

Hangzhou Robam Appliances Co., Ltd.

Semi-Annual Report 2023

ROBAM老板

August 2023

Chapter 1 Important Notes, Contents and Interpretations

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

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

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

The Company is exposed to risks such as fluctuations in the real estate market policies, fluctuations in raw material prices and intensified market competition. Investors are advised to be aware of the investment risks.

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

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Documents Available for Reference

- I. Financial statement signed by the legal representative, the person in charge of accounting and the head of the accounting department and affixed with seal.
- II. Original copies of documents and announcements of the Company published in the newspaper designated by China Securities Regulatory Commission during the reporting period.
- III. The Semi-Annual Report 2023 signed by the legal representative
- IV. Other information.

Interpretations

Item	refer(s) to	Contents
The Company, Company, Robam Appliances	refer to	Hangzhou Robam Appliances Co., Ltd.
MingQi	refers to	Hangzhou MingQi Electric Co., Ltd.
Kinde Subsidiary	refers to	Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.
Robam Group	refers to	Hangzhou Robam Industrial Group Co., Ltd., controlling shareholder of the Company
The reporting period	refers to	The first half of 2023
AVC	refers to	Beijing All View Cloud Data Technology Co., Ltd.

Chapter 2 Company Profile and Major Financial Indicators

I. Company Profile

Stock abbreviation	Robam	Stock code	002508
Stocks traded on	Shenzhen Stock Exchange		
Chinese name of the Company	Hangzhou Robam Appliances Co., Ltd.		
Short Chinese name of the Company (if any)	Robam		
Short English name of the Company (if any)	ROBAM		
Legal representative of the Company	Ren Jianhua		

II. Contact Person and Contact Information

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

III. Other Information

1. Contact information

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

Applicable Not applicable

There were no changes in the registered address, office address and zip code as well as the website and email address of the Company during the reporting period. For details, please refer to the Annual Report 2022.

2. Information disclosure and filing location

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

Applicable Not applicable

During the reporting period, there were no changes in the website of stock exchange and name and website of media designated for information disclosure of the semi-annual report and the location for filing the semi-annual report of the Company. For details, please refer to the Annual Report 2022.

3. Other information

Whether other relevant information changed during the reporting period?

Applicable Not applicable

IV. Key Accounting Data and Financial Indicators

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

Yes No

	The reporting period	The same period last year	YoY change
Operating Income (RMB)	4,934,869,800.15	4,444,310,099.69	11.04%
Net profit attributable to shareholders of the listed company (RMB)	829,718,350.69	723,549,381.25	14.67%
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses (RMB)	746,691,977.38	635,845,084.07	17.43%
Net cash flow from operating activities (RMB)	959,732,853.23	322,855,122.33	197.26%
Basic earnings per share (EPS) (RMB/share)	0.87	0.76	14.47%
Diluted EPS (RMB/share)	0.87	0.76	14.47%
Weighted average return on net assets	8.24%	8.05%	An increase of 0.19%
	End of the reporting period	End of last year	Change
Total assets (RMB)	15,376,337,927.71	15,039,825,287.53	2.24%
Net assets attributable to shareholders of the listed company (RMB)	10,093,608,301.19	9,732,463,766.91	3.71%

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable

In RMB

Item	Amount	Description
Gains and losses on disposal of non-current assets (including the part written-off with provision for asset impairment accrued)	-576,982.36	
Government subsidy included in current gains and losses (except the government subsidy closely related to the Company's normal business, in line with national policy and enjoyed by quota or ration in accordance with the unified national standard)	60,521,206.11	
Reversal of impairment provision for accounts receivable tested for impairment separately	38,556,641.14	
Other non-operating revenues and expenses except the above items	1,354,348.96	
Less: Affected amount of income tax	15,524,210.60	
Affected amount of minority shareholders' equity (after tax)	1,304,629.94	
Total	83,026,373.31	

Explanation on the circumstance where items of the non-recurring gains and losses listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Profits and Losses* (referred to as "Announcement No. 1") are defined as recurring profits and losses

Applicable Not applicable

Item	Amount	Reasons
VAT exemption, reduction or refund	9,453,997.74	National tax policy, regular business
Refund of individual income tax handling fee	684,354.91	National tax policy, regular business
Total	10,138,352.65	—

