



Hangzhou Robam Appliances Co., Ltd.

2019 Full Annual Report

April 2020

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

The Company has risks such as fluctuations in the real estate market, price fluctuations of raw materials and intensifying market competition. See Section IV IX risk factors in this report for details. Please pay attention to the investment risks.

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

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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.
This 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 2019
CMM	Refers to	China Market Monitor Co., Ltd., an authoritative domestic home appliance market research company
AVC	Refers to	Beijing All View Cloud Data Technology Co., Ltd.
Industry online	Refers to	Beijing Zhixindao Sci-tech Corp., Ltd.

Section 2 Company Profile and Major Financial Indicators

I. Company Profile

Stock abbreviation	Robam	Stock code	002508
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	杭州老板电器股份有限公司		
Company short name in Chinese	老板电器		
Company name in foreign language (if any)	HANGZHOU ROBAM APPLIANCES CO.,LTD.		
Company short 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/		
Email	robam@robam.com		

II. Contact person and contact information

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

III. Information disclosure and keeping place

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

IV. Registration Changes

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

V. Other Relevant Information

Accounting firm engaged by the Company

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

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

	2019	2018	Increase/decrease this year compared to the previous year	2017
Operating income (yuan)	7,760,581,855.53	7,424,885,274.14	4.52%	7,017,397,057.99
Net profits attributable to	1,589,814,847.80	1,473,579,665.62	7.89%	1,461,213,518.63

shareholders of listed companies (yuan)				
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses (yuan)	1,516,979,830.78	1,390,626,550.21	9.09%	1,406,448,536.49
Net cash flow from operating activities (yuan)	1,555,220,926.90	1,508,960,311.29	3.07%	1,272,482,554.23
Basic EPS (yuan/share)	1.68	1.55	8.39%	1.54
Diluted EPS (yuan/share)	1.68	1.55	8.39%	1.54
Weighted average return on net assets	25.10%	26.40%	-1.30%	31.66%
	End of 2019	End of 2018	Increase/decrease at the end of this year compared to the end of the previous year	End of 2017
Total assets (yuan)	10,651,922,572.87	9,455,361,508.83	12.65%	7,926,615,151.63
Net assets attributable to shareholders of listed companies (yuan)	6,864,388,881.46	6,045,384,387.57	13.55%	5,260,800,800.91

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Key Quarterly Financial Indicators

Unit: yuan

	Q1	Q2	Q3	Q4
Operating income	1,660,339,786.05	1,867,074,096.91	2,097,606,924.30	2,135,561,048.27
Net profits attributable to shareholders of listed companies	319,653,959.87	350,750,034.33	415,223,408.27	504,187,445.33
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses	274,850,672.48	347,688,906.53	410,778,645.33	483,661,606.44
Net cash flow from operating activities	169,903,804.03	488,787,280.55	376,523,778.18	520,006,064.14

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 2019	Amount in 2018	Amount in 2017	Description
Profits and losses on the disposal of non-current assets (including the write-off part of the provision for asset impairment)	-158,607.19	-27,525.06	140,679.28	
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	88,113,806.09	98,235,805.08	63,256,777.88	
Profits and losses from investment or management assets entrusted to others		285,386.29	1,133,150.69	
Income and expenditure other than those mentioned above	-1,884,306.56	1,916,399.82	-347,030.63	
Less: Amount affected by income tax	13,290,725.11	17,276,844.91	9,418,595.08	
Amount of minority shareholders' equity affected (after tax)	-54,849.79	180,105.81		
Total	72,835,017.02	82,953,115.41	54,764,982.14	--

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, disinfection cabinets, steam ovens, ovens, dishwashers, water purifiers, water heaters, microwaves and integrated hobs. After 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 22 years and the world for five consecutive years.

(II) Development Stage of Industry

According to the *National Economic and Social Development Statistics Bulletin 2019* issued by the National Bureau of statistics, by the end of 2019, the urbanization rate of the country's permanent population was 60.60%, 1.02 percentage points higher than that at the end of the previous year. In the long run, according to the State Council's population development plan, by 2030, China's urbanization rate will reach 70%. Thanks to the increasing urbanization rate, there is still a huge space in the kitchen appliance industry. According to industry online data, in 2019, the internal sales volume of range hoods was only 17.43 million, down 2.73% year-on-year from 2018. However, in general, the penetration rate of range hoods is still low. According to China's industrial information data, in 2018, the urban retention rate of range hoods was 79.09 sets / 100 households, while in rural areas, it was 26.00 sets / 100 households. Compared with the urban retention rate of refrigerators and washing machines, they were respectively 100.92 and 97.69 sets / 100 households, with the rural retention rate of 95.87 and 88.55 sets / 100 households, respectively. The penetration rate of range hoods is expected to further improve, and the kitchen appliance industry is still promising.

In recent years, the government has proposed to strengthen the renovation of old urban areas, and planed to start 39,000 new projects for old urban areas and 7 million new projects for old urban houses. At the same time, the market has accumulated a large number of needs to be updated, the renewal of

traditional products such as range hoods and gas hobs, and the increasing popularity of new categories such as steamers, steam oven-ovens and dishwashers. With the transaction of second-hand houses and the renovation of old residential areas, the renewal needs will be released step by step.

According to the *13th Five-year Plan for Development of Construction Industry*, the encouraging policies for the delivery of full decoration of new buildings should be formulated to increase the delivery ratio of full decoration in new buildings, and it is clearly proposed that by 2020, the area of newly commenced full decoration finished houses will reach 30%. Compared with 70-80% of the refined decoration ratio in developed countries, the refined decoration rate in China still has a large room for improvement. In addition, the refined decoration kitchen appliance products are still mainly two-piece set of range hood and gas hob. With the increasing demand for kitchen functions, the matching rate of new categories such as steamer, oven and dishwasher will gradually increase.

The new market and stock market will jointly support the future development space of the kitchen appliance industry. Meanwhile, the consumption upgrade of the kitchen appliance industry is still continuing. 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 such as integrated hobs and steam oven-ovens 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	The long-term equity investment increased by 59.23% year on year in the reporting period, and the profits of the Company's equity asset joint venture De Dietrich Trading (Shanghai) Co., Ltd. in the current period was caused by the corresponding increase in investment income attributed to the Company.
Fixed assets	No significant change in the Company's fixed assets during the reporting period.
Intangible assets	No significant change in the Company's fixed assets during the reporting period.

Construction in progress	The construction in progress increased by 47.59% year on year in the reporting period, which was mainly caused by the infrastructure investment in Maoshan Intelligent Manufacturing Park in the current year.
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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 30 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 five consecutive years from 2015 to 2019. In addition, ROBAM has been rated as one of the "BrandZ Top 100 Most Valuable Chinese Brands" for 6 consecutive years, and awarded the "Top 500 Asian Brands" for 14 consecutive years. In 2019, the 40th anniversary of the Company, ROBAM Appliances had again made a splendid achievement as it, with a

brand value worth 11.798 billion yuan and the industry-first advantage, ranked among the light industry sector top ten winners of the "BrandZ Top 100 Most Valuable Chinese Brands."

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. In 2019, the Company applied for 509 patents, including 115 invention patents and obtained 417 patent licenses, including 11 invention patents. The Company participates in the formulation of international standard proposals, leads the formulation of national, industrial and group standards, and is a national intellectual property demonstration enterprise.

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 of Operation

I. Overview

In 2019, the regulation and control situation of the real estate industry was still severe, while the kitchen appliance industry was in its overall downturn and, at the same time, the differentiation of channel performance increased. In terms of retail channel, according to the monthly data report of offline retail market monitoring of All View (hereinafter referred to as "All View offline report"), the retail sales of main categories of kitchen appliances, such as range hoods, gas hobs and sterilizer cabinets, increased by -11.4%, -8.5%, -18.1% respectively compared with the same period of last year, which have declined by a large proportion for two consecutive years. In terms of e-commerce channel, according to the monthly data report of online retail market monitoring of All View (hereinafter referred to as "All View online report"), the retail sales of kitchen appliance packages, range hoods and gas hobs increased by -4.2%, 12.6%, 26.5% respectively compared with the same period of last year, and the performance of kitchen appliance single products was better than the kitchen appliance packages. In terms of engineering channel, according to the 2019 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 2019 increased by 26.4% year on year, showing a rapid growth trend. Facing the continuous downturn of the whole industry, the Company, as the industry leader, closely focused on the annual business philosophy of "keep practicing internal skills to keep out the cold, seek improvement in stability to promote growth", coordinated development through multiple channels, realized the operating revenue of 7,760,581,855.53 yuan in 2019, with a year-on-year growth of 4.52%; and realized the net profit of 1,589,814,847.80 attributable to the shareholders of the listed company, with a year-on-year increase of 7.89%, which were all better than the average growth rate of the industry. According to the All View offline report, the market share and market position of the offline retail sales of Company's major product categories are shown in the following table:

Range hood	Gas hobs	Sterilizer cabinet	Built-in steam & grill oven	Built-in electrical steam oven	Built-in electric oven	Built-in microwave oven	Built-in sterilizer cabinet	Built-in dishwasher
28.10%	25.60%	22.70%	21.60%	31.60%	25.40%	35.60%	27.80%	7.00%

1	1	2	2	2	2	1	2	4
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According to the All View online report, the market share and market position of the online retail sales of Company's major product categories are shown in the following table:

Kitchen appliance packages	Range hood	Gas hobs	Sterilizer cabinet	Built-in electrical steam oven	Built-in sterilizer cabinet
25.90%	15.60%	8.10%	5.10%	17.60%	9.90%
1	2	4	4	1	3

According to the All View refined decoration report, the market share of ROBAM in refined decoration channel is 36.3%, ranking first in the industry.

In 2019, the marketing sector adhered to the practice of innovation for customer requirements centered on the customer, continuous upgrading of products and services, and multi-channel development and complementarity to ensure the Company's performance growth. In terms of retail channel, facing the overall downturn of KA channel, the Company stuck to the high-end positioning of the brand and deepened and optimized the franchise store system. At the same time, it strengthened the integration of multiple channels to achieve the mutual flows and coordinated development of online and offline channels. In addition, it innovated its marketing methods and upgrade them, and actively dug into the stock market. In terms of e-commerce channel, facing the shrinking channel dividend, the Company actively embraced the changes in customer demand for products, improved the flow conversion rate and optimized the operating efficiency with the focus on "deepening customer operation and creating extreme efficiency". In terms of engineering channel, the national real estate refined decoration policy was implemented rapidly, and channel dividend appeared. The Company deepened the cooperation with the real estate developers such as Evergrande, Country Garden, Vanke, and Sunac with high-quality brand services and continued to boost the development of strategic engineering channel customers through the Central Cleaning System. The sales volume of engineering channel increased by 90% year on year. In terms of innovate channel, the Company created innovative sales platform, and grasped the front-end flow entrance of consumers. Through in-depth cooperation with Schmidt, Weishang and other whole house customization companies, as well as home decoration companies such as Ikongjian, Gold Mantis, and Dong Yi Ri Sheng, the Company strengthened the brand moat, opened up channels and outlets, and stimulated the vitality of home decoration. In terms of overseas channel, focusing on the four major markets of North America, Australia and New Zealand, India and Malaysia, the Company actively explored the market, determined the brand positioning of "global leader of high-end kitchen appliances",

comprehensively promoted the globalization of "ROBAM" brand, and enhanced the international influence of the brand.

In 2019, the technology sector was committed to building a research and development mechanism with equal emphasis on efficiency and vitality, focusing on products, creating a first-class technical team in the industry, and made remarkable achievements in new category expansion, patent development and national standard establishment. The Company actively created the second category of Chinese style steam ovens, such as SZ01 lower built-in steam oven, ST01 desktop steam oven and C906/905 steam oven-oven, to meet different customer needs with diverse product forms, inherit and carry forward traditional cooking and food culture. The Company actively arranges the third category with dishwasher as the core, independently developed and reserved a number of products, with rich category echelons. During 2019, the Company applied for 509 patents, including 115 invention patents and obtained 417 patent licenses, including 11 invention patents. The range hood 27X6 and steam oven-oven C906 won the "German Red Dot Award" and "American IDEA award", while the range hood 700X, gas hob 666B, steam ovens S228 and SZ01 won the "American IDEA award". The gas hood 9B30C and integrated range hood RIKA won Taiwan's "2019 Gold Dot Award". At the same time, the Company participated in the international proposal of "Safety of Household Appliances - Particular Requirements for Range Hoods", led the formulation of national standards "Particular Requirements for Electric Cooking Ranges, Ovens, Grills, Microwave Ovens and Any Combination of These", formulation of 2 industry standards "Electric Steamers", "Minimum Allowable Values of Energy Efficiency and Energy Efficiency Grades for Electric Ovens", as well as 4 group standards "Environment-friendly Range Hoods" and "Technical Specification for Noise and Sound Quality of Range Hoods", "Steam Oven-ovens" and "Reverse Osmosis Water Purifiers", and won the national intellectual property demonstration enterprise.

In 2019, the production sector continued to focus on the three core objectives of "comprehensively build the industry-leading supply chain system driven by technology", "comprehensively realize innovation in lean production", "build an industry benchmark intelligent factory", and a number of core tasks were fully implemented. Supply chain collaboration projects promote synchronous and consistent production, supply and marketing information, zero distance between customers, fast and efficient collaboration with front and rear ends, and maximum use of supply chain resources; pull production projects improve inventory turnover by optimizing pull planning and scheduling and implementing pull replenishment;

supply chain capacity improvement projects improve data empowerment, and efficient collaboration. Through sorting out the core data information foundation and business process of production sector operation, the Company comprehensively promoted the efficient operation capacity of production system information. Moreover, Maoshan Intelligent Manufacturing Park project of the Company was constructed smoothly and, after its completion, it will promote the iteration of the Company's intelligent and integrated high-end kitchen electric appliances and upgrading of the intelligent manufacturing, laying a solid foundation for the Company's long-term development.

In 2019, the brand sector fully implemented the concept of "creating a new kitchen in China", inherited and innovated the essence of Chinese culinary culture, used modern technology to transform Chinese kitchens, redefined Chinese cooking, and facilitated changes of Chinese cooking life, so that every family would enjoy the authentic China taste, and restore the human interest in Chinese kitchens. The Company participated in 2019 AWE, created the exhibition theme of "Robam 40 years, creating new Chinese kitchen"; It worked together with Guochao pioneer band "New Pants" to create the "Robam Appliances Guochao Music Kitchen"; solved the problem of Spring Festival organizing with the integrated kitchen appliances, creating the "happy box of organizing", deeply interacting with consumers, and further deepening the brand's younger image. It embraced the era of digital marketing, vigorously promoted the popularization of the second category of steam ovens, and spared no effort to build a "kitchen second center"; It held the press conference of "Steamed flavor of China. Exploring flavor of ten cities" and offline activities such as "Lei Jiayin, a high-power player in the kitchen, is challenged to cook 100 steamed dishes", invited cooking masters and intangible cultural heritage inheritors to create a steam culture tour of "one city, one flavor and one inheritor", published *China's Steamed Flavor Map - 100 Steamed Dishes*, *Long Volume of China's Steaming Feast*, etc., inheriting and innovating the Chinese steaming culture. At the same time, the Company defined the Chinese-style powerful dishwasher as its third category, and continuously strengthened the high-end image of the brand. It exclusively sponsored CCTV's "Chinese Flavor" program, and served as the food creation officer of "Chinese Restaurant 3", transmitting Chinese cooking culture, deeply interacting with consumers, and transmitting high-end brand value.

In 2019, Mingqi put forward the new strategic layout of "big business recruitment, Suning cooperation, engineering layout and home decoration integration". In terms of the products, it "focused on smoke

stoves, expanded double water, innovated the new retail of integrated stoves", and constantly enriched categories of water purifiers, gas water heaters, integrated stoves, etc. Offline retail realized the transformation from quantity to quality, and through the "Kunpeng Plan", the nationwide recruitment of large companies was realized. It enriched online channel marketing means, empower new retail, further expanded engineering and home decoration channels, and the channels were diversified in development. Kinde insisted on independent R & D and original design, enjoyed a good reputation in the industry for its craftsmanship and stable quality. It invested to build an intelligent integrated kitchen ecological industrialization project, and established intelligent integrated kitchen R & D centers, national specification laboratories, intelligent factories, brand operation centers, and customer experience halls. In 2019, the Company dug deep into the intrinsic value, delivered value investment, and continued to be recognized by the capital market in terms of corporate governance, internal management and shareholder returns, and won the "Best Board Award" and "Best new media operator award" at the "Tianma Award - The 10th Listed Company Investor Relations Selection" of Securities Times, the 13th China listed company value selection "top 50 SMEs board value", "Best board secretary award", "excellent SMEs board secretary", "outstanding board secretary of information disclosure" and other awards at the 13th Chinese Listed Companies Value Appraisal. The Company's board secretary entered the "Hall of fame for gold board secretary" of the New Fortune. The Company deeply cultivated the brand value and spread the brand energy, and the brand power constantly improved. In 2019, the 40th anniversary of the Company, ROBAM Appliances had again made a splendid achievement as it, with a brand value worth 11.798 billion yuan and the industry-first advantage, ranked among the light industry sector top ten winners of the "BrandZ Top 100 Most Valuable Chinese Brands."

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

	2019	2018	Year-on-year

	Amount	Proportion in operating income	Amount	Proportion in operating income	increase/decrease
Total operating income	7,760,581,855.53	100%	7,424,885,274.14	100%	4.52%
By industry					
Home and kitchen & bath appliances	7,589,302,689.33	97.79%	7,219,989,872.63	97.24%	5.12%
Other	171,279,166.20	2.21%	204,895,401.51	2.76%	-16.41%
By product					
Range hood	4,081,545,017.88	52.59%	4,012,977,970.34	54.05%	1.71%
Gas hobs	1,843,440,109.62	23.75%	1,792,008,723.86	24.14%	2.87%
Sterilizer cabinet	560,848,048.70	7.23%	499,849,319.18	6.73%	12.20%
Steam ovens	245,373,245.51	3.16%	258,517,022.09	3.48%	-5.08%
Oven	140,846,016.00	1.81%	190,285,923.41	2.56%	-25.98%
Dish-washing machine	138,025,125.30	1.78%	104,709,019.53	1.41%	31.82%
Water purifier	77,528,039.72	1.00%	83,904,311.28	1.13%	-7.60%
Integrated hob	211,906,015.61	2.73%	97,196,309.44	1.31%	118.02%
Microwave ovens	11,510,249.18	0.15%	21,392,042.65	0.29%	-46.19%
Steam oven-oven	127,740,642.01	1.65%	3,345,789.85	0.05%	3,717.95%
Other small home appliances	150,540,179.80	1.94%	155,803,441.00	2.10%	-3.38%
Other	171,279,166.20	2.21%	204,895,401.51	2.76%	-16.41%
By region					
East China - main products	3,295,823,380.45	42.47%	3,100,771,333.46	41.77%	6.29%
East China - other	171,279,166.20	2.21%	204,895,401.51	2.76%	-16.41%
South China	1,110,071,492.74	14.30%	927,516,722.45	12.49%	19.68%
Central China	808,538,868.51	10.42%	747,906,957.98	10.07%	8.11%
North China	906,014,918.04	11.67%	920,152,103.68	12.39%	-1.54%
Northeast China	416,692,738.11	5.37%	454,944,067.36	6.13%	-8.41%
Northwest China	390,575,627.50	5.03%	383,204,044.62	5.16%	1.92%
Southeast China	618,037,810.38	7.96%	658,484,684.33	8.87%	-6.14%
Overseas regions	43,547,853.60	0.56%	27,009,958.75	0.36%	61.23%

(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	7,589,302,689.33	3,482,255,262.10	54.12%	5.12%	3.64%	1.22%
By product						
Range hood	4,081,545,017.88	1,695,142,028.00	58.47%	1.71%	-1.41%	2.30%
Gas hobs	1,843,440,109.62	810,899,455.60	56.01%	2.87%	0.88%	1.57%
By region						
East China	3,295,823,380.45	1,444,968,322.20	56.16%	6.29%	3.09%	2.49%
South China	1,110,071,492.74	565,761,412.81	49.03%	19.68%	22.08%	-2.00%
Central China	808,538,868.51	404,263,906.51	50.00%	8.11%	8.36%	-0.24%
North China	906,014,918.04	368,535,711.26	59.32%	-1.54%	-4.12%	1.89%

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	2019	2018	Year-on-year increase/decrease
Home and kitchen & bath	Sales quantity	Unit	6,748,364	6,526,866	3.39%
	Production	Unit	6,858,755	6,984,828	-1.80%

appliances	output				
	Inventory	Unit	2,118,035	2,092,863	1.20%

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	2019		2018		Year-on-year increase/decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Home and kitchen & bath appliances	Manufacturing costs	208,262,654.93	5.87%	214,977,275.62	6.23%	-3.12%
	Raw materials	3,136,357,317.10	88.38%	3,048,699,206.25	88.35%	2.88%
	Labor	204,157,773.01	5.75%	187,088,760.42	5.42%	9.12%

Unit: yuan

Product Classification	Item	2019		2018		Year-on-year increase/decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Range hood	Manufacturing costs	129,045,682.66	3.64%	137,212,784.79	3.98%	-5.95%
	Raw materials	1,540,838,865.26	43.42%	1,466,296,284.77	42.49%	5.08%
	Labor	120,967,885.34	3.41%	115,823,061.19	3.36%	4.44%
Gas hobs	Manufacturing costs	27,252,228.82	0.77%	25,278,343.21	0.73%	7.81%
	Raw materials	819,836,099.04	23.10%	749,335,172.41	21.72%	9.41%
	Labor	31,416,487.79	0.89%	29,206,306.14	0.85%	7.57%
Sterilizer	Manufacturing costs	28,858,109.82	0.81%	26,839,928.57	0.78%	7.52%

cabinet	ring costs					
	Raw materials	307,485,018.62	8.66%	261,627,258.72	7.58%	17.53%
	Labor	22,973,305.66	0.65%	19,761,122.28	0.57%	16.26%
Other	Manufacturing costs	23,106,633.62	0.65%	25,646,219.05	0.74%	-9.90%
	Raw materials	468,197,334.19	13.19%	571,440,490.35	16.56%	-18.07%
	Labor	28,800,094.22	0.81%	22,298,270.81	0.65%	29.16%

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

Yes No

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

Applicable Not applicable

(8) Major sales customers and major suppliers

Major sales customers of the Company

Total sales amount of top five customers (yuan)	2,386,920,682.00
Proportion of total sales amount of top five customers in total annual sales	30.76%
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	Beijing Jingdong Century Trading Co., Ltd.	777,590,928.24	10.02%
2	Tmall ROBAM Appliances Flagship Store	618,934,645.40	7.98%
3	Suning Purchase Center of Suning.Com Group Co., Ltd.	402,540,576.79	5.19%
4	Shenzhen Country Garden Supply Chain / Shenzhen Bisheng Development Co., Ltd. (head)	344,158,089.58	4.43%
5	Tmall ROBAM Appliances Distributor	243,696,442.41	3.14%
Total	--	2,386,920,682.42	30.76%

Other information of major customers

Applicable Not applicable

Major suppliers of the Company

Total purchase amount of top five suppliers (yuan)	701,145,032.60
Proportion of total purchase amount of top five suppliers in total annual purchase amount	22.08%
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	Hangzhou Lida Hardware Technology Co., Ltd.	165,821,434.38	5.22%
2	Shaoxing Kaisen Kitchen and Bathroom Co., Ltd.	161,618,221.58	5.09%
3	Jeamo Motor Co., Ltd.	152,649,928.22	4.81%
4	Ma Steel (Jinhua) Steel Processing Co., Ltd.	111,491,084.82	3.51%
5	Wuxi Huamei New Material Co., Ltd.	109,564,363.60	3.45%
Total	--	701,145,032.60	22.08%

Other information of major suppliers

Applicable Not applicable

3. Cost

Unit: yuan

	2019	2018	Year-on-year increase/decrease	Description of major changes
Selling expenses	1,928,259,172.35	1,909,856,779.45	0.96%	-
Management costs	284,364,115.17	272,355,117.98	4.41%	-
Financial expenses	-83,410,491.25	-101,340,531.42	-17.69%	-
Research and development expenses	299,469,126.54	293,427,244.80	2.06%	-

4. R & D investment

Applicable Not applicable

In 2019, the Company continued to increase R & D investment, with a total investment of 299 million yuan, with R & D investment accounting for 3.86%, down 0.09 percentage points year on year. The company now has a national technology center, a national laboratory and a national industrial design center. In addition, ROBAM set up 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 the innovation of core performance indicators and product forms; for non-open fire cooking appliances such as steamers and steam oven-ovens, the Company focused on the user experience of Chinese cooking, developed a variety of multi-functional differentiated products; increased the investment in dishwasher categories, comprehensively upgraded from the form and performance indicators, and developed a powerful dishwasher customized for Chinese kitchens; for other categories, such as purification sink, integrated range hood, etc., it mainly focused on the development of differentiated indicators.

