by management, and estimates the cash flow after the next five years of forecast period based on the specific long-term average growth rate, and calculates with the present value model of future cash flow and conduct impairment tests on goodwill with the net amount of the fair value subtracted by the disposal costs and the present value of the expected future cash flow of asset, whichever is higher, based on going-concern assumption. It is tested that the recoverable amount of the assets group of Shengzhou Kinde is greater than the book value containing the assets group of goodwill, and goodwill impairment does not exist.

29. Long-term unamortized expenses

Unit: yuan

Item	Beginning balance	Amount increased in current period	Amortization amount in current period	Other decreases	Year-end balance
Service charge	234,663.25	338,544.53	256,113.01	0.00	317,094.77
Consulting fee	187,169.81	154,463.52	100,545.48	0.00	241,087.85
Training membership fee	101,362.68	0.00	63,697.48	0.00	37,665.20
Brand endorsement fee	0.00	1,202,511.03	0.00	0.00	1,202,511.03
Total	523,195.74	1,695,519.08	420,355.97		1,798,358.85

30. Deferred income tax assets and deferred income tax liabilities

(1) Unoffset deferred income tax assets

Unit: yuan

Item	Year-end balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Recognition for provisional estimate cost	399,311,723.24	59,896,758.48	215,006,417.88	32,250,962.68
Provision for credit impairment	152,718,639.18	24,152,559.74	90,458,596.62	14,479,181.31
Recognition for deferred income	121,306,538.90	18,195,980.84	114,851,263.30	17,227,689.50
Provision for	31,299,857.11	4,694,978.56	9,321,963.35	1,398,294.50

impairment of assets				
Fair value change of other equity instrument investments	17,832,510.78	2,674,876.62	17,832,510.78	2,674,876.62
Unrealized profit of internal transaction	10,991,208.96	2,747,344.24	8,075,375.65	2,018,843.91
Payroll payable withdrawn but not issued	863,548.19	129,532.23	5,388,241.47	827,267.57
Total	734,324,026.36	112,492,030.71	460,934,369.05	70,877,116.09

(2) Unoffset deferred income tax liabilities

Unit: yuan

Item	Year-end 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	30,040,521.60	4,506,078.24	33,942,653.74	5,091,398.06
Taxable temporary differences due to the pretax deduction of fixed assets	4,697,876.68	704,681.50	4,176,334.57	626,450.19
Total	34,738,398.28	5,210,759.74	38,118,988.31	5,717,848.25

(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		112,492,030.71		70,877,116.09
Deferred income tax liabilities		5,210,759.74		5,717,848.25

(4) Details of unrecognized deferred income tax assets

Unit: yuan

Item	Year-end balance	Beginning balance
Deductible loss	9,798,260.49	6,459,439.41

Total	9,798,260.49	6,459,439.41
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(5) Deductible losses on unrecognized deferred income tax assets will expire in the following year

Unit: yuan

Year	Amount at the end of period	Amount in the beginning of period	Remark
2020	0.00	6,367,784.94	
2021	39,785.54	39,785.54	
2022	39,552.31	39,552.31	
2023	6,714.34	6,714.34	
2024	5,602.28	5,602.28	
2025	9,706,606.02	0.00	
Total	9,798,260.49	6,459,439.41	--

31. Other non-current assets

Unit: yuan

Item	Year-end balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for equipment purchase	3,624,837.56		3,624,837.56	23,558,781.27		23,558,781.27
Advance payment for intangible assets	57,442.11	0.00	57,442.11			
Total	3,682,279.67		3,682,279.67	23,558,781.27		23,558,781.27

32. Short-term borrowing**(1) Classification of short-term borrowing**

Unit: yuan

Item	Year-end balance	Beginning balance
Credit Loan	6,076,177.30	
Total	6,076,177.30	

33. No trading financial liabilities**34. No derivative financial liabilities****35. Notes payable**

Unit: yuan

Type	Year-end balance	Beginning balance
Banker's acceptance bill	751,802,498.92	603,308,648.96
Total	751,802,498.92	603,308,648.96

36. Accounts payable**(1) Presentation of accounts payable**

Unit: yuan

Item	Year-end balance	Beginning balance
Payment for materials	950,631,079.92	880,995,549.70
Costs	709,723,793.53	465,097,084.50
Project payment	48,606,778.41	33,887,108.65
Payment for equipment	14,870,556.23	15,081,542.43
Total	1,723,832,208.09	1,395,061,285.28

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

Unit: yuan

Item	Year-end balance	Reasons for being unpaid or unsettled
Costs	16,941,906.91	To be Settled
Total	16,941,906.91	--

Other description:

Note: As of December 31, 2020, the Company's important accounts payable with an age of more than one year were 16,941,906.91 yuan, which is mainly for fees not yet settled.

37. No advance from customers**38. Contract liabilities**

Unit: yuan

Item	Year-end balance	Beginning balance
Advances from customers	949,591,228.35	966,602,948.89

Total	949,591,228.35	966,602,948.89
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39. Payroll payable

(1) Presentation of payroll payable

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Year-end balance
I. Short-term compensation	116,643,991.68	763,965,081.65	757,116,917.37	123,492,155.96
II. Welfare after dismissal - defined contribution plan	5,426,333.35	27,091,315.84	29,879,413.91	2,638,235.28
III. Dismissal welfare	0.00	1,063,281.45	1,063,281.45	0.00
Total	122,070,325.03	792,119,678.94	788,059,612.73	126,130,391.24

(2) Presentation of short-term compensation

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Year-end balance
1. Wages, bonuses, allowances and subsidies	112,088,149.01	657,338,070.20	650,495,489.28	118,930,729.93
2. Employee services and benefits	0.00	27,021,217.81	27,021,217.81	0.00
3. Social insurance premium	3,930,546.68	36,823,509.80	36,825,229.50	3,928,826.98
Including: medical insurance premium	3,388,855.20	35,636,997.54	35,178,167.16	3,847,685.58
Industrial injury insurance premium	172,761.56	830,554.45	922,174.61	81,141.40
Birth insurance premium	368,929.92	355,957.81	724,887.73	0.00
4. Housing fund	272,101.00	30,729,770.56	30,719,723.56	282,148.00
5. Labor union expenditure and personnel education fund	353,194.99	12,052,513.28	12,055,257.22	350,451.05
Total	116,643,991.68	763,965,081.65	757,116,917.37	123,492,155.96