Chapter 3 Management Discussion and Analysis

I. Main Businesses during the Reporting Period

In the first half of 2023, with the gradual implementation of national macroeconomic policies, the real estate industry has shown a gradual recovery in prosperity, and the kitchen appliance industry has experienced a moderate rebound overall. In terms of the retail channel, as shown in AVC monthly data report based on offline retail market monitoring (“AVC Offline Report”), the year-on-year (YoY) growth of the retail sales of the main categories of kitchen appliances, i.e. range hoods and gas stoves, registered 7.6% and 2.2% respectively. In terms of the e-commerce channel, as shown in AVC monthly data report based on online retail market monitoring (“AVC Online Report”), the YoY growth of the retail sales of the kitchen appliances package registered 14.6%. In terms of the engineering channel, as shown in the *AVC Real Estate Big Data* (“AVC Real Estate Report”), due to the sluggish sales of new houses, there were 375,800 sets of newly launched houses with fine decoration in the first half of the year, a YoY decrease of 45.1%; the penetration rate of fine decoration projects was 37.7%, a decrease of 2.4 percentage points compared to that in the previous year. The installation rates of range hoods and gas stoves were 96.4% and 96.3% respectively, which remain basically unchanged compared to the same period last year; the penetration rate of dishwashers was 38.5%, an increase of 7.1 percentage points compared to the same period last year. In the first half of 2023, thanks to the implementation of the “ensuring timely delivery of presold homes” policy, the area of completed commercial residential buildings reached 246.036 million square meters, a YoY growth of 18.5%. It is expected that 2023 will become a significant year of housing delivery in the market.

The Company has a solid leading position in the industry. According to the AVC Offline Report, the retail sales and its market share of Robam range hood were 31.0% and 25.8% respectively, while the retail sales and its market share of Robam gas stove were 30.4% and 23.1% respectively. As shown in the AVC Online Report, the retail sales and its market share of Robam kitchen appliance package were 32.0% and 24.6% respectively, all the above indexes ranking first in the industry. In the first half of 2023, closely focusing on the annual business philosophy of “Creating a Dream for Long Journey, Winning through Innovation - Creating a New Future for Digital Kitchen Appliances”, the Company achieved a revenue of RMB 4.935 billion, a YoY growth of 11.04%, and a net profit attributable to the owners of the listed company of RMB 830 million, a YoY growth of 14.67%, both exceeding the industry average level.

As of June 30, 2023, according to AVC Offline Report, the market shares and market rankings of the Company’s main product categories in terms of offline retail sales are shown in the following table:

Range hoods	Gas stove	Disinfection cabinet	Built-in combi-steam oven	Built-in electric steam oven	Built-in electric oven	Built-in dishwasher
31.0%	30.4%	20.3%	30.3%	25.3%	23.0%	15.7%
1	1	2	1	2	2	3

As of June 30, 2023, according to AVC Online Report, the market shares and market rankings of the Company's main product categories in terms of online retail sales are shown in the following table:

Kitchen appliance package	2-piece package of range hood and stove	Range hoods	Gas stove	Built-in combi-steam oven	Built-in electric steam oven	Built-in dishwasher
32.0%	33.4%	17.5%	11.6%	11.3%	17.7%	7.5%
1	1	1	4	3	3	4

As of June 30, 2023, according to AVC Real Estate Report, the market share of Robam range hoods in the fine decoration channel was 34.8%, ranking No.1 in the industry.

In the first half of 2023, for the technology sector, the Company continued to lead industry innovation and drive culinary transformation. The release of Creator i7 – the AI-powered new flagship product in digital kitchen appliances has comprehensively improved the functions such as gas stove compatible automatic cooking, user interaction and automation experience, and the Company published the *Digital Cooking Standard for Healthy Home* jointly with the China Household Electric Appliance Research Institute, further promoting the healthy and orderly development of digital kitchen appliances. As of June 30, 2023, a total of 3,858 patents have been granted to the Company, including 119 invention patents; the Company has participated in the formulation of a total of 136 standards, and the Company took the lead in developing 35 of them. In addition, the Company's technological innovation capabilities have been continuously recognized by the industry, and it won the first and second prizes of the Science and Technology Progress Award of the China National Light Industry Council in 2023. The range hood (CG51X2) also won the China Excellent Design Patent Award.

In the first half of 2023, as for the marketing, the Company adhered to its high-end brand positioning, and met the multi-dimensional needs of customers by centering on customers, with multiple brands and channels empowering each other for synergetic development. In terms of the retail channel, with traditional retail flow rebounding, exclusive shop system developed steadily, expanding channels grew rapidly, and innovative channels are poised for development; from the user side, the Company plans to promote worry-free kitchen renovation service and upgrade service experience. In terms of the E-commerce channel, the Company deeply tapped into user value, fully utilized flow resources, and enhanced channel efficiency through multi-category synergy. In terms of the engineering channel, in the context of the “ensuring timely delivery of presold homes” policy driving real estate market growth, the Company strictly controlled channel risks and optimized customer structure, significantly improving cash flow. For the overseas channel, the

Company steadily promoted its global layout and the internationalization of the brand. In addition, the Robam brand has comprehensively supported MingQi brand by upgrading its organizational resources, brand potential, product innovation and channel expansion, and exploring the new retail development path of MingQi brands. It has also collaborated with sub-brands such as Kinde, DACHOO and ROKI Digital Kitchen Appliances to build a new brand matrix, achieving diversity integration for creating a joint development path.