R & D investment of the Company

	2019	2018	Proportion of change
Number of R & D personnel (person)	714	709	0.71%
Proportion of R & D personnel	15.82%	15.91%	-0.09%
R & D investment amount (yuan)	299,469,126.54	293,427,244.80	2.06%
Proportion of R & D investment in operating revenue	3.86%	3.95%	-0.09%
Capitalized amount of R & D investment (yuan)	0.00	0.00	-
Proportion of capitalized R & D investment in R & D investment	0.00%	0.00%	-

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

Applicable Not applicable

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

Applicable Not applicable

5. Cash flow

Unit: yuan

Item	2019	2018	Year-on-year increase/decrease

Subtotal cash inflows from operating activities	8,178,723,903.78	8,692,141,265.90	-5.91%
Subtotal cash outflows from operating activities	6,623,502,976.88	7,183,180,954.61	-7.79%
Net cash flow from operating activities	1,555,220,926.90	1,508,960,311.29	3.07%
Subtotal cash inflows from investment activities	4,021,202,772.82	3,030,193,836.98	32.70%
Subtotal cash outflows from investment activities	2,965,663,320.83	4,213,697,627.81	-29.62%
Net cash flow from investment activities	1,055,539,451.99	-1,183,503,790.83	-189.19%
Subtotal cash outflows from financing activities	759,219,240.00	711,857,630.25	6.65%
Net cash flow from financing activities	-759,219,240.00	-711,857,630.25	6.65%
Net increase of cash and cash equivalents	1,852,076,406.65	-385,568,165.53	85.07%

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

Applicable Not applicable

During the reporting period, the net cash flow from investment activities decreased by 189.19% compared with the same period in previous year which was mainly caused by the decrease of the Company's purchase of financial products.

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

Applicable Not applicable

III. Non-main business analysis

Applicable Not applicable

IV. Analysis of assets and liabilities

1. Major changes in asset composition

Adjustment of relevant items in financial statements at the beginning of the implementation year as a result of first implementation of new financial instrument standards, new income standards and new release standards from 2019

Applicable Not applicable

Unit: yuan

	End of 2019		End of 2018		Proportion change	Description of major
	Amount	Proportion	Amount	Proportion in		

		in total assets		total assets		changes
Monetary capital	4,054,121,726.23	38.06%	2,196,706,808.35	23.23%	14.83%	-
Accounts receivable	725,630,901.28	6.81%	446,773,135.47	4.73%	2.08%	-
Inventory	1,339,176,925.20	12.57%	1,347,112,731.03	14.25%	-1.68%	-
Investment properties	112,588.34	0.00%	121,575.14	0.00%	0.00%	-
Long-term equity investment	4,168,338.79	0.04%	2,617,851.16	0.03%	0.01%	-
Fixed assets	826,234,929.97	7.76%	842,877,466.95	8.91%	-1.15%	-
Construction in progress	272,211,720.62	2.56%	184,440,655.49	1.95%	0.61%	-

2. Assets and liabilities measured with fair value

Applicable Not applicable

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

N/A

V. Analysis of investment

1. Overall situation

Applicable Not applicable

Investment amount in the reporting period (yuan)	Investment amount in the same period of previous year (yuan)	Amount of variation
0.00	162,320,000	-100%

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 measured with fair value

Applicable Not applicable

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

Joint-stock companies that affect the net profits of the Company by more than 10% and main subsidiaries

Unit: yuan

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Hangzhou Mingqi Electric Co., Ltd.	Subsidiary	Production and sales of kitchen electric appliance products	50,000,000	184,161,401.21	84,730,829.87	253,140,003.98	7,037,278.97	5,404,036.35
Shanghai Robam Electric Appliance Sales Co., Ltd.	Subsidiary	Sales of kitchen electric appliance products	5,000,000	60,133,985.15	10,165,939.00	328,236,670.34	5,537,917.79	897,237.08
Beijing Robam Electric	Subsidiary	Sales of kitchen electric	5,000,000	66,526,274.74	41,444,454.62	236,886,934.97	8,786,132.13	5,391,316.10

Appliance Sales Co., Ltd.		appliance products						
Shengzhou Intelligent Kitchen Electric Co., Ltd.	Subsidiary	Production and sales of integrated kitchen products	32,653,061	315,656,414.04	231,076,577.81	229,610,991.10	53,715,920.57	49,858,521.98

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Description of main holding and joint-stock companies

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 steamers. 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 2020, the Company's working policy is to "practice internal skills and go through the period, strive for progress in stability and promote growth - seize the market, strengthen products", clarify its own positioning, strengthen the establishment of enabling organizations, pull through product lines, promote efficient operation, precise marketing, improve efficiency and reduce cost, etc., and practice internal skills diligently and make up for shortcomings. The key point to seize the market is to fight four kinds of battles, namely, battle of position, uphill battle, battle of annihilation and protracted battle, to guard the high-end positioning, market position and bottom line of growth, and to continuously improve user satisfaction. Strengthening products should focus on product research and development, product quality and product promotion, in-depth cooking research, and promote product intelligence and integration to meet customer needs and expectations.

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, sterilizers, ovens, steamers, microwave ovens, dishwashers, water purifiers, integrated stoves, purification sinks, etc. Its demand comes from the kitchen decoration after the house purchase, which has certain attributes of "decoration" and "furniture". In addition, most of the 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. If the price of the Company's main raw materials rises sharply, there will be some 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 way	Type of received object	Basic information index of the survey
January 03, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on January 03, 2019</i> in cninfo
Friday, January 04, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on Friday, January 04, 2019</i> in cninfo
January 08, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on January 8-9, 2019</i> in cninfo
Friday, January 11, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on Friday, January 11, 2019</i> in cninfo
February 26, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on February 26-27, 2019</i> in cninfo
March 13, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on March 13-14, 2019</i> in cninfo
April 25, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on April 25-26, 2019</i> in cninfo

May 14, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on May 14-15, 2019</i> in cninfo
May 22, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on May 22-23, 2019</i> in cninfo
June 05, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on June 5-6, 2019</i> in cninfo
June 13, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on June 13-14, 2019</i> in cninfo
June 25, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on June 25, 2019</i> in cninfo
July 01, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on July 1-2, 2019</i> in cninfo
July 18, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on July 18-19, 2019</i> in cninfo
September 16, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on September 16-17, 2019</i> in cninfo
September 18, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on September 18-23, 2019</i> in cninfo
September 25, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on September 25-26, 2019</i> in cninfo
October 05, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on October 05, 2019</i> in cninfo
November 07, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on November 07, 2019</i> in cninfo
November 18, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on November 18, 2019</i> in cninfo
November 19, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on November 19, 2019</i> in cninfo
December 12, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on December 12, 2019</i> in cninfo
Friday, December 20, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on Friday, December 20, 2019</i> in cninfo
December 25, 2019	Field survey	Organization	See the <i>Robam Appliances: Record Chart of Investor Relation Activities on December 25, 2019</i> in cninfo

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

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 program in 2017: based on its existing total stock issue of 949,032,825 shares, the Company distributed cash dividends of 7.5 yuan (tax inclusive) for every 10 shares to all shareholders, amounting up to a total of 711,774,618.75 yuan.
2. 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.

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	Ratio of cash dividends in other forms to net profits attributable to common stockholders of the listed	Total amount of cash dividends (including other forms)	Ratio of total amount of cash dividends (including other forms) to net profits attributable to

		statement of dividends	the consolidated statement	company in the consolidated statement		common stockholders of the listed company in the consolidated statement
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%
2017	711,774,618.75	1,461,213,518.63	48.71%		711,774,618.75	48.71%

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) (including tax)	5
Increase shares per 10 shares	0
Equity base of distribution plan (shares)	949,024,050
Amount of cash dividend (yuan) (including tax)	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)	4,955,109,022.86
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 2019 was RMB 1,553,740,923.33 yuan (number of parent company), plus the undistributed profit of RMB 4,160,587,339.53 yuan at the beginning of the year, minus the cash dividend of profit distribution of 2018, i.e., RMB 759,219,240.00 yuan, the Company's profit available to shareholders at the end of 2019 was RMB 4,955,109,022.86 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 in fulfilling commitments

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

√Applicable □ Not applicable

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

			competition with the business of Robam, the Company/I will immediately notify Robam and transfer such business opportunity to Robam; 3. The Company/I and other enterprises under the control of the Company/me commit not to provide technical information, process flow, marketing channels or other trade secrets to other companies, enterprises, organizations or individuals whose business constitutes competition with the business of Robam.			
Other commitments made to minor shareholders of the Company	Company	Dividend	The cumulative profits distributed in cash for three consecutive years shall not be less than 40% of the annual average distributable profits realized in the three years.	April 10, 2018	Three years	Strict performance
Whether the commitment is fulfilled on time	Yes					

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

Applicable Not applicable

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

On August 26, 2019, the 12th meeting of the 4th Board of Directors and the 11st meeting of the 4th Board of Supervisors reviewed and adopted the *Proposal on Implementing New Accounting Standards and Changing Relevant Accounting Policies*. As the Ministry of Finance released the *Notice on Revising and Issuing the Format of Financial Statements for Ordinary Enterprises in 2019* (CK [2019] No.6) in April 2019, the Company decided to start applying the changes of the accounting policies as per the timeline stipulated by the Ministry of Finance. The updates of the accounting policies would refer to only the presentation and adjustment of financial statements, and have no substantial impact on the Company's total assets, net assets, operating income and net profit.

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

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

IX. Appointment of and dismissal of accounting firms

Accounting firm currently appointed

Name of Chinese accounting firm	Shinewing Certified Public Accountants (special general partnership)
Remuneration (10,000 yuan)	83
Term of audit services	1
CPAs	Lei Yongxin, Gao Zhiying

Term of auditing services of CPAs	1
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Has the accounting firm been changed within the reporting period?

Yes No

Has the accounting firm been changed within the auditing period?

Yes No

Has the approval procedures been performed while changing the accounting firm?

Yes No

Detailed description for changing of accounting firm

The Company convened the 13th meeting of the 4th Board of Directors and the 12th meeting of the 4th Board of Supervisors on October 28, 2019, and reviewed and approved the *Proposal on Changing the Accounting Firm*. And the first extraordinary general meeting of shareholders of 2019 was held on November 14, 2019 for deliberation and approval. Taking into account its development and cooperation needs, the Company planned to invite ShineWing Certified Public Accountants (special general partnership) to do audit of internal control for the fiscal year of 2019, employment term being one year.

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

Applicable Not applicable

X. IPO suspension or termination of listing confronted upon disclosure of the annual report

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization of the Company during the reporting period.

XII. Major litigation and arbitration matters

Applicable Not applicable

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

XIII. Punishment and rectification

Applicable Not applicable

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

1. Implementation of the initial restricted stock incentive plan

(1) The Company's first extraordinary general meeting of shareholders in 2015 on January 13, 2015 reviewed and adopted the *Proposal on the Initial Restricted Stock Incentive Plan (Draft) of Hangzhou Robam Appliances Co., Ltd. and its Summary* and the *Proposal on Requesting the General Meeting of Shareholders of Hangzhou Robam Appliances Co., Ltd. to Authorize the Board of Directors to Handle the Issues Related to the Company's Restricted Stock Incentive Plan*.

(2) On January 21, 2015, the Company's 15th meeting of the third Board of Directors and the 4th meeting of the third Board of Supervisors reviewed and adopted the *Proposal on Granting Restricted Stocks to Incentive Objects*.

(3) On February 13, 2015, the Company completes the registration on first granting of restricted stocks involved in the *Initial Restricted Stock Incentive Plan (Draft) of Hangzhou Robam Appliances Co., Ltd.*

(4) On January 4, 2016, the Company's 12th meeting of the third Board of Directors and the 10th meeting of the third Board of Supervisors reviewed and adopted the *Proposal on Adjusting the Number of Restricted Stocks Reserved* and the *Proposal on Issues Related to Granting Restricted Stocks Reserved to Incentive Objects*.

(5) On January 22, 2016, the Company's 13th meeting of the third Board of Directors and the 11th meeting of the third Board of Supervisors reviewed and adopted the *Proposal on First Granting of Unlocking of the Restricted Stocks in First Unlocking Period in Restricted Stock Incentive Plan*.

(6) On February 05, 2016, the Company completes the registration on granting of restricted stocks reserved involved in the *Initial Restricted Stock Incentive Plan (Draft) of Hangzhou Robam Appliances Co., Ltd.*

(7) On April 7, 2016, the Company's 14th meeting of the third Board of Directors and the 12th meeting of the third Board of Supervisors reviewed and adopted the *Proposal on the Cancellation of Partial Incentive Stock Repurchase in Initial Restricted Share Incentive Plan*.

(8) On January 23, 2017, the Company's 19th meeting of the third Board of Directors and the 16th meeting of the third Board of Supervisors reviewed and adopted the *Proposal on the Cancellation of Partial Incentive Stock Repurchase in*

Initial Restricted Stock Incentive Plan, the Proposal on First Granting of Unlocking in Second Unlocking Period in Restricted Stock Incentive Plan and the Proposal on Reserved Granting of Unlocking in First Unlocking Period in Restricted Stock Incentive Plan.

(9) On February 6, 2018, the Company's 4th meeting of the fourth Board of Directors and the 4th meeting of the fourth Board of Supervisors reviewed and adopted the *Proposal on First Granting of Unlocking in Third Unlocking Period in Restricted Stock Incentive Plan* and the *Proposal on Reserved Granting of Unlocking in Second Unlocking Period in Restricted Stock Incentive Plan*.

(10) On January 21, 2019, the Company's 9th meeting of the fourth Board of Directors and the 9th meeting of the fourth Board of Supervisors reviewed and adopted the *Proposal on Reserved Granting of Unlocking in Third Unlocking Period in Restricted Stock Incentive Plan*.

2. 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.

XVI. Major related transactions

1. Related transactions related to daily operation

Related transaction party	Relationship	Related transaction type	Related transaction content	Related transaction pricing principle	Related transaction price	Related transaction amount (10,000 yuan)	Ratio to amount of similar transactions	Approved transaction quota (10,000 yuan)	Is the approved transaction quota exceeded	Method of settlement for related transaction	Market price of similar transaction
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											available
Hangzhou Yuhang Matt Spray Painting Factory	Controlled by the sister of the actual controller	Labor receiving	Paint processing	Market price	Market price	1,395.59			No	Bank transfer	1,395.59
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Controlled by the same parent company	Product purchase	Material	Market price	Market price	361.62			No	Bank transfer	361.62
Hangzhou Amblem Kitchen Ware Co., Ltd.	Controlled by the same parent company	Labor receiving	Display booth, cupboard	Market price	Market price	199.32			No	Bank transfer	199.32
Hangzhou Yuhang Robam Gas Station Co., Ltd.	Controlled by the same parent company	Product purchase	Fuel	Market price	Market price	100.8			No	Bank transfer	100.8
Garden Hotel Hangzhou	Greatly influenced by the parent company	Labor receiving	Service	Market price	Market price	1.65			No	Bank transfer	1.65
Hangzhou Nbond Nonwoven Co., Ltd.	Controlled by the same parent company	Product purchase	Material	Market price	Market price	3.98			No	Bank transfer	3.98
De Dietrich Trade (Shanghai) Co., Ltd.	Cooperative enterprise	Product purchase	Material	Market price	Market price	0.45			No	Bank transfer	0.45
Shaoxing Kinde Electric Appliance Co., Ltd.	Other shareholders of subsidiaries controlled	Selling goods	Material	Market price	Market price	2,453.21			No	Bank transfer	2,453.21

	by the Company										
Hangzhou Amblem Kitchen Ware Co., Ltd.	Controlled by the same parent company	Selling goods	Material	Market price	Market price	1,085.53			No	Bank transfer	1,085.53
De Dietrich Trade (Shanghai) Co., Ltd.	Cooperative enterprise	Selling goods	Material	Market price	Market price	6.88			No	Bank transfer	6.88
Total				--	--	5,609.03	--	0	--	--	--

Applicable Not applicable

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

Applicable Not applicable

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

3. Related transactions of joint foreign investment

Applicable Not applicable

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

4. Related claims and debts

Applicable Not applicable

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

5. Other major related transactions

Applicable Not applicable

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

No trusteeship of the Company during the reporting period.

(2) Contracting

No contracting of the Company during the reporting period.

(3) Lease

Applicable Not applicable

Lease description

Name of lessor	Name of lessee	Type of leased assets	Lease fee recognized in the current year	Lease fee recognized in the previous year
Hangzhou Robam Appliances Co., Ltd.	Hangzhou Robam Industrial Group Co., Ltd.	House	28,800.00	28,800.00
Hangzhou Robam Industrial Group Co., Ltd.	Hangzhou Robam Appliances Co., Ltd.	House	550,024.57	550,024.57
Shaoxing Kinde, Co,Ltd	Shengzhou Kinde Intelligent	House	128,831.1	0.00
Total	—	—	707,655.75	578,824.57

Project bringing the profits or losses more than 10% of the total profits of the Company in the reporting period to the Company

Applicable Not applicable

No lease project bringing the profits or losses more than 10% of the total profits of the Company in the reporting period to the Company during the reporting period.

2. Major guarantee

Applicable Not applicable

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	200,000	110,000	0
Total		200,000	110,000	

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

√Applicable □ Not applicable

Unit: 10,000 yuan

Name of entrusted organization (entrustee)	Type of entrusted organization (trustee)	Product type	Amount	Source of funds	Start date	End date	Capital investment direction	Way to confirm remuneration	Reference annualized yield rate	Expected earnings (if any)	Realized gains and losses during the reporting period	Actual recovery of gains and losses during the reporting period	Have legal procedures been gone through?	Are there any other entrusted financing plans to be expected in the future
Bank of Shanghai Yuhang Branch	Bank	Structured deposit	10,000	Owned fund	June 28, 2018	January 03, 2019	Bank financing	Agreement of contract	4.85%		251.14	Recovered	Yes	Yes
Bank of Nanjing Yuhang Branch	Bank	Structured deposit	20,000	Owned fund	July 18, 2018	Friday, January 18, 2019	Bank financing	Agreement of contract	4.90%		501.56	Recovered	Yes	Yes
China Industrial Bank Yuhang Branch	Bank	Structured deposit	20,000	Owned fund	February 07, 2018	Friday, February 01, 2019	Bank financing	Agreement of contract	4.70%		902.91	Recovered	Yes	Yes
Shanghai Pudong Development Bank Yuhang Branch	Bank	Structured deposit	10,000	Owned fund	August 08, 2018	February 13, 2019	Bank financing	Agreement of contract	4.70%		241.53	Recovered	Yes	Yes
Agricultural Bank of China Yuhang Branch	Bank	Structured deposit	10,000	Owned fund	August 08, 2018	Friday, February 01, 2019	Bank financing	Agreement of contract	4.80% or 4.85%		232.53	Recovered	Yes	Yes
Bank of Jiangsu Yuhang Branch	Bank	Structured deposit	10,000	Owned fund	August 14, 2018	February 14, 2019	Bank financing	Agreement of contract	4.80%		240	Recovered	Yes	Yes
Shanghai Pudong Development Bank Yuhang Branch	Bank	Structured deposit	30,000	Owned fund	December 29, 2018	Friday, March 29, 2019	Bank financing	Agreement of contract	4.50%		337.5	Recovered	Yes	Yes
Agricultural Bank of China Yuhang Branch	Bank	Structured deposit	20,000	Owned fund	Friday, July 20, 2018	April 10, 2019	Bank financing	Agreement of contract	4.90%		708.82	Recovered	Yes	Yes
Bank of Shanghai Yuhang Branch	Bank	Structured deposit	10,000	Owned fund	Friday, September 28, 2018	April 11, 2019	Bank financing	Agreement of contract	4.50%		239.18	Recovered	Yes	Yes
China	Bank	Structure	10,000	Owned	Friday,	Friday,	Bank	Agreement	4.30%		214.41	Recovered	Yes	Yes

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Industrial Bank Yuhang Branch		d deposit		d fund	October 12, 2018	April 12, 2019	financing	of contract				d		
Bank of Nanjing Yuhang Branch	Bank	Structure d deposit	10,000	Owne d fund	January 29, 2019	July 29, 2019	Bank financing	Agreement of contract	4.50%		226.42	Recovere d	Yes	Yes
Agricultural Bank of China Yuhang Branch	Bank	Structure d deposit	10,000	Owne d fund	January 30, 2019	Friday, August 02, 2019	Bank financing	Agreement of contract	4.30%		216.77	Recovere d	Yes	Yes
Bank of Shanghai Yuhang Branch	Bank	Structure d deposit	20,000	Owne d fund	August 23, 2018	August 22, 2019	Bank financing	Agreement of contract	4.70%		937.42	Recovere d	Yes	Yes
Bank of Agriculture and Commerce Yuhang Branch	Bank	Structure d deposit	13,000	Owne d fund	August 23, 2018	Friday, August 30, 2019	Bank financing	Agreement of contract	5.20%		668.59	Recovere d	Yes	Yes
Zhejiang Chouzhou Commercial Bank Yuhang Branch	Bank	Structure d deposit	10,000	Owne d fund	March 06, 2019	Friday, September 06, 2019	Bank financing	Agreement of contract	4.50%		226.85	Recovere d	Yes	Yes
Bank of Agriculture and Commerce Yuhang Branch	Bank	Structure d deposit	10,000	Owne d fund	Friday, October 12, 2018	Friday, October 11, 2019	Bank financing	Agreement of contract	5.00%		498.63	Recovere d	Yes	Yes
Bank of Nanjing Yuhang Branch	Bank	Structure d deposit	20,000	Owne d fund	October 15, 2018	October 14, 2019	Bank financing	Agreement of contract	4.80%		970.83	Recovere d	Yes	Yes
China Merchants Bank Yuhang Branch	Bank	Structure d deposit	20,000	Owne d fund	May 06, 2019	November 05, 2019	Bank financing	Agreement of contract	4.30%		431.18	Recovere d	Yes	Yes
Bank of Shanghai Yuhang Branch	Bank	Structure d deposit	30,000	Owne d fund	December 18, 2018	December 17, 2019	Bank financing	Agreement of contract	4.80%		1,436.05	Recovere d	Yes	Yes
China Industrial Bank Yuhang Branch	Bank	Structure d deposit	40,000	Owne d fund	April 01, 2019	Friday, December 20, 2019	Bank financing	Agreement of contract	4.40%		1,296.99	Recovere d	Yes	Yes
Agricultural Bank of China Yuhang Branch	Bank	Structure d deposit	10,000	Owne d fund	April 01, 2019	Friday, February 07, 2020	Bank financing	Agreement of contract	3.85% or 3.90%			Undue	Yes	Yes
Bank of Shanghai Yuhang	Bank	Structure d deposit	10,000	Owne d fund	August 28, 2019	February 27, 2020	Bank financing	Agreement of contract	1.00%-3.90 %			Undue	Yes	Yes

Branch														
Bank of Shanghai Yuhang Branch	Bank	Structured deposit	10,000	Owned fund	September 05, 2019	Friday, March 06, 2020	Bank financing	Agreement of contract	1.00%-3.90%			Undue	Yes	Yes
China Merchants Bank Yuhang Branch	Bank	Structured deposit	20,000	Owned fund	October 16, 2019	Friday, April 24, 2020	Bank financing	Agreement of contract	1.55%-4.20%			Undue	Yes	Yes
China Merchants Bank Yuhang Branch	Bank	Structured deposit	30,000	Owned fund	November 11, 2019	April 27, 2020	Bank financing	Agreement of contract	1.35%-4.2%			Undue	Yes	Yes
Bank of Shanghai Yuhang Branch	Bank	Structured deposit	30,000	Owned fund	December 26, 2019	June 29, 2020	Bank financing	Agreement of contract	4.00%			Undue	Yes	Yes
Total			443,000	--	--	--	--	--	--		107,793,100	--	--	--

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

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

No entrusted loans of the Company during the reporting period.

4. Other major contracts

Applicable Not applicable

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

XVIII. Social responsibility

1. Social responsibility fulfillment

The *ROBAM CSR Report 2019* was released on April 28, 2020 at cninfo (<http://www.cninfo.com.cn>)

2. Implementation of social responsibility for targeted poverty alleviation

(1) Targeted poverty alleviation planning

Over the past years since its establishment, the Company, deeply aware of the obligations and responsibilities of being a social citizen, has been always taking "to be a respectable enterprise" as its target and the public welfare as an important part of the Company's strategic planning.