(3) Presentation of defined contribution plans

Unit: yuan

Item	Beginning balance	Increase in current	Decrease in current	Year-end balance
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		period	period	
1. Basic endowment insurance	5,228,962.74	26,152,464.69	28,839,057.22	2,542,370.21
2. Unemployment insurance premium	197,370.61	938,851.15	1,040,356.69	95,865.07
Total	5,426,333.35	27,091,315.84	29,879,413.91	2,638,235.28

40. Tax payable

Unit: yuan

Item	Year-end balance	Beginning balance
Corporate income tax	111,445,197.66	89,992,149.62
Added value tax	61,150,126.40	9,811,740.89
Tax on city maintenance and construction	3,937,862.94	769,259.08
Individual income tax	1,526,364.72	1,190,263.26
Education surcharge	1,687,655.54	329,682.46
Surcharge for local education	1,125,103.76	219,788.34
Stamp duty	507,609.14	238,931.49
Land use tax	340,344.00	0.00
House property tax	166,973.35	0.00
Disabled person employment security fund	0.00	174,840.07
Total	181,887,237.51	102,726,655.21

41. Other payables

Unit: yuan

Item	Year-end balance	Beginning balance
Other payables	242,559,615.30	241,641,864.89
Total	242,559,615.30	241,641,864.89

(1) Other payables

1) Other payables listed by nature

Unit: yuan

Item	Year-end balance	Beginning balance
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Margin payable	234,180,292.44	233,004,717.16
Deposit payable	4,539,028.30	4,995,172.30
Collections for others	2,616,338.90	1,486,383.22
Equity incentive repurchase obligation	0.00	0.00
Other	1,223,955.66	2,155,592.21
Total	242,559,615.30	241,641,864.89

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

Unit: yuan

Item	Year-end balance	Reasons for being unpaid or unsettled
Sales deposit	202,300,730.41	
Total	202,300,730.41	--

Other description

Note: As of December 31, 2020, the Company's important other payables with an age of more than one year were 202,300,730.41 yuan, which is mainly for sales deposit.

42. No liabilities available for sale

43. No Non-current liabilities due within a year

44. Other current liabilities

Unit: yuan

Item	Year-end balance	Beginning balance
Pending changerover VAT on sales	116,535,407.26	122,035,685.16
Endorsed trade acceptance	10,000,000.00	0.00
Total	126,535,407.26	122,035,685.16

45. Long-term borrowing N/A

46. Bonds payable N/A

47. Lease liabilities N/A

48. Long-term payable N/A

49. Long-term payroll payable N/A**50. Estimated liabilities** N/A**51. Deferred income**

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Year-end balance	Forming reasons
Government subsidies	114,851,263.30	51,479,585.00	16,167,324.40	150,163,523.90	
Total	114,851,263.30	51,479,585.00	16,167,324.40	150,163,523.90	--

Other description:

Government subsidized project	Year-beginning balance	Newly increased amount in current year	Annual amount recorded into the current profit and loss	Year-end balance	Assets/income related
Project fund of for intelligent manufacturing, integrated standardization and new mode application	55,323,859.42	0.00	8,539,505.64	46,784,353.78	与资产相关
Production and construction project of annual production of 2.25 million kitchen appliances	27,478,633.08	0.00	2,573,781.24	24,904,851.84	与资产相关
Construction project of kitchen appliance R&D, design and test center	11,774,935.49	0.00	2,365,167.24	9,409,768.25	与资产相关
Production and construction project allowance of annual production of 1 million kitchen appliances	3,426,625.04	0.00	1,143,783.96	2,282,841.08	与资产相关
Project of annual 108 embedded kitchen electric appliance products	5,616,825.75	0.00	682,491.00	4,934,334.75	与资产相关
New-generation environmentally friendly and energy-saving kitchen appliances and production line (regional major project)	912,326.99	0.00	190,650.84	721,676.15	与资产相关
Digital intelligent manufacturing workshop of intelligent household appliances	741,075.72	0.00	159,426.72	581,649.00	与资产相关
Project of annual production of 2.25 million digital workshops	232,092.73	0.00	103,706.04	128,386.69	与资产相关
Recycling transformation project	543,686.97	0.00	91,610.16	452,076.81	与资产相关
Subsidies for investment project of annual production of 150,000 range hoods	147,871.71	0.00	58,882.80	88,988.91	与资产相关
Academician expert workstation	303,134.00	0.00	46,255.68	256,878.32	与资产相关

Kitchen appliance R&D, design and test center	50,196.40	0.00	7,624.80	42,571.60	与资产相关
Technological upgrading project of manufacturing enterprises	8,300,000.00	0.00	0.00	8,300,000.00	与资产相关
Technological upgrading project of annual production of 500,000	0.00	2,622,600.00	31,200.93	2,591,399.07	与资产相关
Unmanned intelligent factory based on 5G and Cloud technology	0.00	20,000,000.00	173,237.35	19,826,762.65	与资产相关
No.M2020-09 land fund subsidy of Chengnan New District	0.00	28,856,985.00	0.00	28,856,985.00	与资产相关
Total	114,851,263.30	51,479,585.00	16,167,324.40	150,163,523.90	—

52. Other non-current liabilities N/A**53 Share capital**

Unit: yuan

	Beginning balance	Increase/decrease (+, -)					Year-end balance
		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

54. Other equity instruments N/A**55. Capital reserve**

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Year-end balance
capital surplus (capital stock surplus)	401,799,332.67			401,799,332.67
Total	401,799,332.67			401,799,332.67

56. Treasury stock N/A**57. Other comprehensive income**

Unit: yuan

Item	Beginning balance	Amount incurred in current period						Year-end balance
		Amoun	Less: amount	Less: amount	Minus:	Attributabl	Attributabl	

		before current income tax	included in other comprehensive income in previous period and included in profit and loss in current period	included in other comprehensive income in previous period and included in carryforward retained earnings in current period	income tax expenses	attributable to the parent company after tax	attributable to minority shareholders after tax	
I. Other comprehensive income that can't be reclassified into profit and loss	-15,157,634.16	0.00	0.00	0.00	0.00	0.00		-15,157,634.16
Fair value change of other equity instrument investments	-15,157,634.16	0.00	0.00	0.00	0.00	0.00		-15,157,634.16
Total other comprehensive income	-15,157,634.16							-15,157,634.16