In the first half of 2023, as for production, with the core of “refining and leading innovation”, the Company focuses on refining and enhancing aspects related to product category, suppliers, manufacturing processes, and market presence, striving to become one of the strongest manufacturing benchmarks in China’s manufacturing industry. It was awarded the “2022 National Quality Benchmark” by the China Association for Quality. To better serve users, the Company built differentiated manufacturing and supply capabilities and enhanced quality control and product delivery capabilities; to better make use of resources, the Company promoted whole-process inventory management and established a cost control system with comprehensive competitive advantages; through evolution and innovation, the Company aimed to construct an integrated supply chain and a digitalized transparent future factory. The Maoshan Intelligent Manufacturing Park Project has been officially put into use, further achieving cost reduction and efficiency improvement and realizing continuous improvement of production efficiency and production benefits.

In the first half of 2023, as for brand, the Company continued to build the brand image as the premier Chinese high-end kitchen appliance brand that best understands Chinese cooking. It also held the “Feeling Free to Cook and the Digital Kitchen Appliance Technology New Product Release Conference”. Multiple products such as the Lingxi fully automatic range hood and stove, Guangyan integrated washing and disinfection machine, Digital Kitchen Appliance Creator series and high-performance integrated stove appeared at the 2023 China Appliance & Electronics World Expo (AWE). Dishwasher S1 plus, combi-steam oven CQ928, and Digital Kitchen Appliance Creator i1 won the Excellent Product Prize, Design Prize, and Smart Technology Prize of AWE Award respectively. In addition, the Company held a series of activities such as the Chinese Culinary Banquet, the First Chinese Cooking Competition and the Third Dishwasher Festival; Robam also sponsored the reality show “It Sounds Incredible”, appeared on “CCTV Finance and Economics” Channel and joined hands with Wang Yibo to launch the theme activity of “Pampering Your Hands”, helping the dishwasher category to be accepted by more circles of people and accelerating its popularization. All these activities contributed to the ongoing exposure and influence of the brand. As the exclusive supplier of household kitchen appliances for the 19th Asian Games Hangzhou 2022, the Company empowered the Asian Games with innovative technology which further supported the promotion of the 19th Asian Games Hangzhou 2022, contributed to the ecological construction of the 19th Asian Games Hangzhou 2022, and made its efforts in creating this sports and

cultural event with “Chinese style, Zhejiang characteristics, Hangzhou charm, and shared development”.

In the first half of 2023, the Company continued to gain recognition from the capital market in terms of corporate governance, information disclosure and shareholder returns. It has been rated as A level (excellent) in the information disclosure assessment on listed companies by the Shenzhen Stock Exchange for nine consecutive years. Meanwhile, based on improvement and excellent performance in corporate governance and employee welfare programs, its MSCI ESG has been rated as A level and ranks among the top in the global peer (household durable goods) companies. In order to implement common prosperity and establish a normalized incentive mechanism, the Company has launched the *2023 Stock Option Incentive Plan* to provide stock option incentives for the Company’s middle-level key business and technical backbone staff, thereby consolidating the long-term development foundation of the Company. 2023 is the starting year of the Company’s new three-year strategy. The Company will continue to focus on cooking and build a new core competitiveness based on “technology + humanity” to achieve long-term stable and high-quality development.

II. Analysis of Core Competitiveness

There is NO material change in the Company’s core competitiveness during the reporting period. The Company’s core competitiveness is mainly reflected in its high-end brand positioning, R&D capability for continuous innovation, comprehensive and efficient operation capability, as shown in the Annual Report 2022.

III. Analysis of Main Business

Overview

See the relevant content in the “I. Main Businesses during the Reporting Period”.

Year-on-year changes in key financial data

In RMB

	The reporting period	The same period last year	YOY change	Reason for change
Operating income	4,934,869,800.15	4,444,310,099.69	11.04%	
Operating costs	2,372,095,971.50	2,240,019,882.53	5.90%	
Sale expenses	1,360,821,373.41	1,184,704,589.52	14.87%	
Administrative expenses	203,425,816.25	183,583,864.57	10.81%	
Financial expense	-68,958,985.09	-62,275,458.91	Not Applicable	
Income tax expense	151,830,927.51	131,172,418.86	15.75%	
Net cash flow from operating activities	959,732,853.23	322,855,122.33	197.26%	Due to the increase in sales outstanding for this period.