In 2015, ROBAM Appliances created a named endowment fund amounting up to 20 million yuan in Yuhang Charity

Federation, to extensively carry out public welfare projects associated with poverty reduction, major disease relief, donation to education, etc. Hangzhou Yuhang ROBAM Charity Foundation is a non-public foundation initiated by Hangzhou Robam Appliances Co., Ltd., approved by Zhejiang Provincial Department of Civil Affairs and under the supervision of Yuhang District Bureau of Civil Affairs. Adhering to the tenet of "helping the needy, repaying the society and improving the cooking environment of Chinese family", the Foundation has been committed to rural revitalization, medical and health care, education development, targeted poverty alleviation and other fields since its establishment. And to effectively integrate the charitable resources and maximize the philanthropy, the Company joins hands with the agency companies and its employees give back to the society with practical actions and create a promising future together.

(2) Annual summary on targeted poverty alleviation

1. Focus on kitchen and promote rural revitalization

In 2019, as a member of the first city-level support group, ROBAM continued to pair up with Fengshuling town, Chun 'an county, for poverty alleviation with an investment of no less than 1 million yuan in 5 years. Besides, the Company offered targeted poverty alleviation to 10 impoverished villagers in the town, helping them improve their kitchen settings as well as production and living conditions. And as a responsible enterprise, ROBAM provided assistance to nearly ten impoverished counties and districts, including Ning county, Diebu county, Qin'an county, Lingtai county in Gansu province, and Enshi and Badong county in Hubei, to help win the battle against poverty.

2. Cherish charity with full participation

ROBAM Appliances always attaches importance to cultivating the charity consciousness and social responsibility of the employees, to arouse their love and enthusiasm, trying to create a strong atmosphere for everyone to participate in the charity with charity in mind, so as to expand the scope of poverty alleviation, increase the intensity of poverty relief with a concerted effort, contributing to building a harmonious society. At the initiative of the Company, all Party members, cadres, employees and agency companies across the state responded positively and devoted themselves to the public welfare charities, practicing their social responsibility, trying to make greater contributions to the centennial vision of the Company. In 2019 only, all Party members, cadres, employees and agency companies across the state donated a total of 2.092 million yuan.

In February 2019, the Company held the first "Heart of ROBAM" charity awards ceremony, highly praising 14 agency companies making outstanding contributions to the public welfare.

3. Focus on actual effects and pass love and positive energy

The Foundation of the Company uses every donation efficiently and accurately, trying to deliver each penny to those who

need it most. First of all, it carries out a series of education donations, to contribute to the development of education through such projects as college aim program, beautiful campus construction and construction of school libraries. Second, it launches a series of poverty alleviation and relief activities. Actively responding to the initiative of Yuhang District Party committee and District Government to "send warmth and love", the Foundation donates 1 million yuan to the district Charity Federation every year. It carries out "Grand Love" major disease relief, helping more than 10 patients with major diseases to get through the difficulties. Third, it conducts a series of public benefit activities. By carrying out such social welfare activities as "approaching the nursing home", caring for people with intellectual disabilities, and high-temperature condolence (first-line traffic police, firefighters), the Company passes on love and positive energy.

In the future, the Company will continue to strive to be a prestigious enterprise respected by the society, fulfill its social responsibilities, and make new and greater contributions to the development of China's charity cause.

(3) Targeted poverty alleviation effect

(4) Follow-up targeted poverty alleviation programs

3. Environmental protection related condition

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

Not applicable

XIX. Description of other important events

Applicable Not applicable

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

	Before this change		Increase/decrease (+, -)					After this change	
	Quantity	Proportion	New issue of shares	Share donation	Share capital increase from reserved funds	Other	Subtotal	Quantity	Proportion
I. Restricted shares	14,497,669	1.53%				-374,400	-374,400	14,123,269	1.49%
3. Other domestic holdings	14,497,669	1.53%				-374,400	-374,400	14,123,269	1.49%
Domestic natural person shareholding	14,497,669	1.53%				-374,400	-374,400	14,123,269	1.49%
II. Unrestricted shares	934,535,156	98.47%				365,625	365,625	934,900,781	98.51%
1. RMB common share	934,535,156	98.47%				365,625	365,625	934,900,781	98.51%
III. Total amount of shares	949,032,825	100.00%				-8,775	-8,775	949,024,050	100.00%

Causes for change in shares

Applicable Not applicable

(1) On January 8, 2019, the Company completed the repurchase of canceled restricted stocks and repurchased 8,775 restricted stocks of the incentive object. The total capital stocks decreased from 949,032,825 to 949,024,050.

(2) On February 18, 2019, the Company reserved to grant unlocking of the restricted stock incentive plan in the third

unlocking period and the number of restricted stocks that could be unlocked and listed was 365,625, accounting for 0.0385% of the Company's total capital stock.

Approval of changes in shares

Applicable Not applicable

(1) On February 6, 2018, the Company's 4th meeting of the fourth Board of Directors and the 4th meeting of the fourth Board of Supervisors reviewed and adopted the *Proposal on First Granting of Unlocking in Third Unlocking Period in Restricted Stock Incentive Plan* and the *Proposal on Reserved Granting of Unlocking in Second Unlocking Period in Restricted Stock Incentive Plan*.

(2) On August 22, 2018, the Company's 7th meeting of the fourth Board of Directors and the 7th meeting of the fourth Board of Supervisors reviewed and adopted the *Proposal on the Partial Repurchase of Canceled Initial Restricted Stocks in Initial Restricted Share Incentive Plan*.

(3) On January 21, 2019, the Company's 9th meeting of the fourth Board of Directors and the 9th meeting of the fourth Board of Supervisors reviewed and adopted the *Proposal on Reserved Granting of Unlocking in Third Unlocking Period in Restricted Stock Incentive Plan*.

Transfer of share changes

Applicable Not applicable

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized competitive bidding

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II. Securities issuance and listing

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number and shareholding of the Company's shareholders

Unit: share

Total number of common shareholders at the end of the reporting period	48,122	Total number of common shareholders at the end of the previous month before the disclosure date of the annual report	55,021	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders with voting rights restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	0	
Shareholders holding more than 5% shares or top 10 shareholders								
Shareholder's name	Shareholder nature	Shareholding ratio	Number of shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of shares held with limited sales conditions	Number of shares held with unlimited sales conditions	Pledge 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	14.23%	135,075,397	34,551,613		135,075,397		
Shen Guoying	Domestic natural person	1.29%	12,240,000			12,240,000		
China Construction Bank Co., Ltd. - Anxin Value Selected Stock Securities Investment Fund	Other	1.16%	11,047,319	4,795,887		11,047,319		
Hangzhou Jinchuang	Domestic non-state	1.00%	9,451,985			9,451,985		

Investment Co., Ltd.	legal person							
Aberdeen Standard Investments (Asia) Limited - Aberdeen Global - China A-Shares Fund	Overseas legal person	0.90%	8,569,450	4,389,783		8,569,450		
Shenzhen Guoshi Capital Management Co., Ltd. - Guoshi Capital - Robam Agent Holding Stage 2 Structured Private Equity Fund	Other	0.88%	8,311,165			8,311,165		
Hangzhou Yinchuang Investment Co., Ltd.	Domestic non-state legal person	0.67%	6,318,000	-702,000		6,318,000		
Ren Jianhua	Domestic natural person	0.62%	5,923,150		4,442,362	1,480,788		
Central Huijin Investment Ltd.	State legal person	0.60%	5,685,810			5,685,810		
Description of the above-mentioned shareholder association or concerted action	The actual controller of the Company's controlling shareholder Hangzhou Robam Industrial Group Co., Ltd. and the shareholder Hangzhou Jinchuang Investment Co., Ltd. is Mr. Ren Jianhua, and the natural person shareholder Shen Guoying is the wife of Ren Jianhua. The above shareholders have the possibility of acting in unison.							

Shareholding of top 10 shareholders with unlimited sales conditions			
Shareholder's name	Number of shares with unlimited sales conditions held at the end of the reporting period	Share type	
		Share type	Quantity
Hangzhou Robam Industrial Group Co., Ltd.	471,510,000	RMB common share	471,510,000
Hong Kong Securities Clearing Co. Ltd.	135,075,397	RMB common share	135,075,397
Shen Guoying	12,240,000	RMB common share	12,240,000
China Construction Bank Co., Ltd. - Anxin Value	11,047,319	RMB common	11,047,319

Selected Stock Securities Investment Fund		share	
Hangzhou Jinchuang Investment Co., Ltd.	9,451,985	RMB common share	9,451,985
Aberdeen Standard Investments (Asia) Limited - Aberdeen Global - China A-Shares Fund	8,569,450	RMB common share	8,569,450
Shenzhen Guoshi Capital Management Co., Ltd. - Guoshi Capital - Robam Agent Holding Stage 2 Structured Private Equity Fund	8,311,165	RMB common share	8,311,165
Hangzhou Yinchuang Investment Co., Ltd.	6,318,000	RMB common share	6,318,000
Central Huijin Investment Ltd.	5,685,810	RMB common share	5,685,810
Shenzhen Guoshi Capital Management Co., Ltd. - Guoshi Capital - Robam Win-win No.1 Private Equity Fund	5,443,324	RMB common share	5,443,324
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.		

Whether the Company's top 10 common shareholders and op 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 op 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	The controlling shareholder directly holds 55.76% of the equity of Hangzhou Nbond Nonwoven Co., Ltd. (603238), which is its controlling shareholder.			

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

Applicable Not applicable

No change in controlling shareholders during the reporting period.

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

Nature of actual controller: domestic natural person

Type of actual controller: natural person

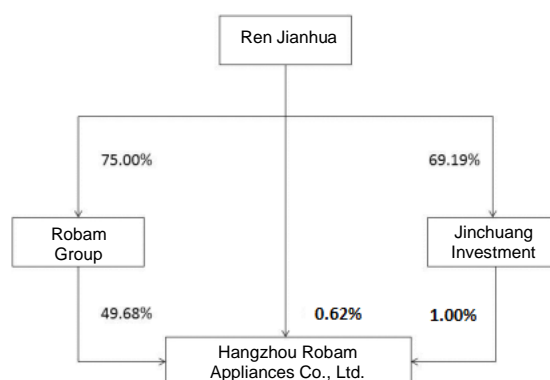
Actual controller's name	Relationship with actual controller	Nationality	Whether to obtain the right of residence in other countries or regions
Ren Jianhua	Self	China	No
Main occupations and positions	Chairman and secretary of the party committee of Robam Group, chairman of Robam Appliances, chairman 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	-		

Changes in actual controller during the reporting period

Applicable Not applicable

No change in actual controller during the reporting period.

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



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

Applicable Not applicable

4. 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

No preferred shares of the Company during the reporting period.

Section 8 Convertible Bonds

Applicable Not applicable

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	Status of service	Gender	Age	Start date of tenure	End date of tenure	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)
Ren Jianhua	Chairman	Incumbent	Male	63	Friday, August 18, 2017	August 17, 2020	5,923,150	5,923,150
Ren Fujia	Deputy chairman, general manager	Incumbent	Male	36	Friday, August 18, 2017	August 17, 2020	2,800,075	2,800,075
Zhao Jihong	Director	Incumbent	Male	57	Friday, August 18, 2017	August 17, 2020	1,690,065	1,690,065
Ren Luozhong	Director	Incumbent	Male	57	Friday, August 18, 2017	August 17, 2020	1,690,062	1,690,062
Wang Gang	Director, deputy general manager, secretary to the board of directors	Incumbent	Male	44	Friday, August 18, 2017	August 17, 2020	576,750	576,750
Shen Guoliang	Director	Incumbent	Male	54	Friday, August 18, 2017	August 17, 2020	1,524,264	1,524,264
Zhang Guangjie	Independent director	Incumbent	Male	56	Friday, August 18, 2017	August 17, 2020		
Dong Jing	Independent director	Incumbent	Female	44	Friday, August 18, 2017	August 17, 2020		
Ma Guoxin	Independent director	Incumbent	Male	66	Friday, August 18, 2017	August 17, 2020		

Zhang Linyong	Chairman of the board of supervisors	Incumbent	Male	54	Friday, August 18, 2017	August 17, 2020	1,112,315	1,112,315
Tang Genquan	Employee supervisor	Incumbent	Male	59	Friday, August 18, 2017	August 17, 2020	1,112,312	1,112,312
Zhang Songnian	Supervisor	Incumbent	Male	53	Friday, August 18, 2017	August 17, 2020	1,112,312	1,112,312
Zhang Huifen	Employee supervisor	Incumbent	Female	41	Friday, August 18, 2017	August 17, 2020		
Shen Yueming	Supervisor	Incumbent	Male	60	Friday, August 18, 2017	August 17, 2020	53,875	53,875
Xia Zhiming	Deputy general manager	Incumbent	Male	44	Friday, August 18, 2017	August 17, 2020	411,950	411,950
He Yadong	Deputy general manager	Incumbent	Male	45	Friday, August 18, 2017	August 17, 2020	411,950	411,950
Zhang Guofu	Chief financial officer	Incumbent	Male	50	Friday, August 18, 2017	August 17, 2020	411,950	411,950
Total	--	--	--	--	--	--	18,831,030	18,831,030

II. Change of directors, supervisors and senior management

Applicable Not applicable

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 Nbond Nonwoven Co., Ltd., Hangzhou Guoguang Touring Commodity Co., Ltd, Hangzhou Amblem Kitchen Ware Co., Ltd., Hangzhou Robam Appliances Co., Ltd., Hangzhou Robam Industrial Group 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 Kitchen Ware 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; and the chairman of Shengzhou Jindi Intelligent Kitchen Appliances Co., Ltd. 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 Mondale · world economic man achievement award and was selected into the dictionary of Chinese experts and celebrities.

Mr. Ren Luozhong, Han nationality, born in August 1962, Chinese, without permanent residency abroad;

EMBA, assistant economist. He began to work in 1982 and successively served as the operation director of Yuhang Hongxing Hardware Factory, the deputy general manager, general manager of the marketing center, general manager of the technology center and director of the first production department of Robam Group, the director and deputy general manager of Robam Home Appliances, and the deputy general manager of the Company. At present, he is the director of the Company.

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

Mr. Shen Guoliang, Han nationality, born in November 1965, Chinese, without permanent residency abroad; high school education. He began to work in 1982 and successively served as the chief of the transportation section of Yuhang Hongxing Hardware Factory, the director, chief financial officer and the deputy general manager of the marketing center of Robam Group, the director of Robam Home Appliances, and the chairman of the board of supervisors of the Company. At present, he is the director of the Company and the director of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.

Mr. Zhang Guangjie, Han nationality, born in September 1963, Chinese, without permanent residency abroad; master degree, member of Communist Party of China, the doctoral supervisor in Law School of Fudan University. He began to work in 1987 and successively served as a lawyer of Fudan Law Firm, a lawyer of Shanghai Silema Law Firm, a lawyer of Shanghai Siweilema Law Firm, a director of Fudan Yuanda

Technology Co., Ltd., a researcher of the intellectual property center of Fudan University, head of the Training Department of Hong Kong China Law School, the deputy dean of Law School of Fudan University, the independent director of Hangzhou Nbond Nonwoven Co., Ltd., Huafon Microfibre (Shanghai) Co.,Ltd. and Zhejiang Int'l Group Co.,Ltd. At present, he is the executive director of China Jurisprudence Research Association, the independent director of Wuhu Conch Profiles and Science Co.,Ltd. and the Company.

Ms. Dong Jing, Han nationality, born in November 1975, Chinese, without permanent residency abroad; PhD degree, member of Communist Party of China, assistant to the dean of Business School and professor in Shanghai University of Finance and Economics, certified public accountant. In 2003, she worked as INSEAD visiting scholar in France, visiting scholar of the Wharton School of the University of Pennsylvania in the United States. At present, she is the director of Institute of Comprehensive Economy of Pudong New Area, the independent director of Shanghai Tunnel Engineering Co.,Ltd., Shanghai Xinmei Real Estate Co.,Ltd., Shanghai Juneyao Airlines Co., Ltd and the Company.

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, Qijing Machinery Co., Ltd. and 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. At present, he is the chairman of the board of supervisors of the Company.

Mr. Tang Genquan, Han nationality, born in October 1960, Chinese, without permanent residency abroad; college degree, engineer. He began to work in 1979 and successively served as the mould workshop

director and technical director of Yuhang Hongxing Hardware Factory, the deputy general manager of technology, general manager of production quality and director of the third production department of Robam Group, the director of Robam Home Appliances. In 1993-1994 and 2005-2006, he was awarded as the outstanding scientific and technological worker of Hangzhou. In 2004, he was selected into the "new century talent project 139 youth talent cultivation candidate list", applied for 1 national invention patent, 7 utility model patents and 10 design patents. He has been employed as a member of China daily hardware industry expert committee since 1996 and the deputy secretary general of fifth China daily hardware industry expert committee since 2006. At present, he is the employee representative supervisor of the Company.

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

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

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

3. Resume of current senior management

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

Mr. Xia Zhiming, Han nationality, born in May 1975, Chinese, without permanent residency abroad;

college degree. He began to work in 1996 and successively served as the production section chief of Qiaori Electric Products Factory, the manufacturing director of Foxconn Technology Co., Ltd. and the production director of the Company's production center. At present, he is the deputy general manager of the Company.

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

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

Service status in the shareholder unit

Applicable Not applicable

Name of staff	Shareholder unit name	Position held in shareholder unit	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	February 25, 1995		No
	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 Group Co., Ltd.	Director	March 01, 1999		No
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 staff	Other unit name	Position held in other unit	Start date of tenure	End date of tenure	Whether to receive remuneration or allowance in other unit
Ren Jianhua	Hangzhou Amblem Kitchen Ware 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 Jinnuochang Investment Management Partnership (Limited Partnership)	Executive partner			No
	Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Executive director			No
	Zhejiang CFMOTO Power Co., Ltd	Director			No
	Hangzhou Mingqi Electric Co., Ltd.	Executive director and general manager			No
Ren Fujia	De Dietrich Trade (Shanghai) Co., Ltd.	Deputy chairman			No
	Hangzhou Amblem Kitchen Ware 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
	China Household Electrical Appliances Association	Vice president			No
Ren Luozhong	Hangzhou Amblem Kitchen Ware Co., Ltd.	Director			No
Shen Guoliang	Hangzhou Amblem Kitchen Ware Co., Ltd.	Supervisor			No
	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Director			No
Zhang Guangjie	Shanghai Fudan University	Teacher			Yes
	Wuhu Conch Profiles and Science Co.,Ltd.	Independent director			Yes
Dong Jing	Shanghai University of Finance and Economics	Teacher			Yes
	Shanghai Tunnel Engineering Co.,Ltd.	Independent director			Yes
	Shanghai Xinmei Real Estate Co.,Ltd.	Independent director			Yes
	Shanghai Juneyao Airlines Co., Ltd	Independent director			Yes
Ma Guoxin	Zhejiang Household Appliances Association	Secretary general, vice president			Yes
	AUPU Home Style Corporation Limited	Independent director			Yes
	Qijing Machinery Co., Ltd.	Independent director			Yes
Wang Gang	Hangzhou Nbond Nonwoven 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
	Ningbo Qingfeng Investment Co., Ltd	Director			No
	De Dietrich Trade (Shanghai) Co., Ltd.	Director			No
	Hangzhou Yujing Investment Management	Chairman			No

	Co., Ltd.				
	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Director			No
	Hangzhou Guoguang Touring Commodity Co., Ltd	Director			No
	Zhejiang Kaiyuan Property Management Co. Ltd.	Independent director			Yes
Zhang Guofu	De Dietrich Trade (Shanghai) Co., Ltd.	Director			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
Description of service status in other unit	N/A				

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: yuan

Name	Position	Gender	Age	Status of service	Total pretax remuneration received from the Company	Whether to get remuneration from related parties of the Company

Ren Jianhua	Chairman	Male	63	Incumbent	872,300	No
Ren Fujia	Deputy chairman, general manager	Male	36	Incumbent	776,430	No
Zhao Jihong	Director	Male	57	Incumbent	844,300	No
Ren Luozhong	Director	Male	57	Incumbent	816,300	No
Wang Gang	Director, deputy general manager, secretary to the board of directors	Male	44	Incumbent	778,018	No
Shen Guoliang	Director	Male	54	Incumbent	732,300	No
Zhang Guangjie	Independent director	Male	56	Incumbent	95,238	No
Dong Jing	Independent director	Female	44	Incumbent	95,238	No
Ma Guoxin	Independent director	Male	66	Incumbent	95,238	No
Zhang Linyong	Chairman of the board of supervisors	Male	54	Incumbent	676,300	No
Tang Genquan	Employee supervisor	Male	59	Incumbent	710,720	No
Zhang Songnian	Supervisor	Male	53	Incumbent	676,300	No
Zhang Huifen	Employee supervisor	Female	41	Incumbent	118,586	No
Shen Yueming	Supervisor	Male	60	Incumbent	284,500	No
Xia Zhiming	Deputy general manager	Male	44	Incumbent	714,950	No
He Yadong	Deputy general manager	Male	45	Incumbent	829,702	No
Zhang Guofu	Chief financial officer	Male	50	Incumbent	707,340	No
Total	--	--	--	--	9,823,762	--

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)	2,722
----------------------------------------------------	-------

Number of employees in main subsidiaries (person)	1,781
Total number of employees (person)	4,512
Total number of employees receiving salary in the current period (person)	4,535
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	32
Professional composition	
Professional composition categories	Number of professionals (person)
Production personnel	1,297
Sales personnel	1,691
Technical personnel	714
Financial personnel	138
Administrative personnel	312
Logistical personnel	360
Total	4,512
Education background	
Education background categories	Number (person)
Bachelor degree or above	1,026
College	1,060
Other	2,426
Total	4,512

2. Pay policy

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

3. Training plan

In 2019, the Company carried out various trainings, carried out projects such as Lemon, Blue Whale, Sunflower, Ivy League and other projects as well as the Elite Program, and extensively carried out the publicity and implementation of corporate culture map in agencies all over the country, with a very high degree of participation. 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*, *Securities Law*, *Governance Guidelines for Listed Companies*, *Rules for Stock Listing of Shenzhen Stock Exchange* and relevant laws and regulations of China Securities Regulatory Commission to further regulate the Company operation and improve the corporate government level. By the end of the reporting period, the actual situation of corporate governance conformed to the normative documents on listed corporate governance issued by China Securities Regulatory Commission.

During the reporting period, the Company operated in strict accordance with national laws and regulations, *Rules for Stock Listing* of Shenzhen Stock Exchange and *Guidelines on the Standardized Operation of Listed Companies on the 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 *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 articles of association, and the number and composition of the board of supervisors shall meet the requirements of laws and regulations. In accordance with the requirements of the *Rules of Procedure of the Board of Supervisors*, the Company's supervisors can earnestly perform their duties, effectively supervise the Company's major issues, related party transactions, financial condition, and the performance of directors and managers, and express independent opinions.

(5) Performance Evaluation and Incentive and Restraint Mechanisms

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

(6) Information Disclosure and Transparency

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

(7) Stakeholder

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

(8) Internal Audit System

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

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 *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
Annual general meeting of shareholders in 2018	Annual general meeting of shareholders	61.68%	May 16, 2019	Friday, May 17, 2019	cninfo Announcement of Resolutions of 2018 Annual General Meeting of Shareholders (Announcement No.: 2019-025)
First extraordinary general meeting of shareholders in 2019	Extraordinary general meeting of shareholders	61.35%	November 14, 2019	Friday, November 15, 2019	cninfo Announcement of Resolutions of 2019 First Extraordinary General Meeting of Shareholders (Announcement No.: 2019-046)

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	Number of	Number of	Number of	Number of	Number of	Whether	Number of

independent director	board meetings to be attended during this reporting period	board meetings attended on site	board meetings attended by correspondence	board meetings delegated to attend	board meetings absent	not to personally attend the board meeting for two consecutive times	shareholders' meetings attended
Zhang Guangjie	5	1	4			No	0
Dong Jing	5	1	4			No	0
Ma Guoxin	5	4	1			No	1

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

During the reporting period, the independent directors of the Company performed their duties in strict accordance with relevant laws, regulations and the *Articles of Association*, attended the board meeting held during the reporting period, carefully deliberated various bills, objectively expressed their views, and made independent and fair judgments with their professional knowledge.