58. Special reserve**59. Surplus reserves**

Unit: yuan

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

60. Undistributed profit

Unit: yuan

Item	Current period	Prior period
Undistributed profit at the end of prior period before adjustment	5,054,206,720.45	4,223,611,112.65
Undistributed profit at the beginning period after adjustment	5,054,206,720.45	4,223,611,112.65
Plus: Net profits attributable to the owners of parent company in current period	1,660,749,958.89	1,589,814,847.80
Common stock dividends payable	474,512,025.00	759,219,240.00
Undistributed profit at the end of the period	6,240,444,654.34	5,054,206,720.45

61. Operating income and operating cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	7,950,757,663.78	3,506,245,981.19	7,589,302,689.33	3,482,255,262.10
Other businesses	177,863,135.53	56,960,949.68	171,279,166.20	66,522,482.94
Total	8,128,620,799.31	3,563,206,930.87	7,760,581,855.53	3,548,777,745.04

62. Taxes and surcharges

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Tax on city maintenance and construction	34,478,037.91	34,341,853.03
Education surcharge	24,627,169.96	24,458,728.04
Stamp duty	2,261,813.76	2,237,616.78
Land use tax	340,344.00	0.00
House property tax	194,014.14	5,553,841.54
Vehicle and vessel use tax	24,962.74	26,065.34
Other	30,288.37	0.00
Total	61,956,630.88	66,618,104.73

63. Selling expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Sales and service fees	717,952,394.72	554,487,943.73

Advertising and promotion expenses	511,075,473.36	457,851,289.50
Traffic expense;	258,544,222.83	256,384,472.63
Employee compensation	242,145,914.14	245,718,611.84
Promotion fees	154,130,738.31	103,809,175.17
Booth decoration fee	135,635,749.35	164,860,080.30
Material consumption	64,982,374.37	70,486,201.62
Business entertainment expenses	13,609,905.26	15,290,852.11
Rental fees	13,434,292.19	16,476,876.79
Traveling expenses	10,818,904.86	16,293,809.72
Intermediary service charge	10,691,046.91	11,520,390.31
Office allowance	6,327,286.95	10,496,374.50
Other	7,616,745.62	4,583,094.13
Total	2,146,965,048.87	1,928,259,172.35

64. Management costs

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	156,332,380.80	153,718,556.87
Depreciation and amortization	44,483,666.82	39,728,076.92
Consulting service charge	29,904,258.97	18,353,153.39
Maintenance expense	12,833,205.67	13,647,891.43
Office allowance	11,475,519.47	8,545,422.15
Rental fees	7,249,751.59	9,640,922.28
Traveling expenses	6,210,428.73	7,830,459.53
Material consumption	3,471,188.77	5,933,828.15
Business entertainment expenses	5,061,075.24	5,478,604.83
Communication expense	4,880,481.20	4,846,988.25
Car fare	3,787,560.02	3,671,025.30
Equity incentive fee	0.00	109,531.25
Other	11,296,245.96	12,859,654.82
Total	296,985,763.24	284,364,115.17

65. Research and development expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	139,169,323.42	133,274,242.46
Direct investment	128,816,650.57	126,394,199.48
Depreciation and amortization	15,654,469.61	15,287,792.16
Design fee	7,071,597.30	9,951,440.23
Other expenses	12,635,514.91	14,561,452.21
Total	303,347,555.81	299,469,126.54

66. Financial expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenses	6,721,543.47	477,352.78
Minus: Interest revenue	160,282,611.34	84,590,717.34
Plus: Exchange gain or loss	2,177,052.47	-293,264.98
Plus: other expenses	1,235,828.65	996,138.29
Total	-150,148,186.75	-83,410,491.25

67. Other income

Unit: yuan

Other sources of income	Amount incurred in current period	Amount incurred in previous period
Financial support funds for enterprise cultivation	54,039,120.00	45,262,300.00
Deferred income amortization	16,167,324.40	11,143,528.05
Patent award fund	7,509,809.00	3,294,500.00
Special financial fund	5,650,000.00	4,090,000.00
Job subsidies and social insurance subsidies	4,685,321.80	19,885,371.21
Special fund for industry development	2,749,907.00	2,271,934.44
Individual income tax service charge refund	1,111,062.72	458,689.01
VAT exemption or reduction	18,000.00	16,500.00
Other subsidies	251,700.00	32,000.00
Total	92,182,244.92	86,454,822.71

68. 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	-715,569.20	1,550,487.63
Investment income from trading financial assets during the holding period	28,218,702.24	111,255,267.10
Dividend income from other equity instrument investments in the holding period	11,985,836.92	14,295,039.38
Total	39,488,969.96	127,100,794.11

69. Net exposure hedging gain

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period

70. Gains from fair value change**71. Credit impairment loss**

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Loss on bad debts of notes receivable	-33,316,740.51	-27,416,736.00
Loss on bad debts of accounts receivable	-27,309,380.51	-17,613,423.11
Loss on bad debts of other receivables	-3,511,997.51	-3,793,172.36
Total	-64,138,118.53	-48,823,331.47

72. Assets impairment losses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
II. Loss on price falling of inventory and impairment loss of contract performance costs	-21,977,893.76	-9,321,963.35
Total	-21,977,893.76	-9,321,963.35

73. 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	-387,844.96	-158,607.19
Including: income from disposal of fixed assets	-387,844.96	-158,607.19
Total	-387,844.96	-158,607.19

74. Non-operating income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amount recorded into non-recurring profit and loss in current period
Government subsidies	131,475.00	1,658,983.38	131,475.00
Other	952,904.00	2,439,247.16	952,904.00
Total	1,084,379.00	4,098,230.54	1,084,379.00

Government subsidies included in current profit and loss:

Unit: yuan

Item	Amount incurred in current year	Amount incurred in last year	Source and basis	Assets/income related
National stage III diesel vehicles early liquidation subsidies	77,000.00	0.00		Earnings related
Corporate culture club award subsidies	30,000.00	0.00	Yuhang Civilization Office (2019) No.18	Earnings related
Subsidies for training by working	8,500.00	0.00		Earnings related
Mass entrepreneurship and innovation reward	0.00	1,000,000.00	Yuhang Economy and Information Office (2019) No.16	Earnings related
The Lake public welfare program	0.00	300,000.00	Yuhang Culture and Creative Products Office (2019) No.9	Earnings related
Fitter skills master studio	0.00	100,000.00	Yuhang Labor and Social Security Bureau (2019) No. 73	Earnings related
Subsidies for municipal technical standard projects	0.00	100,000.00	Yuhang Market Supervisory Authority (2019) No.18	Earnings related
Government subsidies for undergraduate internship in Hangzhou	0.00	81,183.38	Received government subsidies for notice on Printing and Distributing Hangzhou University Student Apprenticeship Training Implementation Measures	Earnings related
Fitter skills master studio	0.00	50,000.00	List of the fifth skill master studios in Yuhang District	Earnings related
Liming talent reward	0.00	20,000.00	Yuhang Development and Management Department (2018) No.31	Earnings related
Talent project funds	0.00	3,000.00	Yuhang Labor and Social Security Bureau (2019) No. 24	Earnings related
Special financial fund for business	0.00	4,800.00	Yuhang Commerce Department	Earnings