Net cash flow from investment activities	63,023,246.17	-275,734,087.51	Not Applicable	
Net cash flow from financing activities	-443,777,479.65	-443,071,536.06	Not Applicable	
Net increase in cash and cash equivalents	581,455,567.34	-392,838,975.59	Not Applicable	Due to the increase in sales outstanding for this period.

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

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

Composition of operating income

In RMB

	The reporting period		The same period last year		YOY change
	Amount	% of operating income	Amount	% of operating income	
Total operating income	4,934,869,800.15	100%	4,444,310,099.69	100%	11.04%
By industry					
Kitchen and bathroom appliances	4,793,316,106.76	97.13%	4,317,490,105.88	97.15%	11.02%
Other operating income	141,553,693.39	2.87%	126,819,993.81	2.85%	11.62%
By product category					
Category 1					
Incl: Range hood	2,324,953,220.91	47.10%	2,074,153,523.02	46.68%	12.09%
Gas stove	1,183,171,484.38	23.98%	1,057,307,687.10	23.79%	11.90%
Disinfection cabinet	208,586,939.17	4.23%	197,092,502.71	4.43%	5.83%
Category 2					
Incl: All-purpose oven	317,829,778.22	6.44%	358,429,402.29	8.06%	-11.33%
Steam oven	33,863,980.47	0.69%	47,657,561.06	1.07%	-28.94%
Baking oven	33,333,913.56	0.68%	39,476,578.27	0.89%	-15.56%
Category 3					
Incl: Dishwasher	331,655,582.50	6.72%	246,993,832.57	5.56%	34.28%
Water purifier	19,178,086.59	0.39%	27,217,675.16	0.61%	-29.54%
Water heater	96,459,546.77	1.95%	85,479,990.00	1.92%	12.84%
Integrated stove	204,932,714.33	4.15%	145,144,422.16	3.27%	41.19%
Other small appliances	39,350,859.86	0.80%	38,536,931.54	0.87%	2.11%
Other operating income	141,553,693.39	2.87%	126,819,993.81	2.85%	11.62%
By region					
East China-Main Products	2,465,263,265.33	49.96%	2,188,169,639.99	49.24%	12.66%
East China-Others	141,553,693.39	2.87%	126,819,993.81	2.85%	11.62%
South China	505,445,895.60	10.24%	540,221,730.07	12.16%	-6.44%
Central China	414,023,176.19	8.39%	400,497,450.21	9.01%	3.38%
North China	519,977,554.25	10.54%	454,151,283.49	10.22%	14.49%
Northeast China	264,181,426.54	5.35%	195,279,872.46	4.39%	35.28%
Northwest China	268,067,121.49	5.43%	221,418,193.90	4.98%	21.07%
Southwest China	328,679,596.66	6.66%	290,681,625.76	6.54%	13.07%
Overseas	27,678,070.70	0.56%	27,070,310.00	0.61%	2.25%

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

Applicable Not applicable

In RMB

	Operating income	Operating costs	Gross margin	YoY change in operating income	YoY change in operating costs	YoY change in the gross margin
By industry						
Kitchen and bathroom appliances	4,793,316,106.76	2,305,082,060.11	51.91%	11.02%	4.53%	2.98%
By product category						
Range hoods	2,324,953,220.91	1,043,996,959.67	55.10%	12.09%	1.91%	4.49%
Gas stove	1,183,171,484.38	514,362,626.90	56.53%	11.90%	6.68%	2.13%
By region						
East China	2,465,263,265.33	1,121,781,782.29	54.50%	12.66%	3.82%	3.88%
South China	505,445,895.60	261,724,564.74	48.22%	-6.44%	-10.73%	2.49%
North China	519,977,554.25	232,661,198.60	55.26%	14.49%	6.55%	3.33%

Main business data of the Company in the recent reporting period according to adjusted statistical caliber at the end of the reporting period is applied in case that the statistical caliber of such data is adjusted during the reporting period

Applicable Not applicable

IV. Analysis of Non-core Business

Applicable Not applicable

V. Analysis of Assets and Liabilities

1. Significant changes in assets composition

In RMB

	End of the reporting period		End of last year		Change in percentage	Note on significant changes
	Amount	% of total assets	Amount	% of total assets		
Cash and cash equivalents	5,878,791,380.06	38.23%	5,292,762,670.94	35.19%	3.04%	
Accounts receivable	1,781,653,759.34	11.59%	1,689,606,828.94	11.23%	0.36%	
Inventory	1,532,632,739.87	9.97%	1,610,110,798.10	10.71%	-0.74%	
Investment real estate	94,803,614.18	0.62%	55,887,198.54	0.37%	0.25%	
Long-term equity investment	7,455,321.57	0.05%	8,718,505.62	0.06%	-0.01%	
Fixed assets	1,585,824,017.21	10.31%	1,622,235,227.74	10.79%	-0.48%	
Construction in process	463,232,352.92	3.01%	406,258,146.69	2.70%	0.31%	
Right of use assets	16,540,637.28	0.11%	22,220,144.13	0.15%	-0.04%	