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

In 2019, 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 2019, 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 2019, 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 2019, 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, 2020	
Index of full disclosure of internal control evaluation report	cninfo	
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

<p>Qualitative standard</p>	<p>Signs of major defects in the financial report include:</p> <ol style="list-style-type: none"> 1) Corrupt practice of directors, supervisors and senior management; 2) Misstatement correction of material errors in financial reports that have been announced by the Company; 3) Material misstatement in the current financial report, which is not found by the internal control in the process of operation; 4) Ineffective control and supervision of the Company's external and internal financial reports by the audit committee and audit department. <p>Signs of important defects in the financial report include:</p> <ol style="list-style-type: none"> 1) Failure to select and apply accounting policies in accordance with GAAP; 2) Failure to establish anti-fraud procedures and controls; 3) Failure to establish or implement corresponding control mechanism for accounting for irregular or special transactions without corresponding compensating control; 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. 	<ol style="list-style-type: none"> 1) The defects in non-financial reports are mainly determined according to the influence of the defects on the business process effectiveness and the possibility of occurrence; 2) The defects with low possibility that will reduce the work efficiency or effect, or increase the uncertainty of the effect, or make it deviate from the expected goal are common defects; 3) The defects with high possibility that will significantly reduce the work efficiency or effect, or significantly increase the uncertainty of the effect, or make it significantly deviate from the expected goal are important defects; 4) The defects with high possibility that will seriously reduce the work efficiency or effect, or seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal are major defects.
<p>Quantitation standard</p>	<p>The quantitative standard takes the operating income and the total assets as the measurement index.</p> <ol style="list-style-type: none"> 1) The internal control defects that may cause losses or whose losses are related to the income statement are 	<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</p>

	<p>measured on the basis of operating income: Common defect: misstatement amount < 1% of operating income; Important defect: 1% of operating income 《 misstatement amount < 2% of operating income; 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: Common defect: misstatement amount < 0.5% of total assets; Important defect: 0.5% of total assets < misstatement amount < 1% of total assets; Major defect: misstatement amount > 1% of total assets</p>	>RMB 20 million.
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	April 27, 2020
Name of audit institution	Shinewing Certified Public Accountants (special general partnership)
Audit Report No.	XYZH/2020BJA80124
Name of Certified Public Accountant	Lei Yongxin, Gao Zhiying

Audit report

XYZH/2020BJA80124

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

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, 2019, 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 2019 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, 2019 and of the financial performance and cash flows for the year 2019 in all significant terms.

Basis for audit opinion

We conducted our audit in accordance with the Standards on Auditing for Certified Public Accountants. The “Responsibility of certified public accountants for audit of financial statements” in the audit report further states our responsibility under the Standards. We were independent of Robam and fulfill other responsibilities in terms of

professional ethics according to the code of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit items

The key audit items are those that we consider most important to audit the financial statements of the current period in our professional judgment. The response to these items is based on the audit of the financial statements as a whole and the formation of an audit opinion. We do not comment on these items separately. We have identified the following items as key audit items to be communicated in the audit report.

Income recognition - Agency model and engineering channels	
Key audit items	Response in audit
<p>Refer to Notes to financial statements IV. 27 and VI. 33 Operating income and operating cost.</p> <p>The operating income of Robam was RMB 7,760,581,900 in 2019, an increase of RMB 335,696,600 compared with that of 2018, including the agency mode income of RMB 2,835,281,800 and the engineering channel income of RMB 1,397,306,800, accounting for 54.54% 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> <p>Understand key internal controls related to income recognition, evaluate and test the effectiveness of internal control design and implementation;</p> <p>Check the information of the shareholders and main personnel of the agency company and evaluate whether there is any correlation;</p> <p>Examine the main sales contracts, identify the clauses related to the major risks and transfer of remuneration in the ownership of the goods, and evaluate whether the income recognition time point conforms to the provisions of the ASBE;</p> <p>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;</p> <p>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;</p> <p>Confirm current sales to main customers by sampling combined with the confirmation of accounts receivable;</p> <p>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;</p> <p>Check whether the information relating to operating income has been properly presented and disclosed in the financial statements.</p>
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</p>	<p>For the impairment of notes receivable and accounts receivable, the audit procedures we implemented mainly include:</p>

<p>Accounts receivable.</p> <p>As of December 31, 2019, the balance of notes receivable of Robam was RMB 1,019,683,500 and the provision for bad debt was RMB 32,990,400; the balance of accounts receivable was RMB 772,778,100, and the provision for bad debt was RMB 47,147,200.</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>Understand key internal controls for notes receivable and accounts receivable of Robam, evaluate and test the effectiveness of internal control design and implementation;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>Check whether the information relating to notes receivable and accounts receivable has been properly presented and disclosed in the financial statements.</p>
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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 2019, 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. Combined with our audit of the financial statements, it's our responsibility to read other information. In this process, we shall consider whether material inconsistency or material misstatement of other information with the financial statements or the situation understood by us in the audit process. Based on the work that has been executed by us, we should report the fact of material misstatement confirmed in other information. We have

nothing to report in this regard.

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.

Responsibility of certified public accountants for audit of financial statements

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

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.

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. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosure.

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. 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. Obtain adequate and appropriate audit evidence for the financial information of Robam entity or business activities to express an opinion on the financial statements. We are responsible for guiding, supervising and implementing the group audit and take full responsibility for the audit opinions. We communicate with the governance on the planned audit scope, time arrangement and major audit findings, including the internal control defects identified by us in the audit and worthy attention. We also provide the governance with a statement of compliance with the ethical requirements relating to our independence and communicate with the governance with respect to all relations and other matters that may reasonably be considered to affect our independence and the relevant precautions. 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, 2019

Unit: yuan

Item	December 31, 2019	December 31, 2018
Current assets:		
Monetary capital	4,054,121,726.23	2,196,706,808.35
Deposit reservation for balance		
Lending funds		

Trading financial assets	1,360,000,000.00	
Financial assets measured with fair value and with the changes included in current profit and loss		
Derivative financial assets		
Notes receivable	986,693,149.40	1,268,146,296.01
Accounts receivable	725,630,901.28	446,773,135.47
Receivables financing	408,972,104.07	
Advances to suppliers	50,113,549.84	59,485,930.70
Premiums receivables		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	110,899,448.65	70,182,460.52
Including: Interest receivable	0.00	0.00
Dividends receivable	14,295,039.38	0.00
Redemptory monetary capital for sale		
Inventory	1,339,176,925.20	1,347,112,731.03
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	16,189,237.81	2,591,760,176.09
Total current assets	9,051,797,042.48	7,980,167,538.17
Non-current assets:		
Loans and advances		
Debt investment		
Available-for-sale financial assets		119,948,534.00
Other debt investments		
Held-to-maturity investment		
Long-term receivables		

Long-term equity investment	4,168,338.79	2,617,851.16
Other equity instrument investments	102,116,023.22	
Other non-current financial assets		
Investment properties	112,588.34	121,575.14
Fixed assets	826,234,929.97	842,877,466.95
Construction in progress	272,211,720.62	184,440,655.49
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	219,733,270.51	193,974,179.90
Development expenditure		
Goodwill	80,589,565.84	80,589,565.84
Long-term unamortized expenses	523,195.74	4,933,280.77
Deferred income tax assets	70,877,116.09	39,564,040.41
Other non-current assets	23,558,781.27	6,126,821.00
Total non-current assets	1,600,125,530.39	1,475,193,970.66
Total assets	10,651,922,572.87	9,455,361,508.83
Current liabilities		
Short-term borrowing		
Borrowings from central bank		
Borrowing funds		
Trading financial liabilities		
Financial liabilities measured with fair value and with the changes included in current profit and loss		
Derivative financial liabilities		
Notes payable	603,308,648.96	411,414,985.01
Accounts payable	1,395,061,285.28	1,195,563,149.37
Advance from customers	1,092,261,332.25	1,170,088,458.14
Contract liabilities		
Financial assets sold for repurchase		

Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	122,070,325.03	107,349,495.30
Tax payable	102,726,655.21	113,248,653.85
Other payables	241,641,864.89	234,490,187.04
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		
Total current liabilities	3,557,070,111.62	3,232,154,928.71
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	114,851,263.30	82,021,091.35
Deferred income tax liabilities	5,717,848.25	10,337,139.79
Other non-current liabilities		
Total non-current liabilities	120,569,111.55	92,358,231.14
Total liabilities	3,677,639,223.17	3,324,513,159.85
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	401,689,801.42
Minus: treasury stock	0.00	3,456,989.00
Other comprehensive income	-15,157,634.16	0.00
Special reserve	0.00	0.00
Surplus reserves	474,516,412.50	474,516,412.50
General risk preparation		
Undistributed profit	5,054,206,720.45	4,223,611,112.65
Total owners' equities attributable to the owners of parent company	6,864,388,881.46	6,045,384,387.57
Minority equity	109,894,468.24	85,463,961.41
Total owners' equities	6,974,283,349.70	6,130,848,348.98
Total liabilities and owners' equities	10,651,922,572.87	9,455,361,508.83

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

2. Balance sheet of parent company

Unit: yuan

Item	December 31, 2019	December 31, 2018
Current assets:		
Monetary capital	3,974,490,043.89	2,017,251,340.16
Trading financial assets	1,100,000,000.00	
Financial assets measured with fair value and with the changes included in current profit and loss		0.00
Derivative financial assets	0.00	0.00
Notes receivable	974,185,844.67	1,261,896,296.01
Accounts receivable	704,246,884.81	438,002,392.66
Receivables financing	408,605,906.50	
Advances to suppliers	41,005,526.82	48,995,796.40
Other receivables	105,766,154.95	64,301,240.95

Including: Interest receivable	0.00	0.00
Dividends receivable	14,295,039.38	0.00
Inventory	1,268,289,683.46	1,267,525,767.58
Contract assets		
Assets held for sales	0.00	0.00
Non-current assets due within a year	0.00	0.00
Other current assets	12,064,254.50	2,448,736,487.97
Total current assets	8,588,654,299.60	7,546,709,321.73
Non-current assets:		
Debt investment		
Available-for-sale financial assets		119,948,534.00
Other debt investments		0.00
Held-to-maturity investment	0.00	
Long-term receivables	0.00	0.00
Long-term equity investment	230,674,272.52	224,608,888.64
Other equity instrument investments	102,116,023.22	
Other non-current financial assets	0.00	
Investment properties	436,960.72	470,485.36
Fixed assets	798,954,901.11	815,345,909.65
Construction in progress	271,619,361.89	184,365,655.49
Productive biological assets	0.00	0.00
Oil and gas assets	0.00	0.00
Right-of-use assets	0.00	
Intangible assets	157,002,023.43	161,743,355.41
Development expenditure	0.00	0.00
Goodwill	0.00	0.00
Long-term unamortized expenses	383,195.74	4,933,280.77
Deferred income tax assets	70,173,783.09	38,723,474.50
Other non-current assets	23,558,781.27	6,126,821.00
Total non-current assets	1,654,919,302.99	1,556,266,404.82

Total assets	10,243,573,602.59	9,102,975,726.55
Current liabilities		
Short-term borrowing		
Trading financial liabilities		
Financial liabilities measured with fair value and with the changes included in current profit and loss		
Derivative financial liabilities		
Notes payable	601,960,648.96	409,057,910.01
Accounts payable	1,358,297,550.30	1,158,684,039.60
Advance from customers	983,128,543.51	1,067,652,543.09
Contract liabilities		
Payroll payable	97,599,336.20	88,814,022.76
Tax payable	96,425,637.42	99,200,231.67
Other payables	226,064,422.04	215,230,256.63
Including: Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Liabilities held for sales	0.00	0.00
Non-current liabilities due within a year	0.00	0.00
Other current liabilities	0.00	0.00
Total current liabilities	3,363,476,138.43	3,038,639,003.76
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	114,851,263.30	82,021,091.35
Deferred income tax liabilities	0.00	0.00
Other non-current liabilities	0.00	0.00

Total non-current liabilities	114,851,263.30	82,021,091.35
Total liabilities	3,478,327,401.73	3,120,660,095.11
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments	0.00	0.00
Including: preferred stock	0.00	0.00
Perpetual bond	0.00	0.00
Capital reserve	401,754,349.66	401,644,818.41
Minus: treasury stock	0.00	3,456,989.00
Other comprehensive income	-15,157,634.16	0.00
Special reserve	0.00	0.00
Surplus reserves	474,516,412.50	474,516,412.50
Undistributed profit	4,955,109,022.86	4,160,587,339.53
Total owners' equities	6,765,246,200.86	5,982,315,631.44
Total liabilities and owners' equities	10,243,573,602.59	9,102,975,726.55

3. Consolidated Statement of Income

Unit: yuan

Item	Year 2019	Year 2018
I. Total operating income	7,760,581,855.53	7,424,885,274.14
Including: Operating income	7,760,581,855.53	7,424,885,274.14
Interest revenue		
Premium earned		
Fee and commission income		
II. Total operating costs	6,044,077,772.58	5,895,635,221.01
Including: Operating costs	3,548,777,745.04	3,450,765,242.29
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	66,618,104.73	70,571,367.91
Selling expenses	1,928,259,172.35	1,909,856,779.45
Management costs	284,364,115.17	272,355,117.98
Research and development expenses	299,469,126.54	293,427,244.80
Financial expenses	-83,410,491.25	-101,340,531.42
Including: interest expenditure	477,352.78	0.00
Interest revenue	84,590,717.34	100,908,995.14
Plus: other incomes	86,454,822.71	99,254,844.76
Income from investment (loss expressed with "-")	127,100,794.11	88,009,702.42
Including: Income from investment of joint venture and cooperative enterprise	1,550,487.63	-1,197,385.79
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 "-")	-48,823,331.47	
Assets impairment losses (loss expressed with "-")	-9,321,963.35	-15,059,762.05
Income from disposal of assets (loss expressed with "-")	-158,607.19	101,198.59
III. Operating profits (loss expressed with "-")	1,871,755,797.76	1,701,556,036.85
Plus: Non-operating income	4,098,230.54	2,375,724.71
Less: non-operating expenditure	4,323,553.72	1,607,088.22
IV. Total profits (total loss expressed with "-")	1,871,530,474.58	1,702,324,673.34
Less: Income tax expenses	257,285,119.95	218,476,769.49
V. Net profits (net loss expressed with "-")	1,614,245,354.63	1,483,847,903.85
(I) Classified by business continuity		
1. Net profits from ongoing operation (net loss expressed with "-")	1,614,245,354.63	1,483,847,903.85
2. Net profits from discontinuing operation (net		

loss expressed with “-”)		
(II) Classified by ownership		
1. Net profits attributable to the owners of parent company	1,589,814,847.80	1,473,579,665.62
2. Minority interest income	24,430,506.83	10,268,238.23
VI. Net amount of other comprehensive income after tax	-15,157,634.16	0.00
Net amount of other comprehensive income after tax attributed to parent company owners	-15,157,634.16	0.00
(I) Other comprehensive income that can't be reclassified into profit and loss	-15,157,634.16	0.00
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan	0.00	0.00
2. Other comprehensive income that can't be reclassified into profit and loss in the invested enterprise under equity method	0.00	0.00
3. Fair value change of other equity instrument investments	-15,157,634.16	0.00
4. Fair value change of enterprise credit risks		
5. Other		
(II) Other comprehensive income that will be reclassified into profit and loss		
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Fair value change of other debt investments		
3. Profit and loss from fair value changes of available-for-sale financial assets		
4. Amount of financial assets reclassified into other comprehensive income		
5. Profit and loss from reclassification of held-to-maturity investment as available-for-sale financial assets		
6. Provision for credit impairment of other debt investments		
7. Cash flow hedging reserve		

8. Translation reserve		
9. Other		
Net amount of other comprehensive income after tax attributed to minority shareholders		
VII. Total comprehensive income	1,599,087,720.47	1,483,847,903.85
Total comprehensive income attributed to parent company owners	1,574,657,213.64	1,473,579,665.62
Total comprehensive income belonging to minority shareholders	24,430,506.83	10,268,238.23
VIII. Earnings per share		
(I) Basic earnings per share	1.68	1.55
(II) Diluted earnings per share	1.68	1.55

I

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

4. Income statement of parent company

Unit: yuan

Item	Year 2019	Year 2018
I. Operating income	7,171,273,971.28	6,951,127,584.80
Subtract: Operating costs	3,380,454,870.95	3,359,935,498.94
Taxes and surcharges	59,608,538.30	64,139,003.83
Selling expenses	1,663,615,331.66	1,657,179,627.56
Management costs	203,713,247.47	198,371,268.76
Research and development expenses	289,897,222.53	286,597,606.23
Financial expenses	-82,103,320.70	-96,269,643.72
Including: interest expenditure	477,352.78	0.00
Interest revenue	82,747,708.18	95,425,460.45
Plus: other incomes	80,543,507.55	93,295,114.76
Income from investment (loss expressed with "-")	118,589,082.46	87,724,316.13
Including: Income from investment of joint venture and cooperative enterprise	1,550,487.63	-1,197,385.79
Income from derecognition of financial assets measured at amortized cost (loss expressed with "-")	0.00	0.00

Net exposure hedging gain (loss expressed with "-")	0.00	
Income from fair value changes (loss expressed with "-")	0.00	0.00
Credit impairment losses (loss expressed with "-")	-47,422,169.48	
Assets impairment losses (loss expressed with "-")	-9,321,963.35	-12,359,773.30
Income from disposal of assets (loss expressed with "-")	-303,654.83	111,267.72
II. Operating profit (loss to be filled out with the minus sign "-")	1,798,172,883.42	1,649,945,148.51
Plus: Non-operating income	3,704,034.22	984,374.74
Less: non-operating expenditure	1,542,215.05	1,471,067.61
III. Total profit (total loss to be filled out with the minus sign "-")	1,800,334,702.59	1,649,458,455.64
Less: Income tax expenses	246,593,779.26	207,300,358.39
IV. Net profit (net loss to be filled out with the minus sign "-")	1,553,740,923.33	1,442,158,097.25
(I) Net profits from going concern (net loss expressed with "-")	1,553,740,923.33	1,442,158,097.25
(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. Profit and loss from fair value changes of available-for-sale financial assets		
4. Amount of financial assets reclassified into other comprehensive income		
5. Profit and loss from reclassification of held-to-maturity investment as available-for-sale financial assets		
6. Provision for credit impairment of other debt investments		
7. Cash flow hedging reserve		
8. Translation reserve		
9. Other		
VI. Total comprehensive income	1,538,583,289.17	1,442,158,097.25
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flow

Unit: yuan

Item	Year 2019	Year 2018
I. Cash flow from financing activities:		
Cash from selling commodities or offering labor	7,864,881,727.36	8,453,586,919.00
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	136,806.08
Other cash received related to operating activities	313,827,100.02	238,417,540.82
Subtotal cash inflows from operating activities	8,178,723,903.78	8,692,141,265.90
Cash paid for selling commodities or offering labor	3,263,409,930.51	3,867,146,241.25
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	781,240,228.31	747,113,055.19
Taxes and fees paid	852,036,925.94	835,908,616.02
Other cash paid related to operating activities	1,726,815,892.12	1,733,013,042.15
Subtotal cash outflows from operating activities	6,623,502,976.88	7,183,180,954.61
Net cash flow from operating activities	1,555,220,926.90	1,508,960,311.29
II. Cash flow from investment activities:		
Cash from investment withdrawal	3,898,500,000.00	2,932,936,302.46
Cash from investment income	122,289,095.82	87,103,727.00
Net cash from disposal of fixed assets, intangible assets and other long-term assets	413,677.00	153,807.52
Net cash received from the disposal of subsidiaries and other business entities	0.00	
Other cash received related to investment activities	0.00	10,000,000.00

Subtotal cash inflows from investment activities	4,021,202,772.82	3,030,193,836.98
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	272,163,320.83	180,703,214.09
Cash paid for investment	2,693,500,000.00	3,978,000,000.00
Net cash received from reinsurance business	0.00	
Net cash paid for obtaining subsidiaries and other business units		44,994,413.72
Other cash paid related to investment activities		10,000,000.00
Subtotal cash outflows from investment activities	2,965,663,320.83	4,213,697,627.81
Net cash flow from investment activities	1,055,539,451.99	-1,183,503,790.83
III. Cash flow from financing activities:		
Receipts from equity securities		
Including: Cash received from subsidiaries' absorption of minority shareholders' investment		
Cash received from borrowings		
Other cash received related to financing activities		
Subtotal cash inflows from financing activities		
Cash repayments of amounts borrowed		
Cash paid for distribution of dividends or profits and for interest expenses	759,219,240.00	711,774,618.75
Including: Dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities		83,011.50
Subtotal cash outflows from financing activities	759,219,240.00	711,857,630.25
Net cash flow from financing activities	-759,219,240.00	-711,857,630.25
IV. Impact of exchange rate movements on cash and cash equivalents	535,267.76	832,944.26
V. Net increase of cash and cash equivalents	1,852,076,406.65	-385,568,165.53
Plus: Balance of cash and cash equivalents at the beginning of the period	2,177,219,858.85	2,562,788,024.38
Plus: Balance of cash and cash equivalents at the beginning of the period	4,029,296,265.50	2,177,219,858.85

6. Cash flow statement of parent company

Unit: yuan

Item	Year 2019	Year 2018
I. Cash flow from financing activities:		
Cash from selling commodities or offering labor	7,234,628,896.12	7,892,426,799.39
Refund of tax and levies	0.00	0.00
Other cash received related to operating activities	263,736,687.48	220,781,708.77
Subtotal cash inflows from operating activities	7,498,365,583.60	8,113,208,508.16
Cash paid for selling commodities or offering labor	3,102,184,422.96	3,733,904,041.52
Cash paid to and for employees	578,818,044.96	562,371,084.94
Taxes and fees paid	768,377,438.19	764,184,204.54
Other cash paid related to operating activities	1,539,782,850.67	1,599,163,876.52
Subtotal cash outflows from operating activities	5,989,162,756.78	6,659,623,207.52
Net cash flow from operating activities	1,509,202,826.82	1,453,585,300.64
II. Cash flow from investment activities:		
Cash from investment withdrawal	3,330,000,000.00	2,824,936,302.46
Cash from investment income	113,777,384.17	86,818,340.71
Net cash from disposal of fixed assets, intangible assets and other long-term assets	540,568.71	153,807.52
Net cash received from the disposal of subsidiaries and other business entities	0.00	0.00
Other cash received related to investment activities	0.00	10,000,000.00
Subtotal cash inflows from investment activities	3,444,317,952.88	2,921,908,450.69
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	234,445,701.10	178,389,055.15
Cash paid for investment	2,009,500,000.00	3,887,320,000.00
Net cash paid for obtaining subsidiaries and other business units	0.00	0.00
Other cash paid related to investment activities	0.00	10,000,000.00
Subtotal cash outflows from investment activities	2,243,945,701.10	4,075,709,055.15

Net cash flow from investment activities	1,200,372,251.78	-1,153,800,604.46
III. Cash flow from financing activities:		
Receipts from equity securities	0.00	0.00
Cash received from borrowings	0.00	0.00
Other cash received related to financing activities	0.00	0.00
Subtotal cash inflows from financing activities	0.00	0.00
Cash repayments of amounts borrowed	0.00	0.00
Cash paid for distribution of dividends or profits and for interest expenses	759,219,240.00	711,774,618.75
Other cash paid related to financing activities	0.00	83,011.50
Subtotal cash outflows from financing activities	759,219,240.00	711,857,630.25
Net cash flow from financing activities	-759,219,240.00	-711,857,630.25
IV. Impact of exchange rate movements on cash and cash equivalents	535,278.90	832,769.83
V. Net increase of cash and cash equivalents	1,950,891,117.50	-411,240,164.24
Plus: Balance of cash and cash equivalents at the beginning of the period	2,000,183,395.66	2,411,423,559.90
Plus: Balance of cash and cash equivalents at the beginning of the period	3,951,074,513.16	2,000,183,395.66

7. Consolidated statement of change in equity

Item	Year 2019														Minority equity	Total owners' equities
	Owners' equities attributable to the owners of parent company															
	Capital stock	Other equity instruments			Capital reserve	Minority 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	0.00	0.00	0.00	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	

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Plus: Changes in accounting policies															0.00
Prior period error correction															0.00
Business combination under common control															0.00
Other															0.00
II. Beginning balance in current year	949,024,050.00	0.00	0.00	0.00	401,689.80	3,456.98			474,516.41	4,223,611.12	6,045,384.38	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 "-")	0.00	0.00	0.00	0.00	109,531.25	-3,456.90	-15,157,634.16			830,595.60	819,004.49	24,430,506.83	843,435,000.72		
(I) Total comprehensive income							-15,157,634.16			1,589,814.84	1,574,657.21	24,430,506.83	1,599,087,720.47		
(II) Owner's invested and decreased capital	0.00	0.00	0.00	0.00	109,531.25	-3,456.90					3,566,520.25		3,566,520.25		
1. Common stock invested by the owner													0.00		
2. Capital invested by other equity instrument holders													0.00		
3. Amount of share-based payment included					109,531.25	-3,456.90					3,566,520.25		3,566,520.25		