Item	Amount incurred in current year	Amount incurred in last year	Source and basis	Assets/income related
promotion in Zhejiang in 2018			(2019) No.4	related
Other	15,975.00	0.00		Earnings related
Total	131,475.00	1,658,983.38	—	—

75. Non-operating expenditure

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amount recorded into non-recurring profit and loss in current period
Losses from impairment or breakage of non-current assets	34,861.58	318,500.98	34,861.58
External donations	2,090,000.00	1,000,000.00	2,090,000.00
Other	1,828,383.76	3,005,052.74	1,828,383.76
Total	3,953,245.34	4,323,553.72	3,953,245.34

76. Income tax expenses

(1). Table of Income tax expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Income tax expenses in current period	303,369,646.88	290,542,610.55
Deferred income tax expenses	-42,122,003.14	-33,257,490.60
Total	261,247,643.74	257,285,119.95

(2) Accounting profit and income tax expense adjustment process

Unit: yuan

Item	Amount incurred in current period
Total profit	1,948,605,547.68
The income tax expenses calculated based on statutory/applicable tax rates	292,290,832.14
Influences caused by different tax rates adopted by subsidiaries	307,640.37
Influences caused by adjustment on income tax of previous periods	-7,806,372.31

Influences on non-taxable income	-398,460.70
Influences caused by non-deductible cost, expenses and losses	6,121,543.01
Influences caused by non-confirmation of deductible losses of deferred income tax assets	-20.43
Influences caused by non-confirmation of deductible temporary differences or deductible losses in current period	2,426,651.51
Influences on taxation caused by research and development expenses plus deduction (expressed with “-”)	-31,694,169.85
Income tax expenses	261,247,643.74

77. Other comprehensive income

See Note “VI. 31 Other comprehensive income”

78. 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	160,282,611.34	84,590,717.34
Government subsidies	127,625,980.52	120,943,978.04
Agent business	4,896,957.44	17,388,127.18
Imprest	2,627,693.78	22,993,319.48
Margin and deposit	422,768.10	41,884,916.66
L/C deposit	61,930.00	18,128,307.74
Other payments	2,880,904.80	7,897,733.58
Total	298,798,845.98	313,827,100.02

(2) Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Period charge	1,659,646,233.71	1,590,751,809.98
Agent business	44,527,246.51	13,548,409.12
Margin and deposit	13,012,066.02	45,382,283.46
L/C deposit	10,192,656.02	24,475,893.97
Imprest	621,928.41	45,532,204.37

Other	17,300,131.65	7,125,291.22
Total	1,745,300,262.32	1,726,815,892.12

(3) Other cash received related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Factoring income from accounts receivable	6,076,177.30	0.00
Total	6,076,177.30	0.00

79. Further information on cash flow statement**(1) Further information on cash flow statement**

Unit: yuan

Item	Amount incurred in current year	Amount incurred in last year
1. Reconciliation from net profits to cash flows from operating activities:		
Net profit	1,687,357,903.94	1,614,245,354.63
Plus: Provision for impairment of assets	21,977,893.76	9,321,963.35
Credit impairment loss	64,138,118.53	48,823,331.47
Depreciation of fixed assets, oil and gas assets and productive biological assets	95,376,728.90	91,630,120.96
Amortization of intangible assets	13,619,877.40	13,057,457.00
Amortization of long-term deferred expenses	420,355.97	4,959,043.17
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	387,844.96	158,607.19
Loss on retirement of fixed assets (gains expressed with "-")	34,861.58	318,500.98
Loss from fair value change (gains expressed with "-")	0.00	0.00
Financial expenses (gains expressed with "-")	7,763,829.30	-535,267.76
Investment losses (gains expressed with "-")	-39,488,969.96	-127,100,794.11
Decreased in deferred income tax assets (increase expressed with "-")	-41,614,914.62	-28,638,199.06
Increase in deferred income tax liabilities (decrease expressed with "-")	-507,088.51	-4,619,291.54
Decrease in inventories (increase expressed with "-")	-68,890,313.40	-1,386,157.52
Decrease in operating receivables (increase expressed with "-")	-681,714,318.42	-489,310,440.32
Increase in operating payables (decrease expressed with "-")	478,438,149.28	424,296,698.46
Other	0.00	0.00
Net cash flow from operating activities	1,537,299,958.71	1,555,220,926.90
2. Significant investment and financing activities not involving cash deposit and withdrawal:		
Conversion of debt into capital	0.00	0.00

Item	Amount incurred in current year	Amount incurred in last year
Convertible bonds due within one year	0.00	0.00
Fixed assets under financing lease	0.00	0.00
3. Net changes in cash and cash equivalents:		
Ending balance of cash	3,886,096,513.56	4,029,296,265.50
Less: Beginning balance of cash	4,029,296,265.50	2,177,219,858.85
Plus: Ending balance of cash equivalents	0.00	0.00
Less: Ending balance of cash equivalents	0.00	0.00
Net increase of cash and cash equivalents	-143,199,751.94	1,852,076,406.65

(2) Composition of cash and cash equivalents

Unit: yuan

Item	Year-end balance	Beginning balance
I. Cash	3,886,096,513.56	4,029,296,265.50
Including: cash on hand	110,770.11	218,775.77
Bank deposit readily available for payment	3,885,907,031.42	4,029,077,489.73
Other monetary capital readily available for payment	78,712.03	0.00
III. Balance of cash and cash equivalents at the end of period	3,886,096,513.56	4,029,296,265.50

80. Notes to items in statement of owner's equity

State the name of "other" items and the amount of adjustment to the ending balance of previous year:

81. Assets with ownership or use rights restricted

Unit: yuan

Item	Book value at the end of period	Reasons for being limited
Monetary capital	34,956,186.75	L/C and bill deposit
Total	34,956,186.75	--

82. 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	3,551,939.36	6.5249	23,176,049.13
Euro	646.24	8.0250	5,186.08
AUD	3.29	5.0163	16.50
Accounts receivable	--	--	
Including: USD	3,094,580.13	6.5249	20,191,825.89
Euro	11,503.56	8.0250	92,316.07
AUD	41,856.83	5.0163	209,966.42