Short-term borrowings	82,865,891.92	0.54%	51,723,429.99	0.34%	0.20%	
Contract liabilities	941,928,841.93	6.13%	959,915,567.03	6.38%	-0.25%	
Lease liabilities	14,115,619.44	0.09%	18,588,966.67	0.12%	-0.03%	

2. Major overseas assets

Applicable Not applicable

3.Assets and liabilities measured at fair value

Applicable Not applicable

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

Item	Ending book value	Reasons for limit
Cash and cash equivalents	100,908,470.98	Letters of guarantee and bill acceptance margin
Cash and cash equivalents	13,000.00	ETC security deposits
Investment real estate	6,120,022.18	Collateral for bank loans
Fixed assets	95,880,347.37	Collateral for bank loans
Total	202,921,840.53	—

VI. Analysis of Investment

1. Overview

Applicable Not applicable

2. Major equity investments obtained during the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial asset investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investment during the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company had no derivatives investment during the reporting period.

5. Use of the raised funds

Applicable Not applicable

The Company did not use the raised funds during the reporting period.

VII. Sale of Major Assets and Equities

1. Sale of major assets

Applicable Not applicable

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

2. Sale of major equities

Applicable Not applicable

VIII. Analysis of Main Holding and Joint-stock Companies

Applicable Not applicable

Main subsidiaries and joint-stock companies affecting more than 10% of the Company's net profit

In RMB

Company name	Comp any type	Main busines s	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Beijing Robam Appliances Sales Co., Ltd.	Subsidiary	Sales of kitchen appliances	5,000,000	83,686,746.37	41,316,274.79	124,448,419.33	914,059.98	204,752.21
Shanghai Robam Appliances Sales Co., Ltd.	Subsidiary	Sales of kitchen appliances	5,000,000	107,238,646.69	-8,321,381.44	210,721,410.31	-10,612,385.56	-10,833,514.39
Hangzhou MingQi Electric Co., Ltd.	Subsidiary	Sales of kitchen appliances	50,000,000	179,359,426.10	50,484,973.40	162,787,949.64	466,736.71	281,710.98
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	Subsidiary	Sales of kitchen appliances	32,653,061	454,076,336.98	241,351,314.26	67,284,556.69	-11,053,509.60	-10,892,781.85
Hangzhou Jinhe Electric Appliances Co., Ltd.	Subsidiary	Sales of kitchen appliances	10,000,000	206,425,581.84	17,246,551.33	229,711,484.23	6,840,175.58	5,129,567.07

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Description of main holding and joint-stock companies

IX. Structured Entities Controlled by the Company

Applicable Not applicable

X. Risks faced and countermeasures taken by the Company

(1) Risk of fluctuations in the real estate market

The Company is long engaged in the kitchen business, offering various kitchen appliances, such as range hoods, gas stoves, dishwashers, combi-steam oven, disinfection cabinets, integrated stoves, etc. The demands for kitchen appliances are closely related to the kitchen decoration, with certain "decoration" and "furniture" attributes. At present, the demand for our main products is still closely related to the real estate market. The Company has certain anti-fluctuation ability by virtue of its market leadership, although fluctuations in the real estate market will still have an impact on the Company's operating results.

(2) Risk of price fluctuation of raw materials

The main raw materials of the Company's equipment are stainless steel, cold-rolled sheet, copper and glass, etc., whose price fluctuations will directly affect the cost of the Company's products and in turn have an impact on its profitability.

(3) Risk of intensified market competition

In recent years, due to the tightening macro environment of the kitchen appliance industry, the continuous increase in industry concentration, the comprehensive brands' increasing investment in the kitchen appliance market and the entry of Internet brands, the market competition in the kitchen appliances industry has become increasingly fierce, and the intensification of market competition will have a certain impact on the Company's operating results.

Chapter 4 Corporate Governance

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

1. General Meeting of Shareholders during the reporting period

Session of meeting	Type of meeting	Proportion of attending investors	Date of meeting	Date of disclosure	Resolutions
2022 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	61.55%	May 18, 2023	May 19, 2023	<i>The Announcement of Resolutions of the 2022 Annual General Meeting of Shareholders of Robam Appliances</i> (Announcement No. 2023-025)

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

Applicable Not applicable

II. Changes in Directors, Supervisors and Senior Management

Applicable Not applicable

There was no change in directors, supervisors, and senior management of the Company during the reporting period. For details, please refer to the Annual Report 2022.