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in the owner's equity						0									
4. Other															0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00						-759,219.24		-759,219.24		-759,219,240.00
1. Withdrawal of surplus reserves															0.00
2. Withdrawal of general risk preparation															
3. Distribution of owners (or shareholders)											-759,219.24		-759,219.24		-759,219,240.00
4. Other	0.00	0.00	0.00	0.00	0.00										0.00
(IV) Internal transfer of owner's equity															0.00
1. Capital surplus transfer to paid-in capital (or capital stock)															0.00
2. Earned surplus transfer to paid-in capital (or capital stock)															0.00
3. Earned surplus covering the deficit															0.00
4. Carryforward retained earnings in variation of defined benefit plan															0.00
5. Carryforward retained earnings of other comprehensive income															0.00

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6. Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00	
(V) Special reserve															0.00	
1. Draw in this current															0.00	
2. Use in this current															0.00	
(VI) Other																
IV. Balance at the end of current period	949,024,050.00				401,799.33	2.67	-15,157,634.16		474,516.41	2.50	5,054,206,720.45		6,864,388,881.46	109,894.46	8.24	6,974,283,349.70

Current amount

Unit: yuan

Last term amount

Unit: yuan

Item	2018															
	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	949,032,825.00				399,598.50	24,153,010.00				474,516.41	2.50	3,461,806,065.78		5,260,800.91	-3,329,595.92	5,257,471,204.99
Plus: Changes in accounting policies																
Prior period error correction																
Business combination under common control																
Other																
II. Beginning balance in	949,032,825.00				399,598.50	24,153,010.00				474,516.41	2.50	3,461,806,065.78		5,260,800.91	-3,329,595.92	5,257,471,204.99

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current year	032, 825. 00				98,50 7.63	3,010 .00				16,41 2.50			,806, 065.7 8		,800, 800.9 1	595.92	71,204. 99
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")	-8,7 75.0 0				2,091 ,293. 79	-20,6 96,02 1.00				0.00			761,8 05,04 6.87		784,5 83,58 6.66	88,793 ,557.3 3	873,377 ,143.99
(I) Total comprehensive income													1,473 ,579, 665.6 2		1,473 ,579, 665.6 2	10,268 ,238.2 3	1,483,8 47,903. 85
(II) Owner's invested and decreased capital	-8,7 75.0 0				2,091 ,293. 79	-20,6 96,02 1.00									22,77 8,539 .79	78,525 ,319.1 0	101,303 ,858.89
1. Common stock invested by the owner	-8,7 75.0 0														-8,77 5.00		-8,775.0 0
2. Capital invested by other equity instrument holders															0.00		
3. Amount of share-based payment included in the owner's equity					2,091 ,293. 79	-20,6 96,02 1.00									22,78 7,314 .79		22,787, 314.79
4. Other															0.00	78,525 ,319.1 0	78,525, 319.10
(III) Profit distribution													-711,7 74,61 8.75		-711, 774,6 18.75	0.00	-711,77 4,618.7 5
1. Withdrawal of surplus reserves															0.00		0.00
2. Withdrawal of general risk preparation																	
3. Distribution of owners (or shareholders)													-711,7 74,61 8.75		-711, 774,6 18.80		-711,77 4,618.8 0
4. Other																	
(IV) Internal transfer of owner's equity																	

1. Capital surplus transfer to paid-in capital (or capital stock)															
2. Earned surplus transfer to paid-in capital (or capital stock)															
3. Earned surplus covering the deficit															
4. Carryforward retained earnings in variation of defined benefit plan															
5. Carryforward retained earnings of other comprehensive income															
6. Other															
(V) Special reserve															
1. Draw in this current															
2. Use in this current															
(VI) Other															
IV. Balance at the end of current period	949,024,050.00				401,689.80	3,456,989.00			474,516.41		4,223,611.12		6,045,384,387.57	85,463,961.41	6,130,848,348.98

8. Statement of change in equity of parent company

Current amount

Unit: yuan

Item	Year 2019											Total owners' equities
	Capital stock	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	
		Preferred stock	Perpetual bond	Other								
I. Ending balance in previous year	949,024,050.00	0.00	0.00	0.00	401,644,818.41	3,456,989.00	0.00	0.00	474,516,412.50	4,160,587,339.53		5,982,315,631.44
Plus: Changes in accounting												0.00

policies												
Prior period error correction												0.00
Other												0.00
II. Beginning balance in current year	949,024,050.00	0.00	0.00	0.00	401,644,818.41	3,456,989.00	0.00	0.00	474,516,412.50	4,160,587,339.53		5,982,315,631.44
III. Increase/d decrease in the current period (less to be filled out with the minus sign "-")	0.00	0.00	0.00	0.00	109,531.25	-3,456,989.00	-15,157,634.16	0.00	0.00	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 and decreased capital	0.00	0.00	0.00	0.00	109,531.25	-3,456,989.00	0.00	0.00	0.00	0.00		3,566,520.25
1. Common stock invested by the owner												0.00
2. Capital invested by other equity												0.00

instrument holders												
3. Amount of share-based payment included in the owner's equity					109,531.25	-3,456,989.00						3,566,520.25
4. Other												0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-759,219.24		-759,219.24
1. Withdrawal of surplus reserves												0.00
2. Distribution of owners (or shareholders)										-759,219.24		-759,219.24
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												

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capital stock)												
3. Earned surplus covering the deficit												
4. Carryforward retained earnings in variation of defined benefit plan												
5. Carryforward retained earnings of other comprehensive income												
6. Other												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Other												
IV. Balance at the end of current period	949,024,050.00	0.00	0.00	0.00	401,754,349.66	0.00	-15,157,634.16	0.00	474,516,412.50	4,955,109,022.86		6,765,246,200.86

Last term amount

Unit: yuan

Item	2018											Total owners' equities
	Capital stock	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive	Special reserve	Surpluses reserv	Undistributed profit	Other	
		Preferred	Perpetual	Other								

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		stock	bond				income		es			
I. Ending balance in previous year	949,032,825.00	0.00	0.00	0.00	399,553,524.62	24,153,010.00	0.00	0.00	474,516,412.50	3,430,203,861.03		5,229,153,613.15
Plus: Changes in accounting policies												0.00
Prior period error correction												0.00
Other												0.00
II. Beginning balance in current year	949,032,825.00	0.00	0.00	0.00	399,553,524.62	24,153,010.00	0.00	0.00	474,516,412.50	3,430,203,861.03		5,229,153,613.15
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")	-8,775.00	0.00	0.00	0.00	2,091,293.79	-20,696,021.00	0.00	0.00	0.00	730,383,478.50		753,162,018.29
(I) Total comprehensive income										1,442,158,097.25		1,442,158,097.25
(II) Owner's invested and decreased capital	-8,775.00	0.00	0.00	0.00	2,091,293.79	-20,696,021.00	0.00	0.00	0.00	0.00		22,778,539.79

1. Common stock invested by the owner	-8,775.00											-8,775.00
2. Capital invested by other equity instrument holders												0.00
3. Amount of share-based payment included in the owner's equity					2,091,293.79	-20,696,021.00						22,787,314.79
4. Other												0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-711,774,618.75		-711,774,618.75
1. Withdrawal of surplus reserves												0.00
2. Distribution of owners (or shareholders)										-711,774,618.75		-711,774,618.75
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												
1. Draw in this current												
2. Use in this current												
(VI) Other												
IV. Balance at the end	949,024,050.00	0.00	0.00	0.00	401,644,818.4	3,456,989.00	0.00	0.00	474,516,412.	4,160,587,339.53		5,982,315,631.44

of current period					1				50			
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III. Basic status of company

Basic status of enterprise

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, 2019, 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 hook, 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.)

IV. Preparation basis of financial statements

1. Preparation basis

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

2. Going concern

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

V. Significant accounting policy and accounting estimate

Specific 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 lose of the control right and written down against the goodwill. Other comprehensive

income related to the equity investment of the original subsidiary is transferred into the current profit and loss on investments in the period of loss of control right.

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

The Company's joint venture arrangements include cooperative enterprise.

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

8. Determining standards of cash and cash equivalents

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

9. Foreign currency transaction and foreign currency statement translation

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.

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 instruments

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

Financial assets

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").

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.

Financial liabilities

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.

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.

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.

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.

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.

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:

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.

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.

If the financial instrument has suffered from credit impairment upon initial recognition and is in the third stage, its provision for loss is measured according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration, and the interest income is calculated according to the amortized cost and the effective interest rate.

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

If the Company has measured the provision for loss in the previous accounting period according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration but the credit risk of the financial instrument has no longer been increased significantly upon initial recognition on the current balance sheet date, the Company shall measure the provision for loss on the financial instrument on the current balance sheet date according to the amount equivalent to the expected credit loss in the next 12 months and the resulting amount written back from the provision for loss is recorded as an impairment gain in the current period.

① Significant increase in credit risk

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

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

② Financial assets that have suffered from credit impairment

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

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

③ Determination of expected credit loss

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

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

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

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

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

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

11. Notes receivable

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

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

	unit	
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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

Recognition and accounting method for expected credit loss of other receivables

The Company divides the process of credit impairment of other receivables into three stages, and has different accounting treatment methods for other receivables impairment in different stages: the credit risks has not increased significantly upon initial recognition (first stage). For the financial instruments in this stage, the Company should measure the provision for loss according to the expected credit loss over the next 12 months. The Company takes aging as the credit risk characteristic to group other receivables and measures them on the basis of combination, which is equivalent to the expected credit loss in the next 12 months. The credit risk has significantly increased without credit impairment upon initial recognition (second stage). For the financial instruments in this stage, the Company should measure the provision for loss according to the expected credit loss in the whole duration. Credit impairment occurs upon initial recognition (third stage). For the financial instruments in this stage, the Company should measure the provision for loss according to the expected credit loss in the whole duration.

15. Inventory

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

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

17. Contract cost

18. Assets held for sales

19. Debt investments

20. Other debt investments

21. Long-term receivables

22. Long-term equity investments

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.

23. Investment properties

Measurement mode of investment properties

Cost method

Method of depreciation or amortization

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 years	5.00%	4.75%

24. Fixed assets

(1) Recognition conditions

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.

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.

(2) Depreciation method

Category	Depreciation method	Depreciation life	Residual rate	Yearly depreciation
Houses and buildings	Straight-line method	20	5.00%	4.75%
Machinery equipment	Straight-line method	10	5.00%	9.50%
Transportation equipment	Straight-line method	5	5.00%	19.00%
Other equipment	Straight-line method	5	5.00%	19.00%

(3) Recognition basis, valuation and depreciation methods of fixed assets under financing lease

25. 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.

26. 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.

27. Biological assets

28. Oil and gas assets

29. Right-of-use assets

30. Intangible assets

(1) Valuation method, service life and impairment test

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 years
Patent	10 years
Software	3-5 years
Trademark and domain name	10 years

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.

The expenditure of the self-developed intangible assets at the research stage are accounted into the current profits and losses in occurrence; the expenditure at the development stage is recognized as assets only when meeting all of the following conditions: technically feasible to complete the intangible assets, so that they can be used or sold; it is intended to finish and use or sell the intangible assets; the products generated by the intangible assets can be sold or the intangible assets themselves can be sold; it is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and the development expenditures of the intangible assets can be reliably measured.

The expenses at the development stage not meeting above conditions are included in current profits and losses when obtained. The development expenses included in profits and losses in previous periods are not recognized as assets in subsequent periods. The capitalized expenses at the development stage are listed as development expenses in the balance sheet and transferred to intangible assets when the project reaches the intended usable state.

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

(2) Accounting policy of expenditure for internal research and development

31. 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.

The signs of impairment are as follows: the market price of an asset falls sharply in the current period, which is significantly higher than the expected decline due to the passage of time or normal use; the economic, technical or legal environment in which an enterprise operates and the market in which its asset is located will undergo major changes in the current period or in the near future, thereby adversely affecting the enterprise; the market interest rate or the rate of return on investment in other markets has been increased in the current period, thus affecting the discount rate of the enterprise in calculating the present value of the expected future cash flow of the asset, resulting in a significant reduction in the recoverable amount of asset; there is evidence that the asset is obsolete or that the entity has been damaged; the asset has been or will be idle, terminated or disposed of ahead of schedule; the evidence from internal reporting indicates that the economic performance of the asset has been or will be lower than expected. For example, the net cash flow created by the asset or the realized operating profit (or loss) is much lower than (or higher than) the estimated amount; other signs that the asset may have been impaired.

32. 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.

33. Contract liabilities

34. Employee compensation

(1) Short-term compensation accounting method

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.

(2) Post-employment benefits accounting method

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.

(3) Termination benefits accounting method

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.

(4) Other long-term employee benefits accounting method

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.

35. Lease liabilities

36. 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.

37. Share-based payment

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

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

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

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

38. Preferred shares, perpetual bonds and other financial instruments

39. Income

Whether new income standards have been implemented

Yes No

Accounting policies for income recognition and measurement

The Company's operating income mainly includes income from selling commodities, income from offering labor and transfer of asset use right. Relevant income is recognized when the economic benefits associated with the transaction can flow to the Company and relevant income can be measured reliably and meets the specific income recognition standards for the following operating activities.

Income from selling commodities: the income from sale of goods can be recognized only meeting the following conditions: the Company has transferred the main risks and rewards on the property in the goods to the buyer; the Company neither retains the right to continue to manage related to the property, nor effectively controls goods that have been sold; the income amount can be measured reliably; related economic benefits are likely to flow to the Company; the costs related, incurred or to be incurred can be measured reliably. Agency mode: according to the commission sales contract signed by the Company and the regional agency, the Company shall recognize the income after receiving the consignment sale list or sales list summary sheet from the agency; E-commerce: after the customer places an order, the Company will deliver the goods and receive the payment. The Company recognizes the income according to the time of receipt confirmation and order completion (when the customer confirms receipt on the platform or automatically confirms receipt within 7 days); b. The platform shall be responsible for delivery and collection of payment, and the Company shall settle and recognize the income according to the sales list provided by the platform; TV shopping: TV shopping platform informs the Company of delivery according to the customer order, and the Company recognizes the income according to the sales list provided by TV shopping platform; project type: deliver goods according to the customer order, the Company recognizes the income according to the receipt form after the customer receives goods; export revenue from customs declaration: the revenue is recognized according to the export date on the customs declaration.

Income from offering labor: The Company recognizes the income from offering labor at the balance sheet date with the percentage of completion method when the results of the labor transactions can be estimated reliably. The completion schedule of the labor transaction is recognized according to the proportion of the costs incurred in the total estimated costs. The results of the labor transactions can be estimated reliably when: ① the income amount can be measured reliably; ② related economic benefits are likely to flow to the Company; the completion schedule of the labor transactions can be recognized reliably; and ④ the costs incurred or to be incurred in the transactions can be measured reliably. If the results of the labor transactions cannot be estimated reliably, the income from offering labor is recognized according to the labor cost amount incurred and expected to be compensated, and the labor cost incurred is considered as current expenses. If the labor cost incurred is expected not to be compensated, the income is not recognized. If the part of selling commodities and the part of offering labor can be distinguished and independently measured when the contract or agreement signed by the Company with other enterprises includes selling commodities and offering labor, the two parts shall be disposed of respectively; if they cannot be distinguished, or if they can be distinguished but cannot be independently measured, the contract shall be fully treated as the part of selling commodities.

40. 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.

41. 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 or 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.

42. Lease

(1) Accounting treatment method of operating lease

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.

(2) Accounting treatment method of finance lease

43. Other significant accounting policy and accounting estimate

44. Significant accounting policy and accounting estimate change

(1) Changes in significant accounting policies

Content and reasons of changes in accounting policies	Approval procedures	Remark
The Ministry of Finance issued the revised <i>Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments</i> , <i>Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets</i> , <i>Accounting Standards for Business Enterprises No.24 - Hedging</i> and <i>Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments</i> (collectively referred to as the "new financial instrument standards") in 2017. The Company implements the new financial instrument standards from January 1, 2019	Approval at the Company's 10th meeting of the 4th Board of Directors	See the instructions
The Ministry of Finance issued the <i>Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements for Ordinary Enterprises in 2019</i> (CK [2019] No.6) in April 2019, and the <i>Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements for Ordinary Enterprises in 2018</i> (CK [2018] No. 15) issued on June 2018 was abolished simultaneously; the Ministry of Finance issued the <i>Notice of the Ministry of Finance on Revising and Issuing the Format of Consolidated Financial Statements (2019)</i> [CK [2019] No.16) in September	Approval at the Company's 12th meeting of the 4th Board of Directors	See the instructions

2019, and the <i>Notice of the Ministry of Finance on Revising and Issuing the Format of Consolidated Financial Statements in 2018</i> (CK [2019] No.1) was abolished simultaneously. The Company revised the format of the financial statements according to CK [2019] No.6 and CK [2019] No.16.		
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Instructions for use:

1) According to the connection between the old and new standards, the Company implemented the new financial instrument standards from January 1, 2019, and adopted the retroactive adjustment method to change the presentation of relevant financial statements. See "IV. 31.(3)" in this note for details;

2) According to the *Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements for Ordinary Enterprises in 2019* (CK [2019] No.6) and the *Notice of the Ministry of Finance on Revising and Issuing the Format of Consolidated Financial Statements (2019)* [CK [2019] No.16), the Company has prepared financial statements in accordance with the requirements of the new corporate financial statement format. As a result, the financial statement items have been changed and the comparison data of the comparable period has been adjusted.

1) Affected consolidate balance sheet as at December 31, 2018:

Item before adjustment	December 31, 2018	Item after adjustment	January 1, 2019
Notes receivable and accounts receivable	1,714,919,431.48	Notes receivable	631,234,819.16
		Accounts receivable	446,773,135.47
		Receivables financing	636,911,476.85
Notes payable and accounts payable	1,606,978,134.38	Notes payable	411,414,985.01
		Accounts payable	1,195,563,149.37

2) Affected balance sheet of parent company as at December 31, 2018:

Item before adjustment	December 31, 2018	Item after adjustment	January 1, 2019
Notes receivable and accounts receivable	1,699,898,688.67	Notes receivable	627,434,819.16
		Accounts receivable	438,002,392.66
		Receivables financing	634,461,476.85
Notes payable and accounts payable	1,567,741,949.61	Notes payable	409,057,910.01
		Accounts payable	1,158,684,039.60

(2) Significant accounting estimate change

Applicable Not applicable

According to relevant provisions in the *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments* implemented by the listed companies from January 1, 2019, the Company changes the credit loss rate of commercial acceptance bills receivable to the same as that of accounts receivable from January 1, 2019 based on the forward thinking and prudent thinking and its actual situation with the significant increase in the commercial acceptance bills receivable in recent years. This change has been approved by the management.

(1) Adjustment of relevant items in financial statements at the beginning of the implementation year as a result of implementation of new financial instrument standards from 2019:

1) Consolidated Balance Sheet

Item	December 31, 2018	January 01, 2019	Adjusted figure
Current assets:			
Trading financial assets	Not applicable	2,570,000,000.00	2,570,000,000.00
Notes receivable	1,268,146,296.01	631,234,819.16	-636,911,476.85
Receivables financing	Not applicable	636,911,476.85	636,911,476.85
Other current assets	2,591,760,176.09	21,760,176.09	-2,570,000,000.00
Non-current assets:			
Available-for-sale financial assets	119,948,534.00	Not applicable	-119,948,534.00
Other equity instrument investments	Not applicable	119,948,534.00	119,948,534.00

Note: The table above presents only the affected financial statement items, not the unaffected financial statement items.

2) Balance sheet of parent company

Item	December 31, 2018	January 01, 2019	Adjusted figure
Trading financial assets	Not applicable	2,430,000,000.00	2,430,000,000.00
Notes receivable	1,261,896,296.01	627,434,819.16	-634,461,476.85
Receivables financing	Not applicable	634,461,476.85	634,461,476.85
Other current assets	2,448,736,487.97	18,736,487.97	-2,430,000,000.00
Non-current assets:			
Available-for-sale financial assets	119,948,534.00	Not applicable	-119,948,534.00
Other equity instrument investments	Not applicable	119,948,534.00	119,948,534.00

Note: The table above presents only the affected financial statement items, not the unaffected financial statement items.

45. Other

VI. Tax

1. Main tax categories and tax rates

Tax category	Taxation basis	Tax rate
Added value tax	Income from selling commodities	16%, 13%
Added value tax	Technical service income	6%
Added value tax	Income from house lease	5%

Urban maintenance and construction tax	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Surcharge for local education	Turnover tax actually paid	2%
Housing property tax	70% of original value of the property	1.2%
Housing property tax	Rental income	12%
Land use tax	Total land area	5-10yuan/m ²
Corporate income tax	Income tax payable	15%, 25%

2. Tax preference

Preferential policies for income tax

On November 13, 2017, 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. GR201733000884) and the Company passed the high-tech enterprise identification for 3 years. According to relevant regulations, after passing the high-tech enterprise identification, the Company can enjoy the relevant preferential policies of the state on high-tech enterprises for three consecutive years (i.e., the income tax preference period from January 1, 2017 to December 31, 2019), and the enterprise income tax shall be levied at the rate of 15%.

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

Preferential tax policies for land use tax

On October 3, 2018, the General Office of the People's Government of Zhejiang Province issued a document (ZZBF [2018] No. 99), stipulating that class A enterprises were fully exempted from the urban land use tax from January 1, 2018 to December 31, 2019. Robam is a class A enterprise and enjoys the preferential policy of full exemption from the urban land use tax.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting the VAT Rate (MOF, STA and GAC Announcement 2019 No.39), the tax rate 16% for the VAT taxable sales activities or imported goods shall be adjusted to 13% from April 1, 2019.

VII. Notes to items in consolidated financial statements

1. Monetary capital

Unit: yuan

Item	Ending balance	Beginning balance
------	----------------	-------------------

Cash on hand	218,775.77	380,338.61
Bank deposit	4,029,077,489.73	2,176,839,520.24
Other monetary capital	24,825,460.73	19,486,949.50
Total	4,054,121,726.23	2,196,706,808.35

Other description

Note: Other monetary capital at the year end is 24,825,460.73yuan, including the L/C deposit of 23,477,460.73yuan and acceptance deposit of 1,348,000.00, which are limited funds.