83. No hedging

84. Government subsidies

(1) Basic information of government subsidies

Unit: yuan

Type	Amount	Presented items	Amount recorded into the current profit/gain
Financial support funds for enterprise cultivation	54,039,120.00	Other incomes	54,039,120.00
No.M2020-09 land fund subsidy of Chengnan New District	28,856,985.00	Deferred income	0.00
Unmanned intelligent factory based on 5G and Cloud technology	20,000,000.00	Deferred income	173,237.35
Performance award of Shanghai Hongkou District Finance Bureau	3,400,000.00	Other incomes	3,400,000.00
Subsidies for technological upgrading project of annual production of 500,000	2,622,600.00	Deferred income	31,200.93
Social insurance premium refund	2,483,600.00	Other incomes	2,483,600.00
The first batch of subsidies for Hangzhou Kunpeng enterprises	2,000,000.00	Other incomes	2,000,000.00
Subsidies from the Economic and Information Technology Bureau of Yuhang District	2,000,000.00	Other incomes	2,000,000.00
Steady post subsidies	1,645,097.07	Other incomes	1,645,097.07
Individual income tax service charge refund	1,111,062.72	Other incomes	1,111,062.72
Rewards on invention of utility model product and appearance	1,031,000.00	Other incomes	1,031,000.00
Subsidies for model enterprises of national intellectual property	1,000,000.00	Other incomes	1,000,000.00
Market supervision special financial supporting funds for	800,000.00	Other incomes	800,000.00

industrial development			
The first batch of provincial industrial Internet platform reward funds	750,000.00	Other incomes	750,000.00
2019 Yuhang District patent licensing rewards	572,000.00	Other incomes	572,000.00
High-Tech rewards	500,000.00	Other incomes	500,000.00
Stimulation funds for model innovation of E-commerce	500,000.00	Other incomes	500,000.00
Yuhang Commerce Department Subsidies	500,000.00	Other incomes	500,000.00
Support promotion projects for digital demonstration	500,000.00	Other incomes	500,000.00
Subsidies from Yuhang Market Supervisory Authority	400,000.00	Other incomes	400,000.00
2019 corporate patents and trademarks protection	362,885.00	Other incomes	362,885.00
The 20th China Appearance Design Gold Medal Project	300,000.00	Other incomes	300,000.00
Subsidies from Yuhang District Employment Management Service Center	256,836.00	Other incomes	256,836.00
Production-university-research cooperation project	250,000.00	Other incomes	250,000.00
Industrialization of patent for invention in Yuhang District	200,000.00	Other incomes	200,000.00
Social security subsidies	178,688.73	Other incomes	178,688.73
2019-2020 Provincial Industry New Products Awards	150,000.00	Other incomes	150,000.00
Subsidies from Yuhang Science and Technology Bureau	147,300.00	Other incomes	147,300.00
Business incentives	137,207.00	Other incomes	137,207.00
Subsidies for exhibition abroad	112,700.00	Other incomes	112,700.00
Subsidies for third-party platform deduction	100,000.00	Other incomes	100,000.00
Operating Skill Master Studio of Cheng Peng Processing Center	100,000.00	Other incomes	100,000.00
Shaoxing Industrial Design Center	100,000.00	Other incomes	100,000.00
Income subsidies	92,700.00	Other incomes	92,700.00
National stage III diesel vehicles early liquidation subsidies	77,000.00	Non-operating income	77,000.00
Financial subsidies from Yuhang Finance Bureau	60,000.00	Other incomes	60,000.00
Awards for key enterprises by Shanghai Hongkou District Investment Promotion Office	60,000.00	Other incomes	60,000.00
2019 Hangzhou Embedded Microwave Oven Standardization Project Award	58,000.00	Other incomes	58,000.00
Robam Association for Science and Technology - Robam Appliance International Innovation Design Award	30,000.00	Other incomes	30,000.00
Corporate culture club award subsidies	30,000.00	Non-operating income	30,000.00

2018 Fund Patent of Economic Policy of Industry	28,544.00	Other incomes	28,544.00
Subsidies for employment of disabled person	20,100.00	Other incomes	20,100.00
VAT exemption or reduction	18,000.00	Other incomes	18,000.00
Subsidies for training by working	8,500.00	Non-operating income	8,500.00
Cost of maintenance for patent invention	8,080.00	Other incomes	8,080.00
Hiring subsidies	6,000.00	Other incomes	6,000.00
Smart electricity subsidies	5,000.00	Other incomes	5,000.00
Subsidies from Yuhang District Federation of Trade Unions	1,000.00	Other incomes	1,000.00
Other	15,975.00	Non-operating income	15,975.00

VIII. Changes in Consolidation Scope

On October 25, 2020, the Company's holding subsidiary Shengzhou Kinde and Gongqingcheng Binlan Investment partnership (limited partnership) (hereinafter referred to as "Binlan Investment") signed a *Project Cooperation Agreement*. The agreement stipulates that both parties jointly contribute to the establishment of Cooking Future with registered capital of 50 million yuan, including 35 million yuan contributed by Shengzhou Kinde, accounting for 70% of the equity, and 15 million yuan contributed by Binlan Investment, accounting for 30% of the equity. There are 7 directors on the board of directors of Cooking Future, including 4 directors from Shengzhou Kinde and 3 directors from Binlan Investment. The resolution of the board of directors must be approved by more than half of the members of the board of directors, so Shengzhou Kinde controls Cooking Future. Cooking Future has completed the industrial and commercial registration on November 16, 2020 and is currently in the preparation period.

IX. Rights in Other Main Bodies

1. Rights in subsidiaries

(1) Composition of enterprise group

Subsidiary name	Principal place of business	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%	0.00%	Business combination under common control
Shanghai Robam Electric Appliance Sales Co., Ltd.	Shanghai	Shanghai	Sales of kitchen electric appliance products	100.00%	0.00%	Business combination under common control
Hangzhou Mingqi Electric Co., Ltd.	Hangzhou	Hangzhou	Sales of kitchen electric appliance	100.00%	0.00%	Acquisition by establishment

			products			
Dize Home Appliance Trading (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of kitchen electric appliance products	51.00%	0.00%	Acquisition by investment
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Shengzhou	Shengzhou	Production and sales of kitchen electric appliance products	51.00%	0.00%	Business combination not under common control
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	Hangzhou	Hangzhou	Assets and investment management	100.00%	0.00%	Acquisition by establishment
Zhejiang Cooking Future Technology Co., Ltd.	Shengzhou	Shengzhou	Design of smart kitchen		35.70%	Acquisition by establishment

Note: The basis on which the Company holds 50% voting power of Cooking Future or lower but still controls Cooking Future: as stated in note "VII. Changes in the Scope of Consolidation", since the Company controls Shengzhou Kinde, so it also controls holding subsidiaries of Shengzhou Kinde.