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

Applicable Not applicable

The Company has no plans of distributing cash dividends or bonus shares, or converting capital reserve into capital stock for the first half of 2023.

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

Applicable Not applicable

1. Equity incentive

2021 Stock Option Incentive Plan:

1. The Company held the 14th meeting of the 5th Board of Directors and the 14th meeting of the 5th Board of Supervisors on April 25, 2023, deliberating and adopting the *Proposal on the Cancellation of Part of the Stock Options under the 2021 Stock Option Incentive Plan* and the *Proposal on the Cancellation of Stock Options for Failure to Meet the Exercise Conditions during the Second Exercise Period of the 2021 Stock Option Incentive Plan* and other proposals. The Board of Supervisors verified it and expressed its agreement, and the independent directors of the Company expressed their independent opinion on it.

2. On May 9, 2023, after being reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the cancellation of the aforementioned 945,000 stock options has been completed. The Company cancelled a total of 945,000 stock options, accounting for 0.10% of the Company's current total capital stock. This cancellation of stock options complies with relevant laws and regulations, the *Articles of Association of Hangzhou Robam Appliances Co., Ltd.*, and the provisions of the *Incentive Plan (Draft)*, etc. The stock options cancelled this time have not been exercised, and the cancellation will not have any impact on the Company's capital stock. The capital stock structure remains unchanged.

2022 Stock Option Incentive Plan:

1. The Company held the 14th meeting of the 5th Board of Directors and the 14th meeting of the 5th Board of Supervisors on April 25, 2023, deliberating and adopting the *Proposal on the Cancellation of Part of the Stock Options under the 2022 Stock Option Incentive Plan* and the *Proposal on the Cancellation of Stock Options for Failure to Meet the Exercise Conditions during the Second Exercise Period of the 2022 Stock Option Incentive Plan* and other proposals. The Board of Supervisors verified it and expressed its agreement, and the independent directors of the Company expressed their independent opinion on it.

2. On May 9, 2023, after being reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the cancellation of the aforementioned 1,609,000 stock options has been completed. The Company cancelled a total of 1,609,000 stock options, accounting for 0.17% of the Company's current total capital stock. This cancellation of stock options complies with relevant laws and regulations, the *Articles of Association of Hangzhou Robam Appliances Co., Ltd.*, and the provisions of the *Incentive Plan (Draft)*, etc. The stock options to be cancelled this time have not been exercised, and the cancellation will not have any impact on the Company's capital stock. The capital stock structure remains unchanged.

2023 Stock Option Incentive Plan:

1. On April 25, 2023, the Company held the 14th meeting of the 5th Board of Directors, deliberating and adopting the *Proposal on 2023 Stock Option Incentive Plan (Draft) of the Company and Its Summary* and other related proposals, and the independent directors expressed their independent opinions on and approved the matters related to the Company's 2023 Stock Option Incentive Plan. The 14th meeting of the 5th Board of Supervisors of the Company deliberated and adopted the above-mentioned proposals and expressed its concurring opinion. The Company disclosed the above matters on April 26, 2023.

2. From April 26, 2023 to May 8, 2023, the Company internally disclosed the names and titles of the incentive targets of the stock option incentive plan. On May 9, 2023, the Company's Board of Supervisors published the *Review Opinions of the Board of Supervisors on the List of Incentive Targets of the Stock Option Incentive Plan in 2023 and Explanation on the Publicity*. On the same day, the Company disclosed the *Self-inspection Report on the Purchase and Sale of the Company's Shares by Insiders and Incentive Targets of the Stock Option Incentive Plan in 2023*.

3. On May 18, 2023, the Company held the 2022 Annual General Meeting of Shareholders, and deliberated and adopted the *Proposal on 2023 Stock Option Incentive Plan (Draft) of the Company and Its Summary* and other related proposals. The Plan was

approved by the Company's 2022 Annual General Meeting of Shareholders and the Board of Directors was authorized to determine the stock option grant date on which stock option will be granted to the incentive targets when they are eligible and all matters relevant to the grant of stock option shall be handled.

4. On June 20, 2023, the 15th meeting of the 5th Board of Directors and the 15th meeting of the 5th Board of Supervisors of the Company deliberated and approved the *Proposal on the Granting Stock Options to Incentive Targets*. The Board of Supervisors verified the list of incentive targets again and expressed its agreement, and the independent directors of the Company expressed their independent opinion on it.

5. On July 4, 2023, the Company completed the registration of the stock option plan granting. The actual number of incentive targets for this stock option incentive plan was 325, and the total number of stock options granted was 5.52 million, accounting for approximately 0.58% of the current total capital stock of the Company.