2. Trading financial assets

Unit: yuan

Item	Ending balance	Beginning balance
Financial assets measured with fair value and with the changes included in current profit and loss	1,360,000,000.00	2,570,000,000.00
Where:		
Bank financial products	1,360,000,000.00	2,570,000,000.00
Where:		
Total	1,360,000,000.00	2,570,000,000.00

3. Derivative financial assets

4. Notes receivable

(1) Classified presentation of notes receivable

Unit: yuan

Item	Ending balance	Beginning balance
Bank acceptance bill	359,876,143.64	357,734,795.15
Trade acceptance	626,817,005.76	273,500,024.01
Total	986,693,149.40	631,234,819.16

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Where:										

Notes receivable of provision for bad debt by combination	1,019,683,518.12	100.00%	32,990,368.72	3.24%	986,693,149.40	636,808,451.88	100.00%	5,573,632.72	0.88%	631,234,819.16
Where:										
Including: banker's acceptance bill	359,876,143.64	35.29%	0.00	0.00%	359,876,143.64	357,734,795.15	56.18%	0.00	0.00%	357,734,795.15
Commercial acceptance bill	659,807,374.48	64.71%	32,990,368.72	5.00%	626,817,005.76	279,073,656.73	43.82%	5,573,632.72	2.00%	273,500,024.01
Total	1,019,683,518.12	100.00%	32,990,368.72	3.24%	986,693,149.40	636,808,451.88	100.00%	5,573,632.72	0.88%	631,234,819.16

Provision for bad debt by combination:

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Commercial acceptance bill combination	659,807,374.48	32,990,368.72	5.00%
Total	659,807,374.48	32,990,368.72	--

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

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Commercial acceptance bill	5,573,632.72	27,416,736.00	0.00	0.00		32,990,368.72
Total	5,573,632.72	27,416,736.00				32,990,368.72

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

Applicable Not applicable

(3) Notes receivable pledged by the Company at the end of the period

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

Unit: yuan

Item	Amount with recognition terminated at the end of the period	Amount with recognition not terminated at the end of the period
Bank acceptance bill	86,044,636.52	0.00
Total	86,044,636.52	0.00

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

(6) Notes receivable actually written off at the current period

5. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Accounts receivable of provision for bad debt by single item	4,216,329.97	0.55%	4,216,329.97	100.00%	0.00	3,091,619.79	0.65%	3,091,619.79	100.00%	0.00
Where:										
Accounts receivable of provision for bad debt by combination	768,561,756.12	99.45%	42,930,854.84	5.59%	725,630,901.28	474,397,041.21	99.35%	27,623,905.74	5.82%	446,773,135.47
Where:										
Total	772,778,086.09	100.00%	47,147,184.81		725,630,901.28	477,488,661.00	100.00%	30,715,525.53	6.43%	446,773,135.47

Provision for bad debt by single item: accounts receivable of provision for bad debt by single item due to significantly

different credit risks

Unit: yuan

Name	Ending 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	4,216,329.97	4,216,329.97	100.00%	Expected irrecoverable
Total	4,216,329.97	4,216,329.97	--	--

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	744,095,171.82
1~2 years	16,585,163.14
2~3 years	7,440,505.92
More than 3 years	4,657,245.21
3~4 years	1,550,074.45
4~5 years	1,279,764.43
More than 5 years	1,827,406.33
Total	772,778,086.09

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

Category	Year-beginning balance	Amount of change in current year			Year-end balance
		Provision	Recovered or reversed	Write-off canceled after verification	
Provision for bad debts of accounts receivable	30,715,525.53	17,613,423.11	0.00	1,181,763.83	47,147,184.81
合计	30,715,525.53	17,613,423.11	0.00	1,181,763.83	47,147,184.81

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

Write-off of important accounts receivable:

Unit: yuan

Nature of accounts receivable	Write-off amount	Cause for write-off	Write-off procedures	Whether the account is generated by related party transaction
Accounts receivable written off actually	1,181,763.83	Expected irrecoverable	Approval by management	No
Total	1,181,763.83	--	--	--

Write-off of accounts receivable:

(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	132,784,858.17	17.18%	6,639,242.91
Unit 2	115,125,176.32	14.90%	5,756,258.82
Unit 3	93,445,059.93	12.09%	4,672,253.00
Unit 4	16,985,591.40	2.20%	849,279.57
Unit 5	15,667,295.93	2.03%	783,364.80
Total	374,007,981.75	48.40%	

(5) Accounts receivable derecognized due to transfer of financial assets

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

6. Receivables financing

Unit: yuan

Item	Ending balance	Beginning balance
Banker's acceptance bill	408,972,104.07	636,911,476.85
Total	408,972,104.07	636,911,476.85

Changes in accounts receivable financing in current period and change in fair value

Applicable Not applicable

The Company discounts and endorses the banker's acceptance bills according to the daily operation and management. The business model for managing the banker's acceptance bills is to collect contractual cash flows and to sell the bills, so the balance of acceptance bills receivable from banks presented as receivables financing.

7. Advances to suppliers

(1) Presentation of advances to suppliers by aging

Unit: yuan

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	50,109,021.83	99.99%	58,293,082.84	97.99%
1~2 years	4,528.01	0.01%	127,306.00	0.22%
2~3 years	0.00	0.00%	1,065,541.86	1.79%
Total	50,113,549.84	--	59,485,930.70	--

Reasons for non-timely settlement of important advances from customers with the aging more than 1 year:

(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 27,682,203.94yuan, accounting for 55.24% of total number of ending balance of advances to suppliers.

8. Other receivables

Unit: yuan

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividends receivable	14,295,039.38	
Other receivables	96,604,409.27	70,182,460.52
Total	110,899,448.65	70,182,460.52

(1) Interest receivable

1) Classification of interest receivable

2) Important overdue interest

3) Provision for bad debt

Applicable Not applicable

(2) Dividends receivable

1) Classification of dividends receivable

Unit: yuan

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

2) Important dividends receivable with the aging more than 1 year

3) Provision for bad debt

Applicable Not applicable

(3) Other receivables

1) Other receivables classified by nature

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Collection by third party	63,604,415.88	30,291,539.08
Deposit and margin	37,167,812.49	34,993,888.42
Imprest	3,137,976.93	2,883,138.90
Withheld amount	2,502,348.12	2,554,065.31
Other	512,898.94	5,987,699.54
Total	106,925,452.36	76,710,331.25

2) Provision for bad debt

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2019	6,527,870.73			6,527,870.73
Balance on January	—	—	—	—

1, 2019 in current period				
Withdrawn in current period	3,793,172.36			3,793,172.36
Balance on December 31, 2019	10,321,043.09			10,321,043.09

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)	80,092,781.70
1-2 years	5,928,780.29
2-3 years	18,220,203.03
3-4 years	978,391.96
4-5 years	575,029.94
More than 5 years	1,130,265.44
Total	106,925,452.36

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

Category	Year-beginning balance	Amount of change in current year			Year-end balance
		Provision	Recovered or reversed	Write-off canceled after verification	
Provision for bad debt of other receivables	6,527,870.73	3,793,172.36	0.00	0.00	10,321,043.09
Total	6,527,870.73	3,793,172.36	0.00	0.00	10,321,043.09

4) Other receivables actually written off at the current period

5) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Ending balance	Aging	Proportion in total other ending balance	Ending balance of bad debt provision

				receivable	
Unit 1	Collection by third party	56,941,569.55	Within 1 year	53.25%	2,847,078.48
Unit 2	Deposit and margin	14,778,000.00	2-3 years	13.82%	2,955,600.00
Unit 3	Deposit and margin	3,000,000.00	Within 1 year	2.81%	150,000.00
Unit 4	Deposit and margin	1,520,225.00	2-3 years	1.42%	304,045.00
Unit 5	Collection by third party	903,740.22	Within 1 year	0.85%	45,187.01
Total	--	77,143,534.77	--	72.15%	6,301,910.49

6) Accounts receivable involving government subsidies

7) Other receivables derecognized due to transfer of financial assets

8) Amount of assets and liabilities formed by transferring other receivables and continuing involvement

9. Inventory

(1) Inventory classification

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	65,865,050.18	0.00	65,865,050.18	58,785,060.73	0.00	58,785,060.73
Work in process	48,635,094.61	0.00	48,635,094.61	42,489,335.72	0.00	42,489,335.72
Merchandise inventory	333,027,454.91	9,321,963.35	323,705,491.56	289,182,037.49	0.00	289,182,037.49
Semi-finished products shipped in transit	882,209,547.51	0.00	882,209,547.51	902,710,838.63	0.00	902,710,838.63
Low priced	18,761,741.34	0.00	18,761,741.34	53,945,458.46	0.00	53,945,458.46

and easily worn articles and wrappage						
Total	1,348,498,888.55	9,321,963.35	1,339,176,925.20	1,347,112,731.03	0.00	1,347,112,731.03

(2) Depreciation reserves for inventories

Unit: yuan

Item	Beginning balance	Amount increased in current period		Amount decreased in current period		Ending balance
		Provision	Other	Reversed or written off	Other	
Merchandise inventory	0.00	9,321,963.35	0.00	0.00	0.00	9,321,963.35
Total	0.00	9,321,963.35	0.00	0.00	0.00	9,321,963.35

(3) Description of ending balance of inventory containing the capitalized amount of borrowing costs

(4) Completed and unliquidated assets resulting from the ending construction contract

10. Contract assets

12. Non-current assets due within a year

13. Other current assets

Unit: yuan

Item	Ending balance	Beginning balance
Prepaid tax	13,802,530.76	18,854,992.34
Pending deduct VAT on purchase	2,386,707.05	2,905,183.75
Total	16,189,237.81	21,760,176.09

14. Debt investments

15. Other debt investments

16. Long-term receivables

(1) Long-term receivables

(2) Long-term receivables derecognized due to transfer of financial assets

(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing involvement

17. Long-term equity investments

Unit: yuan

Invested unit	Beginning balance (book value)	Increase or decrease in current period								Ending balance (book value)	Balance of impairment provision at the end of period
		Further investment	Capital reduction	Investment gains and losses recognized by the equity method	Adjustment of other comprehensive income	Changes in other equity	Declared payment of cash dividends or profits	Provision for impairment	Other		
I. Joint enterprise											
De Dietrich Trade (Shanghai) Co., Ltd.	2,617,851.16	0.00	0.00	1,550,487.63	0.00	0.00	0.00	0.00		4,168,338.79	
Subtotal	2,617,851.16			1,550,487.63						4,168,338.79	
II. Joint venture											
Total	2,617,851.16			1,550,487.63						4,168,338.79	

18. Other equity instrument investments

Unit: yuan

Item	Ending balance	Beginning balance
Suzhou Industrial Park Ruican Investment Enterprise (limited partnership)	100,000,000.00	100,000,000.00
Shanghai MXCHIP Information Technology Co., Ltd.	2,116,023.22	19,948,534.00
Total	102,116,023.22	119,948,534.00

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

Unit: yuan

Item name	Recognized dividend income	Aggregate gains	Aggregate losses	Amount of other comprehensive income transferred to retained earnings	Cause for designation to measure at fair value of which changes are recorded into other comprehensive income	Causes for carryforward retained earnings of other comprehensive income
Suzhou Industrial Park Ruican Investment Enterprise (limited partnership)	14,295,039.38	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	

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. Beginning balance	189,197.82	189,197.82
2. Amount increased in current period		
3. Amount decreased in current period		
4. Ending balance	189,197.82	189,197.82
II. Accumulated depreciation and amortization		
1. Beginning balance	67,622.68	67,622.68

2. Amount increased in current period	8,986.80	8,986.80
(1) Accrual or amortization	8,986.80	8,986.80
3. Amount decreased in current period		
4. Ending balance	76,609.48	76,609.48
III. Provision for impairment		
IV. Book value		
1. Ending book value	112,588.34	112,588.34
2. Beginning book value	121,575.14	121,575.14

(2) Investment properties using fair value measurement mode

Applicable Not applicable

(3) Investment properties without certificate of title

Other description

21. Fixed assets

Unit: yuan

Item	Ending balance	Beginning balance
Fixed assets	826,234,929.97	842,877,466.95
Total	826,234,929.97	842,877,466.95

(1) Fixed assets

Unit: yuan

Item	Houses and building	Machinery equipment	Transportation equipment	Other equipment	Total
I. Original book value					
1. Beginning balance	679,043,141.03	492,599,119.52	19,153,855.34	71,671,959.22	1,262,468,075.11
2. Amount increased in current period	2,217,299.08	67,639,168.50	2,450,047.80	4,400,012.21	76,706,527.59
(1) Purchase	117,272.72	4,755,251.34	2,450,047.80	4,248,654.64	11,571,226.50
(2) Transfer from construction in progress	2,100,026.36	62,883,917.16	0.00	151,357.57	65,135,301.09
3. Amount decreased in current period	267,625.88	1,825,334.51	1,901,600.35	3,539,837.10	7,534,397.84
(1) Disposal or	267,625.88	1,825,334.51	1,901,600.35	3,539,837.10	7,534,397.84

scrap					
4. Ending balance	680,992,814.23	558,412,953.5 1	19,702,302.79	72,532,134.33	1,331,640,204.8 6
II. Accumulated depreciation					
1. Beginning balance	178,025,829.50	191,398,003.3 1	10,519,209.44	39,647,565.91	419,590,608.16
2. Amount increased in current period	31,322,792.71	49,220,946.92	2,551,073.77	8,535,307.56	91,630,120.96
(1) Provision	31,322,792.71	49,220,946.92	2,551,073.77	8,535,307.56	91,630,120.96
3. Amount decreased in current period	33,524.64	810,441.47	1,808,144.29	3,163,343.83	5,815,454.23
(1) Disposal or scrap	33,524.64	810,441.47	1,808,144.29	3,163,343.83	5,815,454.23
4. Ending balance	209,315,097.57	239,808,508.7 6	11,262,138.92	45,019,529.64	505,405,274.89
III. Provision for impairment					
IV. Book value					
1. Ending book value	471,677,716.66	318,604,444.7 5	8,440,163.87	27,512,604.69	826,234,929.97
2. Beginning book value	501,017,311.53	301,201,116.2 1	8,634,645.90	32,024,393.31	842,877,466.95

(2) Fixed assets that are temporarily idle

(3) Fixed assets under financing lease

(4) Fixed assets leased out by operating lease

(5) Fixed assets without certificate of title

(6) Liquidation of fixed assets

22. Construction in progress

Unit: yuan

Item	Ending balance	Beginning balance
Construction in progress	272,211,720.62	184,440,655.49
Total	272,211,720.62	184,440,655.49

(1) Construction in progress

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Maoshan intelligent manufacturing base infrastructure project	259,945,664.42	0.00	259,945,664.42	116,239,899.42	0.00	116,239,899.42
Management software	3,574,118.78	0.00	3,574,118.78	4,163,334.80	0.00	4,163,334.80
Project of production department 3	2,015,449.74	0.00	2,015,449.74	5,299,145.30	0.00	5,299,145.30
Cutting machine	1,435,896.56	0.00	1,435,896.56	1,435,896.56	0.00	1,435,896.56
Project of production department 2	1,206,896.55	0.00	1,206,896.55	11,143,604.48	0.00	11,143,604.48
Dispensing equipment project	713,675.21	0.00	713,675.21	713,675.21	0.00	713,675.21
Product homemade platform production line	0.00	0.00	0.00	11,138,220.60	0.00	11,138,220.60
Product automated assembly line	0.00	0.00	0.00	7,606,837.60	0.00	7,606,837.60
Automatic line equipment	0.00	0.00	0.00	5,086,206.90	0.00	5,086,206.90
Side suction punch press	0.00	0.00	0.00	4,102,564.65	0.00	4,102,564.65
Spraying line	0.00	0.00	0.00	3,914,529.92	0.00	3,914,529.92
Riveting equipment	0.00	0.00	0.00	2,119,658.12	0.00	2,119,658.12

Outdoor elevator project of workshop 4	0.00	0.00	0.00	1,472,079.01	0.00	1,472,079.01
Cleaning line	0.00	0.00	0.00	1,085,470.11	0.00	1,085,470.11
Workshop decoration engineering	0.00	0.00	0.00	1,017,299.09	0.00	1,017,299.09
Natural gas pipe installation engineering	0.00	0.00	0.00	809,090.91	0.00	809,090.91
Roll forming equipment	0.00	0.00	0.00	786,324.79	0.00	786,324.79
Automatic line equipment for host panel polishing	0.00	0.00	0.00	521,367.50	0.00	521,367.50
Automatic polishing equipment	0.00	0.00	0.00	512,820.67	0.00	512,820.67
Call center expansion project	0.00	0.00	0.00	509,005.31	0.00	509,005.31
Other sporadic projects	3,320,019.36	0.00	3,320,019.36	4,763,624.54	0.00	4,763,624.54
Total	272,211,720.62	0.00	272,211,720.62	184,440,655.49	0.00	184,440,655.49

(2) Current changes in major projects under construction

Unit: yuan

Item name	Budget number	Beginning balance	Amount increased in current period	Amount carried forward to fixed assets in current period	Other decreases in current period	Ending balance
Maoshan intelligent manufacturing base	549,550,000.00	116,239,899.42	143,705,765.00	0.00	0.00	259,945,664.42

infrastructure project						
Management software		4,163,334.80	132,743.36	0.00	721,959.38	3,574,118.78
Project of production department 3		5,299,145.30	6,902.72	3,290,598.28	0.00	2,015,449.74
Cutting machine		1,435,896.56	0.00	0.00	0.00	1,435,896.56
Project of production department 2		11,143,604.48	0.17	9,341,880.32	594,827.78	1,206,896.55
Dispensing equipment project		713,675.21	0.00	0.00	0.00	713,675.21
Homemade platform production line		11,138,220.60	605.22	11,138,825.82	0.00	0.00
Automated assembly line		7,606,837.60	0.00	7,606,837.60	0.00	0.00
Automatic line equipment		5,086,206.90	0.00	5,086,206.90	0.00	0.00
Side suction punch press		4,102,564.65	0.00	4,102,564.65	0.00	0.00
Spraying line		3,914,529.92	0.00	3,914,529.92	0.00	0.00
Riveting equipment		2,119,658.12	0.00	2,119,658.12	0.00	0.00
Outdoor elevator project		1,472,079.01	0.00	1,472,079.01	0.00	0.00
Cleaning line		1,085,470.11	0.00	1,085,470.11	0.00	0.00
Workshop decoration engineering		1,017,299.09	0.00	1,017,299.09	0.00	0.00
Pipe installation engineering		809,090.91	0.00	809,090.91	0.00	0.00
Roll forming equipment		786,324.79	0.00	786,324.79	0.00	0.00
Automatic polishing line equipment		521,367.50	0.00	521,367.50	0.00	0.00

Automatic polishing equipment		512,820.67	0.00	512,820.67	0.00	0.00
Call center project		509,005.31	0.00	0.00	509,005.31	0.00
Other sporadic projects		4,763,624.54	11,405,865.88	12,329,747.40	519,723.66	3,320,019.36
Total	549,550,000.00	184,440,655.49	155,251,882.35	65,135,301.09	2,345,516.13	272,211,720.62
Continued						
Project name	Budget number	Proportion of project input to the budget (%)	Progress of works	Accumulated amount of interest capitalization	Including: interest of current year Capitalized amount	Interest of current year Capitalization rate
Maoshan intelligent manufacturing base infrastructure project	549,550,000.00	47.30	47.30%	0.00	0.00	0.00

(3) Provision for impairment of construction in progress in current year

(4) Engineering materials

23. Productive biological assets

(1) Productive biological assets using cost measurement mode

Applicable Not applicable

(2) Productive biological assets using fair value measurement mode

Applicable Not applicable

24. Oil and gas assets

Applicable Not applicable

25. Right-of-use assets

26. Intangible assets

(1) Intangible assets

Unit: yuan

Item	Land use right	Software	Trademark	Patent	Total
I. Original book value					
1. Beginning balance	168,051,179.95	42,242,921.55	24,500,000.00	7,300,000.00	242,094,101.50
2. Amount increased in current period	34,367,725.00	4,745,109.56	124,622.64	0.00	39,237,457.20
(1) Purchase	34,367,725.00	4,745,109.56	124,622.64	0.00	39,237,457.20
3. Amount decreased in current period	0.00	513,336.75	0.00	0.00	513,336.75
(1) Disposal	0.00	513,336.75	0.00	0.00	513,336.75
4. Ending balance	202,418,904.95	46,474,694.36	24,624,622.64	7,300,000.00	280,818,221.95
II. Accumulated amortization					
1. Beginning balance	17,861,002.07	28,472,381.07	1,225,000.00	561,538.46	48,119,921.60
2. Amount increased in current period	3,413,591.84	6,067,672.68	2,453,115.56	1,123,076.92	13,057,457.00
(1) Provision	3,413,591.84	6,067,672.68	2,453,115.56	1,123,076.92	13,057,457.00
3. Amount decreased in current period	3,413,591.84	6,067,672.68	2,453,115.56	1,123,076.92	13,057,457.00
(1) Disposal	0.00	92,427.16	0.00	0.00	92,427.16
4. Ending balance	21,274,593.91	34,447,626.59	3,678,115.56	1,684,615.38	61,084,951.44
III. Provision for impairment					
IV. Book value					
1. Ending book value	181,144,311.04	12,027,067.77	20,946,507.08	5,615,384.62	219,733,270.51
2. Beginning book value	150,190,177.88	13,770,540.48	23,275,000.00	6,738,461.54	193,974,179.90

(2) Land use right without certificate of title

27. Development expenditure

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		Ending 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	80,589,565.84					80,589,565.84

(2) Provision for impairment of goodwill

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

In 2018, the Company received the equity transfer of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd. (Shengzhou Kinde) at RMB 50 million, achieved business combination not under common control by capital increase of RMB 112.32 million and acquired 51.00% equity of Shengzhou Kinde. China Alliance Appraisal Co., Ltd. appraised the fair value of identifiable assets and liabilities of Shengzhou Kinde on June 30, 2018 and issued the appraisal report Alliance PBZ (2018) No. 020645. The transaction consideration was 162,320,000.00yuan. The fair value of the net identifiable assets of Shengzhou Kinde was 160,255,753.26. The Company enjoyed 51% of the assets and recognized the consolidated goodwill of 80,589,565.84yuan.

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

The recoverable amount of the asset group is determined according to the five-year cash flow forecast approved by the management. The cash flow after the five-year forecast period was reckoned by the specific average growth rate in the growth period and calculated by the present value model of the future cash flow.

After acquisition of Shengzhou Kinde, it operates independently as a holding subsidiary of the Company and is deemed as an asset group combination according to the actual operation management. The Company employed Zhonghe Appraisal Co., Ltd. to appraise the recoverable amount of Shengzhou Kinde asset group as of December 31, 2019. According to the *Valuation Report of Asset Group Recoverable Amount Valuation Items of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd. Involved in Intended Goodwill Impairment Test of Hangzhou Robam Appliances Co., Ltd.* (No.

ZHZB (2019) BJU3021) issued by Zhonghe Appraisal Co., Ltd., on the base date of assets evaluation of December 31, 2019, the recoverable amount of the asset group of Shengzhou Kinde was evaluated as 224.43 million by the present value approach of the expected future cash flow and the total value of the asset group combination (including goodwill) was 216.4267 million.

The pre-tax discount rate was selected for the impairment test in 2019 and converted through the after-tax discount rate, which was selected by WACC valuation model. The appraisal discount rate of the goodwill impairment test was determined as 16.49% according to market conditions.

The ratio of average gross profit for the impairment test in 2019 was properly increased according to the expected efficiency on the basis of the ratio of average gross profit achieved in the year before the budget year.

Impact of goodwill impairment test

The recoverable amount of the asset group combination of Shengzhou Kinde is greater than the book value of the asset group combination containing goodwill of Shengzhou Kinde, so the goodwill impairment does not exist in the asset group combination of Shengzhou Kinde and the provision for impairment of goodwill may not be withdrawn.

29. Long-term unamortized expenses

Unit: yuan

Item	Beginning balance	Amount increased in current period	Amortization amount in current period	Other decreases	Ending balance
Service charge	0.00	333,486.44	98,823.19	0.00	234,663.25
Consulting fee	235,849.05	140,000.00	188,679.24	0.00	187,169.81
Training membership fee	88,029.35	75,471.70	62,138.37	0.00	101,362.68
Brand endorsement fee	4,609,402.37	0.00	4,609,402.37	0.00	0.00
Total	4,933,280.77	548,958.14	4,959,043.17	0.00	523,195.74

30. Deferred income tax assets and deferred income tax liabilities

(1) Unoffset deferred income tax assets

Unit: yuan

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Recognition for provisional estimate cost	215,006,417.88	32,250,962.68	118,518,358.59	18,037,753.80
Recognition for	114,851,263.30	17,227,689.50	82,021,091.35	12,303,163.70

deferred income				
Provision for impairment of assets	99,780,559.97	15,877,475.81	42,817,028.98	7,321,390.08
Fair value change of other equity instrument investments	17,832,510.78	2,674,876.62	0.00	0.00
Unrealized profit of internal transaction	8,075,375.65	2,018,843.91	6,284,756.04	1,571,189.01
Payroll payable withdrawn but not issued	5,388,241.47	827,267.57	0.00	0.00
Recognition for equity incentive	0.00	0.00	2,091,925.29	330,543.82
Total	460,934,369.05	70,877,116.09	251,733,160.25	39,564,040.41

(2) Unoffset deferred income tax liabilities

Unit: yuan

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appreciation of assets appraisal for business combination not under common control	33,942,653.74	5,091,398.06	37,844,785.88	9,461,196.47
Taxable temporary differences due to the pretax deduction of fixed assets	4,176,334.57	626,450.19	3,503,773.28	875,943.32
Total	38,118,988.31	5,717,848.25	41,348,559.16	10,337,139.79

(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		70,877,116.09		
Deferred income tax liabilities		5,717,848.25		

(4) Details of unrecognized deferred income tax assets

Unit: yuan

Item	Ending balance	Beginning balance
Deductible temporary differences	6,459,439.41	21,542,361.53
Deductible loss	0.00	73,605.00
Total	6,459,439.41	21,615,966.53

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

Unit: yuan

Year	Ending amount	Beginning amount	Remark
2019	0.00	15,088,524.40	
2020	6,367,784.94	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	0.00	
Total	6,459,439.41	21,542,361.53	--

31. Other non-current assets

Unit: yuan

Item	Ending balance	Beginning balance
Advances for equipment purchase	23,558,781.27	6,126,821.00
Total	23,558,781.27	6,126,821.00

32. Short-term borrowing

(1) Classification of short-term borrowing

(2) Short-term borrowing unpaid overdue

33. Trading financial liabilities

34. Derivative financial liabilities

35. Notes payable

Unit: yuan

Type	Ending balance	Beginning balance
Commercial acceptance bill	603,308,648.96	411,414,985.01
Total	603,308,648.96	411,414,985.01

36. Accounts payable

(1) Presentation of accounts payable

Unit: yuan

Item	Ending balance	Beginning balance
Payment for materials	880,995,549.70	798,811,442.97
Costs	465,097,084.50	313,379,353.95
Project payment	33,887,108.65	27,333,856.60
Payment for equipment	15,081,542.43	56,038,495.85
Total	1,395,061,285.28	1,195,563,149.37

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

Note: As of December 31, 2019, the Company's important accounts payable with an age of more than one year were 41,770,994.13yuan, mainly for fees not yet settled.