(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%	26,833,282.53	0.00	140,060,805.66
Zhejiang Cooking Future Technology Co., Ltd.	30.00%	-225,377.50	0.00	6,424,622.50

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

Unit: yuan

Subsidiary name	Year-end balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shengzhou Kinde Intelligent	302,562,407.94	177,615,050.45	480,177,458.39	153,846,712.26	34,067,744.74	187,914,457.00	230,113,578.72	85,542,835.32	315,656,414.04	78,861,987.98	5,717,848.25	84,579,836.23

ent Kitche n Electri c Co., Ltd.												
Zhejia ng Cooki ng Future Techn ology Co., Ltd.	23,647 ,941.3 9	56,337 .05	23,704 ,278.4 4	305,53 6.79	0.00	305,53 6.79	0.00	0.00	0.00	0.00	0.00	0.00

Unit: yuan

Subsidiary name	Amount incurred in current period				Amount incurred in previous period			
	Operating income	Net profit	Total comprehen sive income	Cash flow from financing activities	Operating income	Net profit	Total comprehen sive income	Cash flow from financing activities
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	276,441,38 2.99	54,536,423 .58	54,536,423 .58	125,090,04 2.97	229,610,99 1.10	49,858,521 .98	49,858,521 .98	69,351,227 .07
Zhejiang Cooking Future Technolog y Co., Ltd.	0.00	-751,258.3 5	-751,258.3 5	-615,581.1 4	0.00	0.00	0.00	0.00

(3) 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	3,452,769.59	4,168,338.79
Total number of following items by	--	--

shareholding ratio		
- Joint venture:	--	--
Total number of following items by shareholding ratio	--	--
- Net profit	-715,569.20	1,550,487.63
- Total comprehensive income	-715,569.20	1,550,487.63

Other description

Name of cooperative enterprise	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method of investment in joint ventures
				Direct	Indirect	
De Dietrich Trade (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of kitchen appliances	51.00	0.00	Equity method

X. Risks Related to Financial Tools

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.

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 price fluctuations.

2. Credit risk

As of December 31, 2020, the largest credit risk exposure that may cause financial losses of the Company 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 trade debtors have good credit records, therefore there is no significant credit concentration risk.

3. Liquidity Risk

Liquidity risk refers to 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 its working capital, and has made periodic analysis of liability structure, deadline and bank line of credit to ensure that funds is sufficient. It concluded that the Company has sufficient funds to meet the Company's short-term debt and capital expenditures needs. The analysis of the financial assets and financial liabilities held by the Company based on the maturity of the undiscounted remaining contract obligations is as follows:

Amount on December 31, 2020:

Item	Within one year	One to two years	Two to five years	More than five years	Total
Financial assets	9,170,579,881.17				9,170,579,881.17
Monetary capital	3,921,052,700.31				3,921,052,700.31
Trading financial assets	2,352,000,000.00				2,352,000,000.00
Notes receivable	1,832,701,443.08				1,832,701,443.08
Accounts receivable	1,008,235,946.40				1,008,235,946.40
Other receivables	56,589,791.38				56,589,791.38
Financial liabilities	2,976,936,298.11				2,976,936,298.11
Short-term borrowing	6,076,177.30				6,076,177.30
Notes payable	751,802,498.92				751,802,498.92
Accounts payable	1,723,832,208.09				1,723,832,208.09
Other payables	242,559,615.30				242,559,615.30

Item	Within one year	One to two years	Two to five years	More than five years	Total
Payroll payable	126,130,391.24				126,130,391.24
Other current liabilities	126,535,407.26				126,535,407.26

4. 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, 2020, the Company's assets and liabilities were RMB balance, except the foreign currency balance of the assets and liabilities in Note "VI. 51 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. Assets measured by fair value or fair value at end of period of debt

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	0.00	0.00	2,352,000,000.00	2,352,000,000.00
1. FVTPL	0.00	0.00	2,352,000,000.00	2,352,000,000.00
(III) Other equity instrument investments			102,116,023.22	102,116,023.22
Total liabilities measured with continuous fair value continuously	0.00	0.00	2,454,116,023.22	2,454,116,023.22
II. Non-continuous fair value measurement	--	--	--	--

2. Analysis on adjusted information of book value between the beginning and the end of period and sensibility of non-visible parameters for continuous items measured by third-tier fair value

Item	December 31, 2020 Fair value	Valuation technique	Significant unobservable value	Relationship between unobservable value and fair value
Bank financial products	2,352,000,000.00	Best estimate of fair value	Investment cost	—
Other equity instrument investments	102,116,023.22	Best estimate of fair value	Investment cost	—

XII. Related Party and Related Trading

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. Subsidiaries of the Company

See Note “Composition of the Company” for the details of the subsidiaries.

3. Cooperative enterprise and joint venture of the Company

See Note “Important cooperative enterprises” for important cooperative enterprises or joint ventures of the Company.

4. Situation of other related parties

Name of other related parties	Relationship between the Company with other related parties
Hangzhou Amblem Household Co., Ltd.	Controlled by the same parent company
Hangzhou Yuhang Robam Gas Station Co., Ltd.	Controlled by the same parent company
Hangzhou Nbond Nonwoven Co., Ltd.	Controlled by the same parent company
Hangzhou Yuhang Matt Spray Painting Factory	Controlled by the sister of the actual controller
Garden Hotel Hangzhou	Greatly influenced by the parent company
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Controlled by the same parent company
Shaoxing Kinde Electric Appliance Co., Ltd.	Other shareholders of subsidiaries controlled by the Company
Hangzhou Guoguang Touring Commodity Co., Ltd.	Controlled by the same parent company