2. Implementation of the employee stock ownership plan

Applicable Not applicable

3. Other employee incentive plans

Applicable Not applicable

Chapter 5 Environmental and Social Responsibilities

I. Major Environmental Issues

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

Yes No

Administrative penalties due to environmental issues during the reporting period.

Name of company or subsidiary	Reasons for penalties	Violations	Penalties	Impact on the production and operation of the listed company	The Company's rectification measures
None	None	None	None	None	None

Refer to other environmental information disclosed by key pollutant discharging units.

None

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

Applicable Not applicable

Reasons for not disclosing other environmental information

None

II. Social Responsibility

The Company discloses its annual *CSR Report* or *ESG Report*, as detailed in the *Robam Appliances 2022 ESG Report* disclosed on www.cninfo.com.cn.

Chapter 6 Significant Matters

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

Applicable Not applicable

I. There were no commitments made by the Company's actual controllers, shareholders, affiliates, purchasers and the Company itself and other relevant parties already fulfilled during the reporting period and not yet fulfilled at the end of the reporting period

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

Applicable Not applicable

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

III. Illegal External Guarantee

Applicable Not applicable

There was no illegal external guarantee during the reporting period.

IV. Appointment and Dismissal of Accounting Firm

Whether the semi-annual financial report has been audited

Yes No

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

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

Applicable Not applicable

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

Applicable Not applicable

VII. Matters Related to Bankruptcy Reorganization

Applicable Not applicable

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

VIII. Litigation Matters

Material litigation and arbitration

Applicable Not applicable

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

Other litigation matters

Applicable Not applicable

IX. Punishment and Rectification

Applicable Not applicable

X. Integrity Conditions of the Company and its Controlling Shareholders

Applicable Not applicable

XI. Major Connected Transactions

1. Connected transactions concerning daily operations

Applicable Not applicable

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

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

Applicable Not applicable

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

3. Connected transactions related to joint outward investment

Applicable Not applicable

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

4. Connected transactions on credit and debt

Applicable Not applicable

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

5. Transactions with connected finance companies

Applicable Not applicable

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

6. Transactions between finance companies controlled by the Company and affiliates

Applicable Not applicable

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

7. Other major connected transactions

Applicable Not applicable

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

XII. Major Contracts and Their Performance

1. Entrustment, contracting and leasing

(1) Entrustment

Applicable Not applicable

The Company had no entrustment during the reporting period.

(2) Contracting

Applicable Not applicable

There was no contracting during the reporting period.

(3) Leasing

Applicable Not applicable

There was no leasing during the reporting period.

2. Material guarantee

Applicable Not applicable

The Company had no material guarantee during the reporting period.

3. Financial management entrusting

Applicable Not applicable

Unit: RMB 10,000

Specific type	Fund source of financial management entrusting	Incurred amount of financial management entrusting	Unexpired balance	Overdue amount not recovered	Impairment amount accrued of overdue but not recovered financial management products
Bank financial products	Own funds	66,000	231,560.66	0	0
Total		66,000	231,560.66	0	0

The specific situation of high-risk entrusted financial management with large single-item amount or low safety and poor liquidity

Applicable Not applicable

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

in impairment

Applicable Not applicable

4. Other material contracts

Applicable Not applicable

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

XIII. Explanation of Other Significant Matters

Applicable Not applicable

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

XIV. Significant Matters of Subsidiaries of the Company

Applicable Not applicable

Chapter 7 Changes in Shares and Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before change		Change (+, -)					After change	
	Quantity	Percentage (%)	Issue of new shares	Bonus shares	Shares converted from capital reserve	Others	Subtotal	Quantity	Percentage (%)
I. Shares subject to sales restrictions	12,053,269	1.27%						12,053,269	1.27%
1. Shares held by the state									
2. Shares held by the state-owned legal persons									
3. Shares held by other domestic investors	12,053,269	1.27%						12,053,269	1.27%
Including: shares held by domestic legal persons									
Including: shares held by domestic natural persons	12,053,269	1.27%						12,053,269	1.27%
4. Shares held by overseas investors									
Including: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Shares without sales restrictions	936,970,781	98.73%						936,970,781	98.73%
1. RMB ordinary shares	936,970,781	98.73%						936,970,781	98.73%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total shares	949,024,050	100.00%						949,024,050	100.00%

Reason for share changes

Applicable Not applicable

Approval of changes in shares

Applicable Not applicable

Transfer of ownership of changes in shares

Applicable Not applicable

Progress in the implementation of shares repurchase

Applicable Not applicable

Progress of transferring repurchased shares by means of centralized bidding

Applicable Not applicable

The impact of changes in shareholding on the financial indicators such as basic earnings per share (EPS), diluted EPS, and net assets per share attributable to common shareholders for the latest year and the latest period.