37. Advance from customers

(1) Presentation of advance from customers

Unit: yuan

Item	Ending balance	Beginning balance
Advances from customers	1,092,261,332.25	1,170,088,458.14

Total	1,092,261,332.25	1,170,088,458.14
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(2) Important advances from customers with the aging more than 1 year

(3) Settled and uncompleted items resulting from the ending construction contract

38. Contract liabilities

39. Payroll payable

(1) Presentation of payroll payable

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
I. Short-term compensation	102,462,299.09	745,770,089.83	731,588,397.24	116,643,991.68
II. Welfare after dismissal - defined contribution plan	4,887,196.21	53,272,576.73	52,733,439.59	5,426,333.35
III. Dismission welfare	0.00	384,921.81	384,921.81	0.00
Total	107,349,495.30	799,427,588.37	784,706,758.64	122,070,325.03

(2) Presentation of short-term compensation

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Wages, bonuses, allowances and subsidies	98,110,801.60	636,281,492.00	622,304,144.59	112,088,149.01
2. Employee services and benefits	0.00	28,778,436.64	28,778,436.64	0.00
3. Social insurance premium	3,719,338.20	40,652,968.65	40,441,760.17	3,930,546.68
Including: medical insurance premium	3,202,053.86	35,437,057.58	35,250,256.24	3,388,855.20
Industrial injury insurance premium	168,342.28	1,358,103.26	1,353,683.98	172,761.56

Birth insurance premium	348,942.06	3,857,807.81	3,837,819.95	368,929.92
4. Housing fund	259,780.00	29,510,428.30	29,498,107.30	272,101.00
5. Labor union expenditure and personnel education fund	372,379.29	10,546,764.24	10,565,948.54	353,194.99
Total	102,462,299.09	745,770,089.83	731,588,397.24	116,643,991.68

(3) Presentation of defined contribution plans

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Basic endowment insurance	4,717,818.43	51,409,972.81	50,898,828.50	5,228,962.74
2. Unemployment insurance premium	169,377.78	1,862,603.92	1,834,611.09	197,370.61
Total	4,887,196.21	53,272,576.73	52,733,439.59	5,426,333.35

40. Tax payable

Unit: yuan

Item	Ending balance	Beginning balance
Corporate income tax	89,992,149.62	51,608,992.28
Added value tax	9,811,740.89	50,107,891.95
Individual income tax	1,190,263.26	1,907,601.56
Urban maintenance and construction tax	769,259.08	3,503,535.91
Surcharge for local education	549,470.80	2,482,481.15
Stamp duty	238,931.49	302,283.09
Disabled person employment security fund	174,840.07	586,878.75
Housing property tax	0.00	2,717,027.16
Land use tax	0.00	31,962.00
Total	102,726,655.21	113,248,653.85

41. Other payables

Unit: yuan

Item	Ending balance	Beginning balance
Other payables	241,641,864.89	234,490,187.04
Total	241,641,864.89	234,490,187.04

(1) Interest payable

(2) Dividends payable

(3) Other payables

1) Other payables listed by nature

Unit: yuan

Item	Ending balance	Beginning balance
Margin payable	233,004,717.16	207,277,172.48
Deposit payable	4,995,172.30	8,266,061.00
Collections for others	1,486,383.22	5,955,641.55
Equity incentive repurchase obligation	0.00	3,456,989.00
Other	2,155,592.21	9,534,323.01
Total	241,641,864.89	234,490,187.04

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

Note: As of December 31, 2019, the Company's important other payables with an age of more than one year were 217,760,679.87yuan, mainly for sales deposit.

42. Liabilities held for sales

43. Non-current liabilities due within a year

44. Other current liabilities

45. Long-term borrowing

46. Bonds payable

47. Lease liabilities

48. Long-term payable

49. Long-term payroll payable

50. Estimated liabilities

51. Deferred income

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance	Causes
Government subsidies	82,021,091.35	43,973,700.00	11,143,528.05	114,851,263.30	
Total	82,021,091.35	43,973,700.00	11,143,528.05	114,851,263.30	--

Projects involving government subsidies:

Unit: yuan

Liability item	Beginning balance	Amount of additional subsidy in current period	Amount included in current non-operating income	Ending balance	Asset/income related
Intelligent manufacturing, integrated standardization and new mode application project	29,669,623.74	30,000,000.00	4,345,764.32	55,323,859.42	Asset related
Production and construction project of annual production of 2.25	29,948,708.28	0.00	2,573,781.24	27,374,927.04	Asset related

million kitchen appliances					
Construction project of kitchen appliance R&D, design and test center	14,140,102.73	0.00	2,365,167.24	11,774,935.49	Asset related
Technological upgrading project of manufacturing enterprises	0.00	8,300,000.00	0.00	8,300,000.00	Asset related
Project of annual 108 embedded kitchen electric appliance products	0.00	5,673,700.00	56,874.25	5,616,825.75	Asset related
Production and construction project of annual production of 1 million kitchen appliances	4,570,409.00	0.00	1,143,783.96	3,426,625.04	Asset related
New-generation environmentally friendly and energy-saving kitchen appliances and production line	1,102,977.83	0.00	190,650.84	912,326.99	Asset related
Digital intelligent manufacturing workshop project of intelligent household appliances	900,502.44	0.00	159,426.72	741,075.72	Asset related
Recycling transformation project	635,297.13	0.00	91,610.16	543,686.97	Asset related
Project of annual production of 2.25 million digital workshops	439,504.81	0.00	103,706.04	335,798.77	Asset related
Academician	349,389.68	0.00	46,255.68	303,134.00	Asset related

expert workstation					
Subsidies for investment project of annual production of 150,000 range hoods	206,754.51	0.00	58,882.80	147,871.71	Asset related
Kitchen appliance R&D, design and test center project	57,821.20	0.00	7,624.80	50,196.40	Asset related

52. Other non-current liabilities

53. Capital stock

Unit: yuan

	Beginning balance	Increase/decrease (+, -)					Ending 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

55. Capital reserve

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Capital premium (capital stock premium)	400,222,714.56	1,576,618.11	0.00	401,799,332.67
Other capital surplus	1,467,086.86	109,531.25	1,576,618.11	0.00
Total	401,689,801.42	1,686,149.36	1,576,618.11	401,799,332.67

Other description, including current increase/decrease and change reasons:

Note: The restricted stock cost to be recognized in 2019 in the Company's initial restricted stock incentive

plan was 109,531.25yuan.

56. Treasury stock

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Repurchase obligations recognized for issuance of restricted stock	3,456,989.00	0.00	3,456,989.00	0.00
Total	3,456,989.00		3,456,989.00	0.00

Other description, including current increase/decrease and change reasons:

On January 22, 2019, the Company's 9th meeting of the fourth Board of Directors and the 9th meeting of the fourth Board of Supervisors reviewed and adopted the *Proposal on Reserved Granting of Unlocking in Third Unlocking Period in Restricted Stock Incentive Plan*. The grant date of the reserved restricted stock The Company determined by the Company was January 4, 2016. As of January 04, 2019, the lockup period of this reserved restricted stock had expired. The unlocking conditions for the third unlocking period have been satisfied. The 27 incentive objects who agree to meet the assessment requirements can unlock 365,625.00 restricted stocks in the third unlocking period. The restricted stocks unlocked were listed and circulated on February 18, 2019, and the repurchase obligation was reduced by 3,456,989.00 yuan. The Company's initial restricted stock incentive plan has been fully unlocked.

57. Other comprehensive income

Unit: yuan

Item	Beginning balance	Amount incurred in current period						Ending balance
		Amount before current income tax	Less: amount included in other comprehensive income in previous period and included in profit and loss in current period	Less: amount included in other comprehensive income in previous period and included in carryforward retained earnings in current period	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other		-17,832,510.			-2,674,876.	-15,157,634.		-15,157,634.

comprehensive income that can't be reclassified into profit and loss		78			62	16		16
Fair value change of other equity instrument investments		-17,832,510.78			-2,674,876.62	-15,157,634.16		-15,157,634.16
Total other comprehensive income		-17,832,510.78			-2,674,876.62	-15,157,634.16		-15,157,634.16

Other explanations, including the adjustment of the effective part of the cash flow hedging profit and loss into the initial recognized amount of hedged item:

58. Special reserve

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Total				0.00

59. Surplus reserves

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserves	474,516,412.50	0.00	0.00	474,516,412.50
Total	474,516,412.50	0.00	0.00	474,516,412.50

60. Undistributed profit

Unit: yuan

Item	Current period	Prior period
Undistributed profit at the end of previous period before adjustment	4,223,611,112.65	3,461,806,065.78
Undistributed profits at the beginning of the	4,223,611,112.65	3,461,806,065.78

period after adjustment		
Plus: Net profits attributable to the owners of parent company in the current period	1,589,814,847.80	1,473,579,665.62
Common stock dividends payable	759,219,240.00	711,774,618.75
Undistributed profits at the end of the period	5,054,206,720.45	4,223,611,112.65

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	7,589,302,689.33	3,482,255,262.10	7,219,989,872.63	3,359,791,258.78
Other businesses	171,279,166.20	66,522,482.94	204,895,401.51	90,973,983.51
Total	7,760,581,855.53	3,548,777,745.04	7,424,885,274.14	3,450,765,242.29

62. Taxes and surcharges

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Urban maintenance and construction tax	34,341,853.03	36,901,129.36
Education surcharge	24,458,728.04	26,242,191.32
Housing property tax	5,553,841.54	5,391,794.62
Stamp duty	2,237,616.78	1,973,313.90
Vehicle and vessel use tax	26,065.34	30,976.71
Land use tax	0.00	31,962.00
Total	66,618,104.73	70,571,367.91

63. Selling expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Advertising and promotion expenses	457,851,289.50	598,096,522.97
Sales and service fees	554,487,943.73	412,328,874.30
Freight	256,384,472.63	245,270,943.55
Employee compensation	245,718,611.84	224,534,314.78
Booth decoration fee	164,860,080.30	203,639,303.27

Promotion fees	103,809,175.17	64,858,401.94
Material consumption	70,486,201.62	75,725,126.64
Traveling expense	16,293,809.72	15,695,016.25
Rental fees	16,476,876.79	5,868,935.83
Business entertainment expenses	15,290,852.11	15,708,580.44
Intermediary service charge	11,520,390.31	20,437,960.62
Office allowance	10,496,374.50	10,079,778.20
Other	4,583,094.13	17,613,020.66
Total	1,928,259,172.35	1,909,856,779.45

64. Management costs

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	153,718,556.87	137,103,530.61
Depreciation and amortization	39,728,076.92	37,290,502.83
Consulting service charge	18,353,153.39	18,342,521.93
Maintenance expense	13,647,891.43	19,381,764.29
Rental fees	9,640,922.28	5,126,930.34
Office allowance	8,545,422.15	6,313,499.03
Traveling expense	7,830,459.53	7,947,825.95
Material consumption	5,933,828.15	4,025,142.95
Business entertainment expenses	5,478,604.83	4,214,306.76
Communication expense	4,846,988.25	5,920,348.38
Car fare	3,671,025.30	4,092,124.91
Equity incentive fee	109,531.25	2,165,530.29
Other	12,859,654.82	20,431,089.71
Total	284,364,115.17	272,355,117.98

65. Research and development expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	133,274,242.46	127,329,381.75
Direct investment	126,394,199.48	132,231,138.03
Depreciation and amortization	15,287,792.16	13,512,699.01

Design fee	9,951,440.23	6,455,271.91
Other expenses	14,561,452.21	13,898,754.10
Total	299,469,126.54	293,427,244.80

66. Financial expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenditure	477,352.78	0.00
Less: Interest revenue	84,590,717.34	100,908,995.14
Plus: Exchange gain or loss	-293,264.98	-1,216,582.15
Plus: other expenses	996,138.29	785,045.87
Total	-83,410,491.25	-101,340,531.42

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	45,262,300.00	80,115,800.00
Job subsidies and social insurance subsidies	19,885,371.21	939,730.00
Intelligent manufacturing, integrated standardization and new mode application project	4,345,764.32	330,376.26
Performance award of Shanghai Hongkou District Finance Bureau	4,090,000.00	5,020,000.00
Production and construction project of annual production of 2.25 million kitchen appliances	2,573,781.24	2,581,740.78
Construction project of kitchen appliance R&D, design and test center	2,365,167.24	197,097.27
subsidies for R&D investment	2,156,000.00	0.00
Production and construction project of annual production of 1 million kitchen appliances	1,143,783.96	1,143,783.96
Supporting funds for industrial chain improvement in IIT special fund	958,500.00	0.00
Rewards for outstanding economic contribution units of MIIT	500,000.00	0.00

Special subsidies for open economic development in Yuhang District	499,700.00	0.00
Individual income tax service charge refund	458,689.01	1,019,039.68
Subsidies for Zhejiang science and technology awards in 2018	300,000.00	0.00
Subsidy funds for cloud demonstration enterprises	300,000.00	0.00
Patent subsidy	218,780.00	1,121,300.00
Business development (foreign trade) subsidies	216,875.00	0.00
New-generation environmentally friendly and energy-saving kitchen appliances and production line	190,650.84	190,650.84
Digital intelligent manufacturing workshop of intelligent household appliances	159,426.72	144,466.06
Project of annual production of 2.25 million digital workshops	103,706.04	0.00
Awards for standardization, quality, brand building, etc.	100,000.00	0.00
Special fund for Yuhang e-commerce industry development	100,000.00	0.00
Recycling transformation project	91,610.16	87,276.07
Subsidies for science and technology projects	80,000.00	0.00
Hongkou District Tax Bureau of State Taxation Administration	76,579.44	0.00
Shanghai Hongkou District Investment Promotion Office	60,000.00	0.00
Subsidies for investment project of annual production of 150,000 range hoods	58,882.80	58,882.80
Project of annual 108 embedded kitchen electric appliance products	56,874.25	0.00
Expert workstation	46,255.68	46,255.68
Smart electricity subsidy	32,000.00	0.00
VAT exemption or reduction	16,500.00	0.00
Kitchen appliance R&D, design and test center	7,624.80	7,624.80
Support funds for "three" provincial cultivating pilot enterprises	0.00	5,000,000.00
Steady post subsidies	0.00	547,820.56

Intelligent manufacturing brand building subsidies	0.00	200,000.00
Special fund for open economy in Yuhang District	0.00	133,000.00
Financial support for technological innovation projects in Yuhang District in 2017	0.00	100,000.00
Special subsidies for Yuhang e-commerce industry development	0.00	100,000.00
Special subsidies	0.00	100,000.00
Subsidies for early elimination of diesel vehicles	0.00	70,000.00

68. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Revenue from financial products	111,255,267.10	72,775,817.93
Dividend income from other equity instrument investments in the holding period	14,295,039.38	
long-term equity investment gains measured by employing the equity method	1,550,487.63	-1,197,385.79
Investment income from available-for-sale financial assets during the holding period		10,010,925.28
Investment income from disposal of available-for-sale financial assets	0.00	6,420,345.00
Total	127,100,794.11	88,009,702.42

69. Net exposure hedging gain

70. Gains from fair value change

71. Credit impairment loss

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Notes receivable	-27,416,736.00	
Accounts receivable	-17,613,423.11	
Other receivables	-3,793,172.36	

Total	-48,823,331.47	
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72. Assets impairment losses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
I. Loss on bad debts		-15,059,762.05
II. Loss on inventory valuation	-9,321,963.35	0.00
Total	-9,321,963.35	-15,059,762.05

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	-158,607.19	101,198.59
Including: income from disposal of fixed assets	-158,607.19	101,198.59
Total	-158,607.19	101,198.59

74. Non-operating income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
Government subsidies	1,658,983.38	1,611,266.38	1,658,983.38
Other	2,439,247.16	764,458.33	2,439,247.16
Total	4,098,230.54	2,375,724.71	

Government subsidies included in current profit and loss:

Unit: yuan

Subsidized project	Amount incurred in current period	Amount incurred in previous period	Asset/income related
Mass entrepreneurship and innovation reward	1,000,000.00	50,000.00	Income related
The Lake public welfare program	300,000.00	0.00	Income related
Wangyin fitter skills master studio	100,000.00	0.00	Income related

Subsidies for municipal technical standard projects	100,000.00	14,000.00	Income related
Government subsidies for undergraduate internship in Hangzhou	81,183.38	0.00	Income related
Fitter skills master studio	50,000.00	0.00	Income related
Liming talent reward	20,000.00	0.00	Income related
Talent project funds	3,000.00	0.00	Income related
Special financial fund for business promotion in Zhejiang in 2018	4,800.00	0.00	Income related
Capital blue sky action cultivation	0.00	867,266.38	Income related
Awards for standardization, quality, brand building, etc.	0.00	500,000.00	Income related
Sporadic subsidies	0.00	180,000.00	Income related

75. Non-operating expenditure

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
Loss on damage and scrap of non-current assets	318,500.98	128,723.65	318,500.98
External donations	1,000,000.00	1,071,000.00	1,000,000.00
Other	3,005,052.74	407,364.57	3,005,052.74
Total	4,323,553.72	1,607,088.22	

76. Income tax expenses

(1) Income tax expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Current income tax expenses	290,542,610.55	233,101,748.86
Deferred income tax expenses	-33,257,490.60	-14,624,979.37
Total	257,285,119.95	218,476,769.49

(2) Accounting profit and income tax expense adjustment process

Unit: yuan

Item	Amount incurred in current period
Total profit	1,871,530,474.58
Income tax expenses calculated at the appropriate/applicable tax rate	280,729,571.18
Impact of different tax rates applied on subsidiaries	1,920,735.33
Impact of income tax before adjustment	2,238,637.55
Impact of non-taxable income	-232,573.14
Impact of non-deductible costs, expenses and losses	1,966,918.67
Impact of deductible losses on the use of deferred income tax assets not previously recognized	0.00
Impact of temporary difference or deductible losses on unrecognized deferred income tax assets in the current period	1,400.57
Weighted deduction of R&D expenditure	-29,339,570.21
Income tax expenses	257,285,119.95

77. Other comprehensive income

See Note “VI. 30 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
Government subsidies	120,943,978.04	109,278,850.56
Income from deposit interest	84,590,717.34	100,908,995.14
Margin and deposit	41,884,916.66	21,217,953.34
Imprest	22,993,319.48	0.00
L/C deposit	18,128,307.74	0.00
Agent business	17,388,127.18	0.00
Other payments	7,897,733.58	7,011,741.78
Total	313,827,100.02	238,417,540.82

Other cash received related to operating activities:

(2) Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Period charge	1,590,751,809.98	1,563,104,207.52
Margin and deposit	45,382,283.46	0.00
Imprest	45,532,204.37	0.00
Agent business	13,548,409.12	0.00
L/C deposit	24,475,893.97	0.00
Other	7,125,291.22	169,908,834.63
Total	1,726,815,892.12	1,733,013,042.15

(3) Other cash received related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Earnest money for investment	0.00	10,000,000.00
Total	0.00	10,000,000.00

(4) Other cash paid related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Earnest money for investment	0.00	10,000,000.00
Total	0.00	10,000,000.00

(5) Other cash received related to financing activities

(6) Other cash paid related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Repurchase of shares	0.00	83,011.50
Total	0.00	83,011.50

79. Further information on cash flow statement

(1) Further information on cash flow statement

Unit: yuan

Further information	Current amount	Last term amount

1. Reconciliation from net profits to cash flows from operating activities:	--	--
Net profit	1,614,245,354.63	1,483,847,903.85
Plus: Provision for impairment of assets	9,321,963.35	15,059,762.05
Depreciation of fixed assets, oil and gas assets and productive biological assets	91,630,120.96	84,005,677.76
Amortization of intangible assets	13,057,457.00	10,866,013.34
Amortization of long-term deferred expenses	4,959,043.17	7,093,810.14
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	158,607.19	-101,198.59
Loss on retirement of fixed assets (gains expressed with "-")	318,500.98	
Financial expenses (gains expressed with "-")	-535,267.76	-832,944.26
Investment losses (gains expressed with "-")	-127,100,794.11	-88,009,702.42
Decreased in deferred income tax assets (increase expressed with "-")	-28,638,199.06	-15,036,127.68
Increase in deferred income tax liabilities (decrease expressed with "-")	-4,619,291.54	411,148.31
Decrease in inventories (increase expressed with "-")	-1,386,157.52	-234,210,521.74
Decrease in operating receivables (increase expressed with "-")	-489,310,440.32	-356,495,724.84
Increase in operating payables (decrease expressed with "-")	424,296,698.46	604,984,839.60
Other	48,823,331.47	-2,622,624.23
Net cash flow from operating activities	1,555,220,926.90	1,508,960,311.29
2. Significant investment and financing activities not involving cash deposit and withdrawal:	--	--
3. Net changes in cash and cash equivalents:	--	--
Ending balance of cash	4,029,296,265.50	2,177,219,858.85
Less: Beginning balance of cash	2,177,219,858.85	2,562,788,024.38
Net increase of cash and cash equivalents	1,852,076,406.65	-385,568,165.53

(2) Net cash paid for obtaining subsidiaries in current period

(3) Net cash from disposal of subsidiaries in current period

(4) Composition of cash and cash equivalents

Unit: yuan

Item	Ending balance	Beginning balance
I. Cash	4,029,296,265.50	2,177,219,858.85
Including: cash on hand	218,775.77	380,338.61
Bank deposit readily available for payment	4,029,077,489.73	2,176,839,520.24
III. Balance of cash and cash equivalents at end of period	4,029,296,265.50	2,177,219,858.85

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	Ending book value	Causes for restriction
Monetary capital	24,825,460.73	Deposit
Total	24,825,460.73	--

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	4,359,727.66	6.9762	30,414,332.10
Accounts receivable	--	--	
Including: USD	2,759,870.24	6.9762	19,253,406.77
Euro	589.60	7.8155	4,608.02

(2) Description of overseas operating entities, including disclosure of main place of business overseas, bookkeeping currency and selection basis for important overseas operating entities, and disclosure of the reasons for any change in the bookkeeping currency.