5. Related trading

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

Purchase of goods/acceptance of services

Unit: yuan

Related party	Content of related trading	Amount incurred in current period	Whether the transaction quota is exceeded	Amount incurred in previous period
Hangzhou Yuhang Matt Spray Painting Factory	Labor receiving	11,303,674.25	No	13,955,880.37
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Product purchase	2,019,569.34	No	3,616,184.73
Hangzhou Amblem Household Co., Ltd.	Product purchase	1,814,159.29	No	1,993,224.66
Hangzhou Guoguang Touring Commodity Co., Ltd.	Product purchase	857,890.96	No	0.00
Hangzhou Yuhang Robam Gas Station Co., Ltd.	Product purchase	678,662.70	No	1,008,020.11
Hangzhou Nbond Nonwoven Co., Ltd.	Product purchase	67,343.18	No	39,765.92
Garden Hotel Hangzhou	Labor receiving	0.00	No	16,466.04
De Dietrich Trade (Shanghai) Co., Ltd.	Product purchase	0.00	No	4,513.27

Table of selling commodities/ labor service providing

Unit: yuan

Related party	Content of related trading	Amount incurred in current period	Amount incurred in previous period
Hangzhou Amblem Household Co., Ltd.	Selling commodities	6,079,306.17	10,855,275.49
Shaoxing Kinde Electric Appliance Co., Ltd.	Selling commodities	1,955,652.51	24,532,147.26
De Dietrich Trade (Shanghai) Co., Ltd.	Selling commodities	0.00	68,820.97

(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 the Lessor	Type of leased assets	Rental fees confirmed in the current period	Rental fees confirmed in the previous period
Hangzhou Robam Industrial Group Co., Ltd.	House	550,024.57	550,024.57

(3) Key management personnel remuneration

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Total remuneration	10,849,828.94	9,823,762

6. Accounts receivable and payable by related parties**(1) Receivables**

Project name	Related party	Year-end balance		Beginning balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Advance to supplier	Hangzhou Amblem Household Co., Ltd.	0.00		50,000.00	
Advance to supplier	Shaoxing Kinde Electric Appliance Co., Ltd.	0.00		580,130.26	

Unit: yuan

(2) Payables

Unit: yuan

Project name	Related party	Year-end book balance	Year-beginning book balance
Accounts payable	Hangzhou Yuhang Matt Spray Painting Factory	3,182,779.20	4,525,094.50
Accounts payable	Hangzhou Yuhang Robam Gas Station Co., Ltd.	2,257,834.37	1,490,945.55
Accounts payable	Hangzhou Guoguang Touring Commodity Co., Ltd.	22,336.73	0.00
Accounts payable	Shaoxing Kinde Electric Appliance Co., Ltd.	0.00	57,552.91
Accounts payable	Hangzhou Amblem Household Co., Ltd.	0.00	1,841.61
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	0.00
Advance from customers	Hangzhou Amblem Household Co., Ltd.	0.00	139,622.44

7. Related party commitment

Shengzhou Kinde, a subsidiary of the Company, made a commitment to invest 35 million yuan in Cooking Future. 17.5 million yuan has been paid in, with 70% stock right. The remaining 17.5 million yuan shall be paid in full before December 31, 2021.

XIII Share-based Payment

XIV Commitment Issues or Contingencies

1. Important commitment issues

Important commitment at the date of balance sheet:

Signed lease contracts that are being performed or are about to be performed and its financial influences

On December 31, 2020 (T), The Company has signed the irrevocable business leasing, which is being performed or about to be performed shall bear the following payments during the following periods:

Period	Business Leasing
T+1 year	1,676,569.00
T+2 year	2,037,031.35
T+3 year	2,112,477.00
After T+ 3 years	15,569,483.43
Total	21,395,560.78

Except for the aforementioned commitment issues , the Company has no other major commitment issues as of the date of presentation of the financial statements.

2. Contingencies

(1) Important contingencies at the date of balance sheet:

The Company had no significant contingencies to be disclosed as of December 31, 2020.

(2) Remarks are also required if there is no important contingencies to be disclosed

The Company has no important contingencies to be disclosed.

XII Post-balance Sheet Events

21. Profit distribution

At the Company's 5th meeting of the 5th Board of Directors on April 27, 2021, the *Profit Distribution Plan for 2020* was approved. Based on the total share capital of 949,024,050.00 as at December 31, 2020, the Company intends to pay a cash dividend of 5.00 yuan (tax inclusive) per 10 shares to all shareholders, for a total of 474,512,025.00 yuan. The proposal shall be approved by shareholders' general meeting

XVI. Other Important Issues**XVII. Notes on Main Items of Parent Company's Financial Statement****1. Accounts receivable****(1) Classified disclosure of accounts receivable**

Unit: yuan

Category	Year-end 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	11,250,779.60	1.13%	8,407,639.24	74.73%	2,843,140.36					
Including:										
Accounts receivable of provision for bad debt by combination	984,599,159.57	98.87%	53,832,390.64	5.47%	930,766,768.93	743,804,053.68	100.00%	39,557,168.87	5.32%	704,246,884.81
Including:										
Combination of related party	26,572,541.50	2.67%	0.00	0.00%	26,572,541.50	22,246,710.00	2.99%	0.00	0.00%	22,246,710.00
Accounts receivable of provision for bad debt by expected credit loss combination based on aging features	958,026,618.07	96.20%	53,832,390.64	5.62%	904,194,227.43	721,557,343.68	97.01%	39,557,168.87	5.48%	682,000,174.81
Total	995,849,939.17	100.00%	62,240,029.88		933,609,909.29	743,804,053.68	100.00%	39,557,168.87		704,246,884.81

Provision for bad debt by single item:

Unit: yuan

Name	Year-end balance			
	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Provision for bad debt by single item	1,773,645.05	1,773,645.05	100.00%	Expected to be irrecoverable
Provision for bad debt	9,477,134.55	6,633,994.19	70.00%	Expected risk of

by single item				recovery
Total	11,250,779.60	8,407,639.24	--	--

Unit: yuan

Name	Year-end balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	900,370,064.21	45,018,503.20	5.00%
1-2 years	44,742,447.58	4,474,244.76	10.00%
2-3 years	8,364,305.72	1,672,861.14	20.00%
3-4 years	3,640,702.45	1,820,351.23	50.00%
4-5 years	313,338.98	250,671.18	80.00%
More than 5 years	595,759.13	595,759.13	100.00%
Total	958,026,618.07	53,832,390.64	--

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

Unit: yuan

Name	Year-end balance		
	Book balance	Provision for bad debt	Accruing proportion
Combination of related party	26,572,541.50	0.00	0.00%
Total	26,572,541.50		--

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	936,163,103.72
Within 1 year (including 1 year)	936,163,103.72
1-2 years	44,934,833.62
2-3 years	8,428,556.22
More than 3 years	6,323,445.61
3-4 years	3,640,702.45
4-5 years	313,338.98
More than 5 years	2,369,404.18
Total	995,849,939.17