Applicable Not applicable

83. Hedging

84. Government subsidies

(1) Basic information of government subsidies

Unit: yuan

Type	Amount	Presented item	Amount recorded in current profit and loss
Financial support funds for enterprise cultivation	45,262,300.00	Other income	45,262,300.00
Intelligent manufacturing, integrated standardization and new mode application project	30,000,000.00	Deferred income	4,345,764.32
Job subsidies and social insurance subsidies	19,885,371.21	Other income	19,885,371.21
Technological upgrading project of manufacturing enterprises	8,300,000.00	Deferred income	0.00
Project of annual 108 embedded kitchen electric appliance products	5,673,700.00	Deferred income	56,874.25
Performance award of Shanghai Hongkou District Finance Bureau	4,090,000.00	Other income	4,090,000.00
Production and construction project of annual production of 2.25 million kitchen appliances	2,573,781.24	Other income	2,573,781.24
Construction project of kitchen appliance R&D, design and test center	2,365,167.24	Other income	2,365,167.24
subsidies for R&D investment	2,156,000.00	Other income	2,156,000.00
Production and construction project of annual production of 1 million kitchen appliances	1,143,783.96	Other income	1,143,783.96
Mass entrepreneurship and innovation reward	1,000,000.00	Non-operating income	1,000,000.00
Supporting funds for industrial chain improvement in IIT special	958,500.00	Other	958,500.00

fund		income	
Rewards for outstanding economic contribution units of MIIT	500,000.00	Other income	500,000.00
Special subsidies for open economic development in Yuhang District	499,700.00	Other income	499,700.00
Individual income tax service charge refund	535,268.45	Other income	535,268.45
Subsidies for Zhejiang science and technology awards in 2018	300,000.00	Other income	300,000.00
Subsidy funds for cloud demonstration enterprises	300,000.00	Other income	300,000.00
The Lake public welfare program	300,000.00	Non-operating income	300,000.00
Patent subsidy	218,780.00	Other income	218,780.00
Business development (foreign trade) subsidies	216,875.00	Other income	216,875.00
New-generation environmentally friendly and energy-saving kitchen appliances and production line	190,650.84	Other income	190,650.84
Digital intelligent manufacturing workshop of intelligent household appliances	159,426.72	Other income	159,426.72
Project of annual production of 2.25 million digital workshops	103,706.04	Other income	103,706.04
Awards for standardization, quality, brand building, etc.	100,000.00	Other income	100,000.00
Special fund for Yuhang e-commerce industry development	100,000.00	Other income	100,000.00
Wangyin fitter skills master studio	100,000.00	Non-operating income	100,000.00
Subsidies for municipal technical standard projects	100,000.00	Non-operating income	100,000.00
Recycling transformation project	91,610.16	Other income	91,610.16
Government subsidies for undergraduate internship in Hangzhou	81,183.38	Non-operating income	81,183.38
Subsidies for science and technology projects	80,000.00	Other income	80,000.00
Shanghai Hongkou District Investment Promotion Office	60,000.00	Other income	60,000.00

Subsidies for investment project of annual production of 150,000 range hoods	58,882.80	Other income	58,882.80
Fitter skills master studio	50,000.00	Non-operating income	50,000.00
Expert workstation	46,255.68	Other income	46,255.68
Smart electricity subsidy	32,000.00	Other income	32,000.00
Talent reward	20,000.00	Non-operating income	20,000.00
VAT exemption or reduction	16,500.00	Other income	16,500.00
Kitchen appliance R&D, design and test center	7,624.80	Other income	7,624.80
Special financial fund for business promotion in Zhejiang in 2018	4,800.00	Non-operating income	4,800.00
Talent project funds	3,000.00	Non-operating income	3,000.00
Total	127,684,867.52	—	88,113,806.09

(2) Return of government subsidies

Applicable Not applicable

85. Other

VIII. Consolidation scope changes

IX. Interests in other entities

1. Interests in a subsidiary

(1) Composition of enterprise group

Subsidiary name	Main operation site	Registration place	Business nature	Shareholding ratio		Way of obtaining
				Direct	Indirect	
Beijing Robam Electric Appliance Sales Co., Ltd.	Beijing	Beijing	Sales of kitchen electric appliance	100.00%	0.00%	Business combination under common

			products			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 products	100.00%	0.00%	Acquisition by establishment
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

(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%	24,517,687.17	0.00	113,314,534.52
Dize Home Appliance Trading (Shanghai) Co., Ltd.	49.00%	-168.94	0.00	-3,333,054.89

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

Unit: yuan

Subsidiary name	Year-end balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	230,113,578.72	85,542,835.32	315,656,414.04	78,861,987.98	5,717,848.25	84,579,836.23
Dize Home Appliance Trading (Shanghai) Co., Ltd.	5,602.41	3,817.31	9,419.72	6,811,572.56	0.00	6,811,572.56

(Continued Table 1)

Subsidiary name	Year-beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	186,230,007.04	54,982,900.77	241,212,907.81	49,657,712.19	10,337,139.79	59,994,851.98
Dize Home Appliance Trading (Shanghai) Co., Ltd.	5,842.75	3,921.75	9,764.50	6,811,572.56	0.00	6,811,572.56

(Continued Table 2)

Subsidiary name	Amount incurred in current year			
	Operating income	Net profit	Total comprehensive income	Cash flow from financing activities
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	229,610,991.10	49,858,521.98	49,858,521.98	69,351,227.07
Dize Home Appliance Trading (Shanghai) Co., Ltd.	0.00	-5,602.28	-5,602.28	-229.20

(Continued Table 3)

Subsidiary name	Amount incurred in last year			
	Operating income	Net profit	Total comprehensive income	Cash flow from financing activities
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	104,056,341.59	20,962,302.57	20,962,302.57	43,798,441.15
Dize Home Appliance Trading (Shanghai) Co., Ltd.	0.00	-80,319.34	-80,319.34	-4,179.07

2. Control of the transaction of the subsidiary even if the owner's equity share in the subsidiary changes

3. Equity in joint venture arrangement or joint venture

(1) Important cooperative enterprises or joint ventures

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

(2) Major financial information of important cooperative enterprises

(3) Major financial information of important joint ventures

(4) 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	4,168,338.79	2,617,851.16
Total number of following items by shareholding ratio	--	--
- Net profit	1,550,487.63	-762,017.74
- Total comprehensive income	1,550,487.63	-762,017.74
- Joint venture:	--	--
Total number of following items by shareholding ratio	--	--

4. Important pooling of interests

5. Equity in the structured entity that is not included in the consolidated financial statements

6. Other

X. Risks associated with financial instruments

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

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.

Market risk - price risk: the Company sells the products at market prices and are therefore subject to fluctuations in these prices.

Credit risk: the largest credit risk exposure that may cause financial losses of the Company on December 31, 2019 mainly comes from the loss of financial assets of the Company caused by the failure of the other party to fulfill its obligations, including the book value of financial assets recognized in the consolidated balance sheet. In order to reduce credit risks, the Company shall assign special personnel to determine the credit limit, conduct credit examination and approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. Moreover, the Company shall review the recovery of each single receivable on each balance sheet date to ensure that adequate bad debt provisions are withdrawn for unrecoverable amounts. Therefore, the Company's management believes that the Company's credit risk has been greatly reduced.

The Company's working capital is deposited in banks with high credit rating, so the credit risk of working capital is low. There is no significant credit concentration risk due to the Company's risk exposure to multiple parties and customers. The Company has adopted the necessary policies to ensure that all sales customers have good credit records. The Company has no significant credit concentration risk.

Liquidity risk: the risk that the Company is unable to perform its financial obligations at maturity. The Company manages its liquidity risk by ensuring that it has sufficient liquidity to meet maturing obligations without causing unacceptable losses or damage to the credibility of the business. The Company regularly analyzes the debt structure and maturity to ensure adequate funding.

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, 2019, the Company's assets and liabilities were RMB balance, except the foreign currency balance of the assets and liabilities in Note "VI. 50 Foreign currency monetary items". The foreign exchange risks arising from the assets and liabilities of such foreign currency balance may have an impact on the Company's business performance.

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

XI. Fair value disclosure

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

Unit: yuan

Item	Ending fair value			
	Measurement of fair value at the first level	Measurement of fair value at the second level	Measurement of fair value at the third level	Total
I. Continuous fair value measurement	--	--	--	--
(I) Trading financial assets			1,360,000,000.00	1,360,000,000.00
1. FVTPL			1,360,000,000.00	1,360,000,000.00
(2) Equity instrument investment			1,360,000,000.00	1,360,000,000.00
(III) Other equity instrument investments			102,116,023.22	102,116,023.22
Total liabilities measured with fair value continuously			1,462,116,023.22	1,462,116,023.22
II. Non-continuous fair value measurement	--	--	--	--

2. Continuous and non-continuous measurement items of fair value at first level and recognition basis for market price

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

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

Item	December 31, 2019 Fair value	Valuation technique	Significant unobservable value	Relationship between unobservable value and fair value
Bank financial products	1,360,000,000.00	Best estimate of fair value	Investment	—

			cost	
Other equity instrument investments	102,116,023.22	Best estimate of fair value	Investment cost	—

XII. Related parties and related transactions

1. Parent company of the Company

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

2. Subsidiaries of the Company

See Note “VII 1.(1) Composition of enterprise group” for the details of the subsidiaries.

3. Cooperative enterprises and joint ventures

See Note “VII. 2.(1) Important cooperative enterprises” for important cooperative enterprises or joint ventures of the Company.

Other cooperative enterprises or joint ventures that made related party transactions with the Company in the current period, or formed the balance of related party transactions with the Company in the previous periods are as follows:

Name of cooperative enterprise or joint venture	Relationship with the Company
Hangzhou Amblem Kitchen Ware 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

4. Situation of other related parties

5. Related transaction

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

Purchase of goods/acceptance of services

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Whether the transaction quota is exceeded	Amount incurred in previous period
Hangzhou Yuhang Matt Spray Painting Factory	Labor receiving	13,955,880.37	No	12,571,467.08
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Product purchase	3,616,184.73	No	1,737,197.21
Hangzhou Amblem Kitchen Ware Co., Ltd.	Labor receiving	1,993,224.66	No	6,553,123.09
Hangzhou Yuhang Robam Gas Station Co., Ltd.	Product purchase	1,008,020.11	No	3,413,283.77
Garden Hotel Hangzhou	Labor receiving	16,466.04	No	39,753.96
Hangzhou Nbond Nonwoven Co., Ltd.	Product purchase	39,765.92	No	41,127.07
De Dietrich Trade (Shanghai) Co., Ltd.	Product purchase	4,513.27	No	14,998.97

Selling commodities/offering labor

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Amount incurred in previous period
Shaoxing Kinde Electric Appliance Co., Ltd.	Selling goods	24,532,147.26	21,614,576.05
Hangzhou Amblem Kitchen Ware Co., Ltd.	Selling goods	10,855,275.49	10,763,379.76
De Dietrich Trade (Shanghai) Co., Ltd.	Selling goods	68,820.97	3,633,988.60

(2) Associated fiduciary management/contracting and entrusted management/subcontracting

(3) Related-party lease

The Company as the lessor:

Unit: yuan

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

The Company as the lessee:

Unit: yuan

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

(4) Related-party guarantee

(5) Related party loan at call

(6) Asset transfer and debt restructuring of related party

(7) Key management personnel remuneration

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Total remuneration	9,823,762	9,272,300.00

(8) Other related transactions

6. Accounts receivable and payable by related parties

(1) Receivables

Unit: yuan

Item name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts	Shaoxing Kinde Electric Appliance	0.00		5,847,688.80	

receivable	Co., Ltd.				
Advance to supplier	Hangzhou Amblem Kitchen Ware Co., Ltd.	50,000.00		0.00	
Advance to supplier	Shaoxing Kinde Electric Appliance Co., Ltd.	580,130.26		0.00	

(2) Payables

Unit: yuan

Item name	Related party	Ending book balance	Beginning book balance
Accounts payable	Hangzhou Yuhang Matt Spray Painting Factory	4,525,094.50	4,224,367.40
Accounts payable	Hangzhou Yuhang Robam Gas Station Co., Ltd.	1,490,945.55	1,238,869.31
Accounts payable	Shaoxing Kinde Electric Appliance Co., Ltd.	57,552.91	0.00
Accounts payable	Hangzhou Amblem Kitchen Ware Co., Ltd.	1,841.61	916,666.81
Accounts payable	Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	0.00	148,644.89
Advance from customers	Hangzhou Amblem Kitchen Ware Co., Ltd.	139,622.44	0.00
Other payables	Hangzhou Yuhang Matt Spray Painting Factory	200,000.00	200,000.00

7. Related party commitment

8. Other

XIII. Share-based payment

1. Overall status of share-based payment

The Company's second meeting of the third Board of Supervisors on September 9, 2014 reviewed and adopted the *Proposal on the Initial Restricted Stock Incentive Plan (Draft)* (hereinafter referred to as the "plan" or "plan draft"). The number of restricted stocks to be granted under the plan was 4.5million, and the actual number of restricted stocks granted was 4.48 million, accounting for 1.40% of the total 320 million stocks of the Company on the announcement date of the plan draft abstract. Where, 4.07 million stocks were planned to be granted in the first time and 4.05 million stocks were granted actually, accounting for 1.27% of the total stocks of the Company on the announcement date of the plan draft abstract; 430,000 stocks were reserved, accounting for 0.13% of the total stocks of the Company on the

announcement date of the plan draft abstract and 9.60% of the total restricted stocks granted this time. The reserved part will be granted within one year after the first grant date of the plan.

The plan shall be valid for up to five years from the date of the initial grant of restricted stocks.

(1) The incentive object shall be locked up within 12 months from the date of receiving the restricted stocks. During the lockup period, the restricted stocks granted to the incentive object under the plan are locked and non-transferable;

(2) Upon the expiration of 12 months from the date of the initial grant of the incentive plan, the restricted stock first granted under this plan shall be unlocked by the incentive object in three times over the next 36 months. During the unlocking period, if the unlocking conditions stipulated in this plan are satisfied, the incentive object may apply for unlocking in three times: the first unlocking period is the first year after the expiration of the lockup period and the incentive object may apply for unlocking 30% of the total number of restricted stocks granted; the second unlocking period is the second year after the expiration of the lockup period and the incentive object may apply for unlocking 40% of the total number of restricted stocks granted; the third unlocking period is the third year after the expiration of the lockup period and the incentive object may apply for unlocking 30% of the total number of restricted stocks granted. Upon the expiration of 12 months from the date of the corresponding grant date, the restricted stocks reserved shall be unlocked by the incentive object in three times over the next 36 months. The first unlocking period is the first year after the expiration of the lockup period and the incentive object may apply for unlocking 30% of the total number of restricted stocks granted; the second unlocking period is the second year after the expiration of the lockup period and the incentive object may apply for unlocking 40% of the total number of restricted stocks granted; the third unlocking period is the third year after the expiration of the lockup period and the incentive object may apply for unlocking 30% of the total number of restricted stocks granted.

The incentive objects of the plan are the Company's directors, middle and senior management, as well as the core business (technical) personnel identified by the Company. The price of restricted stock granted to incentive objects for the first time is 15.16 yuan per stock.

For the restricted stock granted in the plan for the first time, the performance conditions of the incentive object for each application for the unlocking of the underlying stocks are as follows:

(1) Taking the net profit in 2013 as a fixed basic number, the net profit growth rate of the Company in 2014, 2015 and 2016 shall be no less than 30%, 65% and 110% respectively;

(2) The return on equity in 2014, 2015 and 2016 shall be no less than 20%;

(3) During the lockup period, the net profits attributable to shareholders of listed companies and the net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses shall not be negative and not be lower than the average level of the last three fiscal years before the grant date.

For the restricted stock reserved to grant in the plan, the performance conditions of the incentive object for each application for the unlocking of the underlying stocks are as follows:

(1) Taking the net profit in 2013 as a fixed basic number, the net profit growth rate of the Company in 2015, 2016 and 2017 shall be no less than 65%, 110% and 160% respectively;

(2) The return on equity in 2015, 2016 and 2017 shall be no less than 20%;

(3) During the lockup period, the net profits attributable to shareholders of listed companies and the net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses shall not be negative and not be lower than the average level of the last three fiscal years before the grant date. The above indexes of net profit growth rate and return on equity are calculated based on the net profit after deducting non-recurring profits and losses. The net profits and net assets each year refer to the net profits attributable to shareholders of listed companies and net assets attributable to shareholders of listed companies. If the Company conducts public offering or non-public offering and other behaviors affecting the Company's net assets, the newly increased net assets and the net profits generated from such net assets shall not be subject to the assessment calculation of the year and the next year. In case of capital surplus transfer to capital stock, distribution of stock dividends, stock split or drawing back, stock allotment or dividend distribution of the Company in the period from the announcement date of the plan to completion of the restricted stock registration by the incentive object, the grant price and quantity of the restricted stocks will be adjusted accordingly.

On January 4, 2016, the Company's 12th meeting of the third Board of Directors reviewed and adopted the *Proposal on Granting Reserved Restricted Stocks to Incentive Objects*. On January 4, 2016, 645,000 reserved restricted stocks were granted to 29 incentive objects, at the grant price of 21.25yuan per stock.

In this equity incentive plan, the fair value on the grant date was recognized in stages as the administrative expenses for each year according to the unlocking ratio during the waiting period, where, the administrative expenses were 109,531.25 yuan in 2019.

XIV. Commitment and contingencies

1. Important commitment issues

The Company had no significant contingencies to be disclosed as of December 31, 2019.

2. Contingencies

The Company had no significant contingencies to be disclosed as of December 31, 2019.

3. Other

XV. Post-balance sheet events

1. Dividend distribution

At the Company's 14th meeting of the 4th Board of Directors on April 27, 2020, the Profit Distribution Plan for 2019 was approved. Based on the total share capital of 949,024,050.00 as at December 31, 2019, the Company intends to pay a cash dividend of 5.00 yuan (tax included) per 10 shares to all shareholders, for a total of 474,512,025.00 yuan.

2. Except for the aforementioned post balance sheet events, the Company has no other major post-balance sheet events as of the date of presentation of the financial statements.

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	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Where:										
Accounts receivable of provision for bad debt by combination	743,804,053.68	100.00%	39,557,168.87		704,246,884.81	461,115,475.92	100.00%	23,113,083.26		438,002,392.66
Where:										
Combination of related party	22,246,710.00	2.99%	0.00	0.00%	22,246,710.00	51,615,939.00	11.19%	0.00	0.00%	51,615,939.00
Withdrawal of receivables of provision for bad debt by combination of	721,557,343.68	97.01%	39,557,168.87	5.48%	682,000,174.81	409,499,536.92	88.81%	23,113,083.26	5.64%	386,386,453.66

credit risk characteristics										
Total	743,804,05 3.68	100.00 %	39,557,16 8.87		704,246,88 4.81	461,115,47 5.92	100.00 %	23,113,08 3.26		438,002,39 2.66

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

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	699,383,860.07	34,969,193.00	5.00%
1-2 years	13,429,708.82	1,342,970.88	10.00%
2-3 years	5,963,824.77	1,192,764.95	20.00%
3-4 years	992,283.36	496,141.68	50.00%
4-5 years	1,157,841.52	926,273.22	80.00%
More than 5 years	629,825.14	629,825.14	100.00%
Total	721,557,343.68	39,557,168.87	--

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Combination of related party	22,246,710.00	0.00	0.00%
Total	22,246,710.00		--

Disclosure by aging

Unit: yuan

Aging	Book balance
Within 1 year (including 1 year)	721,630,570.07
1~2 years	13,429,708.82
2~3 years	5,963,824.77
More than 3 years	2,779,950.02
3~4 years	992,283.36
4~5 years	1,157,841.52
More than 5 years	629,825.14
Total	743,804,053.68

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

Category	Year-beginning balance	Amount of change in current year			Year-end balance
		Provision	Recovered or reversed	Write-off canceled after verification	
Provision for bad debt of accounts receivable	23,113,083.26	16,543,789.45	0.00	99,703.84	39,557,168.87
Total	23,113,083.26	16,543,789.45	0.00	99,703.84	39,557,168.87

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

Unit: yuan

Item	Write-off amount	Cause for write-off	Write-off procedure
Accounts receivable written off actually	99,703.84	Expected irrecoverable	Approval by management

(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	132,784,858.17	17.85%	6,639,242.91
Unit 2	99,432,833.64	13.37%	4,971,641.68
Unit 3	93,445,059.93	12.56%	4,672,253.00
Unit 4	22,246,710.00	2.99%	0.00
Unit 5	16,985,591.40	2.29%	849,279.57
Total	364,895,053.14	49.06%	

2. Other receivables

Unit: yuan

Item	Ending balance	Beginning balance
Interest receivable	0.00	
Dividends receivable	14,295,039.38	0.00
Other receivables	91,471,115.57	64,301,240.95
Total	105,766,154.95	64,301,240.95

(2) Dividends receivable

1) Classification of dividends receivable

Unit: yuan

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

(2) Other receivables

1) Other receivables classified by nature

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Collection by third party	63,604,415.88	30,291,539.08
Deposit and margin	32,288,103.90	29,692,522.35
Associated contact	4,064,000.00	4,064,000.00
Imprest	1,572,298.56	1,239,473.08
Withheld amount	2,174,992.54	2,232,820.64
Other	457,769.11	5,986,841.54
Total	104,161,579.99	73,507,196.69

2) Provision for bad debt

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2019	9,205,955.74			9,205,955.74
Balance on January 1, 2019 in current period	—	—	—	—
Withdrawn in current period	3,484,508.68			3,484,508.68

Balance on December 31, 2019	12,690,464.42			12,690,464.42
---------------------------------	---------------	--	--	---------------

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)	76,928,134.47
1~2 years	4,285,243.02
2~3 years	17,717,971.10
More than 3 years	5,230,231.40
3~4 years	609,086.46
4~5 years	268,744.94
More than 5 years	4,352,400.00
Total	104,161,579.99

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

The amount of provision for bad debts was 3,484,508.68 yuan in current year; and the amount of provision for bad debts recovered or reversed was 0.00yuan in the current period.

4) Other receivables actually written off at the current period

5) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Ending balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
Unit 1	Collection by third party	56,941,569.55	Within 1 year	54.67%	2,847,078.48
Unit 2	Deposit and margin	14,778,000.00	2-3 years	13.82%	2,955,600.00
Unit 3	Associated contact	4,064,000.00	More than 5 years	3.80%	4,064,000.00
Unit 4	Deposit and	3,000,000.00	Within 1	2.81%	150,000.00

	margin		year		
Unit 5	Deposit and margin	1,520,225.00	2-3 years	1.42%	304,045.00
Total	--	80,303,794.5 5	--	76.52%	10,320,723.48

3. Long-term equity investments

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	246,905,933.7 3	20,400,000.0 0	226,505,933. 73	242,391,037. 48	20,400,000.0 0	221,991,037. 48
Investment in associated enterprises and joint enterprises	4,168,338.79	0.00	4,168,338.79	2,617,851.16	0.00	2,617,851.16
Total	251,074,272.5 2	20,400,000.0 0	230,674,272. 52	245,008,888. 64	20,400,000.0 0	224,608,888. 64

(1) Investment in subsidiaries

Unit: yuan

Invested unit	Beginning balance (book value)	Increase or decrease in current period				Ending balance (book value)	Balance of impairment provision at the end of period
		Further investment	Capital reduction	Provision for impairment	Other		
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	162,320,000.00	0.00	0.00		0.00	162,320,000.00	
Hangzhou Mingqi Electric Co.,	51,892,142.06	9,638.75	0.00		0.00	51,901,780.81	

Ltd.							
Dize Home Appliance Trading (Shanghai) Co., Ltd.	625,642.50	5,257.50	0.00	0.00	630,900.00	20,400,000.00	
Shanghai Robam Electric Appliance Sales Co., Ltd.	5,838,272.10	0.00	0.00	0.00	5,838,272.10		
Beijing Robam Electric Appliance Sales Co., Ltd.	1,314,980.82	4,500,000.00	0.00	0.00	5,814,980.82		
Total	221,991,037.48	4,514,896.25			226,505,933.73	20,400,000.00	

(2) Investment in associated enterprises and joint enterprises

Unit: yuan

Invested entity	Beginning balance (book value)	Increase or decrease in current period								Ending balance (book value)	Balance of impairment provision at the 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)	2,617,851.16	0.00	0.00	1,550,487.63	0.00	0.00	0.00	0.00	0.00	4,168,338.79	

Co., Ltd.											
Subtotal	2,617,851.16			1,550,487.63						4,168,338.79	
II. Joint venture											
Total	2,617,851.16			1,550,487.63						4,168,338.79	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	7,010,004,348.48	3,315,886,553.65	6,756,258,309.67	3,270,885,911.41
Other businesses	161,269,622.80	64,568,317.30	194,869,275.13	89,049,587.53
Total	7,171,273,971.28	3,380,454,870.95	6,951,127,584.80	3,359,935,498.94

5. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Investment income from purchasing financial products	102,743,555.45	72,490,431.64
Dividend income from other equity instrument investments in the holding period	14,295,039.38	
long-term equity investment gains measured by employing the equity method	1,550,487.63	-1,197,385.79
Investment income from available-for-sale financial assets during the holding period		10,010,925.28
Investment income from disposal of available-for-sale financial assets	0.00	6,420,345.00
Total	118,589,082.46	87,724,316.13

XVIII. Further information

1. Current non-recurring gain and loss statement

Applicable Not applicable

Unit: yuan

Item	Amount	Description
Profit and loss on disposal of non-current assets	-158,607.19	
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	88,113,806.09	
Income and expenditure other than those mentioned above	-1,884,306.56	
Less: Amount affected by income tax	13,290,725.11	
Amount of minority shareholders' equity affected	-54,849.79	
Total	72,835,017.02	--

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	25.10%	1.68	1.68
Net profit attributable to common shareholders of the Company after deduction of non-recurring profits and losses	23.95%	1.60	1.60

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

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

Applicable Not applicable

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

Applicable Not applicable

**(3) Causes for differences in accounting data under domestic and foreign accounting standards.
If the difference adjustment has been made to the data audited by the overseas audit institution,
the name of the overseas audit institution shall be indicated**

4. Other

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. 2019 annual report of the Company signed by the legal representative.
- V. Other Relevant Information
- VI. Reference files kept at: board office.