(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				Year-end balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of accounts receivable	39,557,168.87	22,682,861.01	0.00	0.00		62,240,029.88
Total	39,557,168.87	22,682,861.01	0.00	0.00		62,240,029.88

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

(4) 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	136,953,186.67	13.75%	6,847,659.33
Unit 2	106,880,264.70	10.73%	5,344,013.24
Unit 3	80,824,103.79	8.12%	4,041,205.19
Unit 4	22,204,462.73	2.23%	1,568,955.14
Unit 5	19,105,863.54	1.92%	955,293.18
Total	365,967,881.43	36.75%	

2. Other receivables

Unit: yuan

Item	Year-end balance	Beginning balance
Dividends receivable		14,295,039.38
Other receivables	49,092,820.31	91,471,115.57
Total	49,092,820.31	105,766,154.95

(1) Dividends receivable

Unit: yuan

Project (or investee)	Year-end balance	Beginning balance
Suzhou Industrial Park Ruican Investment Enterprise (limited partnership)	0.00	14,295,039.38
Total		14,295,039.38

(2) Other receivables**1) Other receivables classified by nature**

Unit: yuan

Fund nature	Year-end book balance	Year-begining book balance
Collection by third party	20,064,674.31	63,604,415.88
Deposit and margin	33,786,199.08	32,288,103.90
Associated transactions	4,064,000.00	4,064,000.00
Withheld amount	2,256,187.63	2,174,992.54
Imprest	1,383,261.26	1,572,298.56
Other	3,199,125.99	457,769.11
Total	64,753,448.27	104,161,579.99

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, 2020	12,690,464.42	0.00	0.00	12,690,464.42
Balance on January 1, 2020 in current period	—	—	—	—
Withdrawn in current period	2,970,163.54	0.00	0.00	2,970,163.54
Balance on December 31, 2020	15,660,627.96	0.00	0.00	15,660,627.96

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)	33,938,330.46
Within 1 year (including 1 year)	33,938,330.46
1-2 years	7,428,219.56
2-3 years	2,771,023.85

More than 3 years	20,615,874.40
3-4 years	15,763,946.00
4-5 years	336,083.46
More than 5 years	4,515,844.94
Total	64,753,448.27

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				Year-end balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of other receivables	12,690,464.42	2,970,163.54	0.00	0.00		15,660,627.96
Total	12,690,464.42	2,970,163.54	0.00	0.00		15,660,627.96

4) Other receivables actually written off at the current period N/A

5) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Year-end balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
Unit 1	Deposit and margin	14,778,000.00	3-4 years	22.82%	7,389,000.00
Unit 2	Collection by third party	14,390,028.64	Within 1 year	22.22%	719,501.43
Unit 3	Collection by third party	3,852,394.93	Within 1 year	5.95%	192,619.75
Unit 4	Deposit and margin	3,000,000.00	1-2 years	4.63%	300,000.00
Unit 5	Deposit and margin	2,218,384.00	Within 1 year	3.43%	110,919.20
Total	--	38,238,807.57	--	59.05%	8,712,040.38

3. Long-term equity investment

Unit: yuan

Item	Year-end balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment to subsidiary company	246,905,933.73	20,400,000.00	226,505,933.73	246,905,933.73	20,400,000.00	226,505,933.73
Investment on joint ventures and cooperative enterprises	3,452,769.59	0.00	3,452,769.59	4,168,338.79	0.00	4,168,338.79
Total	250,358,703.32	20,400,000.00	229,958,703.32	251,074,272.52	20,400,000.00	230,674,272.52

(1) Investment on 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	0.00	0.00		0.00	162,320,000.00	0.00
Hangzhou Mingqi Electric Co., Ltd.	51,901,780.81	0.00	0.00		0.00	51,901,780.81	0.00
Dize Home Appliance Trading (Shanghai) Co., Ltd.	21,030,900.00	0.00	0.00		0.00	21,030,900.00	20,400,000.00
Shanghai	5,838,272.10	0.00	0.00		0.00	5,838,272.10	0.00

Robam Electric Appliance Sales Co., Ltd.								
Beijing Robam Electric Appliance Sales Co., Ltd.	5,814,980.82	0.00	0.00			0.00	5,814,980.82	0.00
Total	226,505,933.73						226,505,933.73	20,400,000.00

(2) Investment on joint ventures and cooperative 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 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. Joint enterprise											
De Dietrich Trade (Shanghai) Co., Ltd.	4,168,338.79	0.00	0.00	-715,569.20	0.00	0.00	0.00	0.00	0.00	3,452,769.59	
Subtotal	4,168,338.79	0.00	0.00	-715,569.20	0.00	0.00	0.00	0.00	0.00	3,452,769.59	
II. Joint venture											
Total	4,168,338.79			-715,569.20						3,452,769.59	0.00

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	7,371,735,814.27	3,327,933,213.49	7,010,004,348.48	3,315,886,553.65
Other businesses	158,693,150.69	47,551,519.54	161,269,622.80	64,568,317.30
Total	7,530,428,964.96	3,375,484,733.03	7,171,273,971.28	3,380,454,870.95

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	-715,569.20	1,550,487.63
Investment income from trading financial assets during the holding period	20,859,653.65	102,743,555.45
Dividend income from other equity instrument investments in the holding period	11,985,836.92	14,295,039.38
Total	32,129,921.37	118,589,082.46

XVIII. Further Information**1. Items of non-recurring profit and loss in current period**√Applicable Not applicable

Unit: yuan

Item	Amount	Description
Profit/loss on disposal of non-current assets	-422,706.54	
Government subsidies included into the current profits and losses, except those government subsidies, which are closely related to the business of a company and enjoyed in accordance with a certain standard quota or quantity of the state	91,184,657.20	
Income and expenditure other than those mentioned above	-2,965,479.76	
Less: Amount affected by income tax	11,202,215.16	
Amount of influence of minority shareholders' equity	428,863.68	
Total	76,165,392.06	--

Explain the non-recurrent profit and loss items defined by the Company according to the *Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurrent Profits and Losses* and defined from the

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*.

Applicable Not applicable

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	22.39%	1.75	1.75
Net margin attributable to the company's common share holders after deducting non-recurring profit and loss	21.36%	1.67	1.67

3. Accounting data difference 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. Others

Section 13: Reference file directory

- 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. 2020 annual report of the Company signed by the legal representative.
- V. Other relevant information
- VI. Reference files kept at: board office.