Applicable Not applicable

Other information deemed necessary by the Company or required to be disclosed by securities regulatory authorities.

Applicable Not applicable

2. Changes in shares subject to sales restrictions

Applicable Not applicable

II. Securities Issuance and Listing

Applicable Not applicable

III. Number of Shareholders of the Company and Their Shareholdings

Unit: share

Total number of common shareholders at the end of the reporting period		61,265		Total number of preferred shareholders with the voting rights recovered at the end of reporting period		0		
Shareholdings of common shareholders holding more than 5% of the Company's shares or top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of common shares held at the end of the reporting period	Change during the reporting period	Number of shares subject to sales restrictions	Number of shares without sales restrictions	Pledged, marked or frozen shares	
							Status	Quantity
Hangzhou Robam Industrial Group Co., Ltd.	Domestic non-state-owned corporation	49.68%	471,510,000	0		471,510,000		
Hong Kong Securities Clearing Company Limited	Overseas corporation	6.89%	65,370,004	-23,726,527		65,370,004		
TEMASEK FULLERTON ALPHA PTE LTD	Overseas corporation	1.86%	17,616,539	886,478		17,616,539		

Shen Guoying	Domestic natural person	1.29%	12,240,000	0		12,240,000		
413 Portfolio of National Social Security Fund	Others	0.76%	7,236,200	7,236,200		7,236,200		
418 Portfolio of National Social Security Fund	Others	0.72%	6,822,706	0		6,822,706		
CITIC Securities Co., Ltd. - Social Security Fund 1106 Portfolio	Others	0.71%	6,699,366	-329,700		6,699,366		
Hangzhou Jinchuang Investment Co., Ltd.	Domestic non-state-owned corporation	0.70%	6,640,085	0		6,640,085		
Hangzhou Yinchuang Investment Co., Ltd.	Domestic non-state-owned corporation	0.67%	6,318,000	0		6,318,000		
Ren Jianhua	Domestic natural person	0.62%	5,923,150	0	4,442,362	1,480,788		
Strategic investor or general legal person who becomes one of the top 10 common shareholders due to rights issue (if any)	None							
Description of the associated relationship or consistent actions of the above shareholders	Mr. Ren Jianhua is the actual controller of the controlling shareholder of the Company- Hangzhou Robam Industrial Group Co., Ltd., and the shareholder of the Company - Hangzhou Jinchuang Investment Co., Ltd.; and the natural person shareholder, Shen Guoying, is his wife. Therefore, there is a possibility that these shareholders will act in concert.							
Statements of the above shareholders on proxy/trustee voting rights and abstention from voting rights	None							
Special note on the presence of repurchase accounts among the top 10 shareholders	None							
Shareholdings of the top 10 common shareholders not subject to sales restrictions								
Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Type of share						
		Type of share	Quantity					
Hangzhou Robam Industrial	471,510,000	RMB	471,510,000					

Group Co., Ltd.		ordinary shares	
Hong Kong Securities Clearing Company Limited	65,370,004	RMB ordinary shares	65,370,004
TEMASEK FULLERTON ALPHA PTE LTD	17,616,539	RMB ordinary shares	17,616,539
Shen Guoying	12,240,000	RMB ordinary shares	12,240,000
413 Portfolio of National Social Security Fund	7,236,200	RMB ordinary shares	7,236,200
418 Portfolio of National Social Security Fund	6,822,706	RMB ordinary shares	6,822,706
CITIC Securities Co., Ltd. - Social Security Fund 1106 Portfolio	6,699,366	RMB ordinary shares	6,699,366
Hangzhou Jinchuang Investment Co., Ltd.	6,640,085	RMB ordinary shares	6,640,085
Hangzhou Yinchuang Investment Co., Ltd.	6,318,000	RMB ordinary shares	6,318,000
Industrial and Commercial Bank of China Limited - Penghua Quality Selection Mixed Securities Investment Fund	5,787,141	RMB ordinary shares	5,787,141
Description on associated relationship or consistent actions among the top 10 common shareholders not subject to sales restrictions and between the top 10 common shareholders not subject to sales restrictions and the top 10 common shareholders	Mr. Ren Jianhua is the actual controller of the controlling shareholder of the Company- Hangzhou Robam Industrial Group Co., Ltd., and the shareholder of the Company - Hangzhou Jinchuang Investment Co., Ltd.; and the natural person shareholder, Shen Guoying, is his wife. Therefore, there is a possibility that these shareholders will act in concert.		

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

Yes No

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

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

Applicable Not applicable

There was no change in the shareholdings of directors, supervisors, and senior management of the Company during the reporting period. For details, please refer to the Annual Report 2022.

V. Changes in the Controlling Shareholder and the Actual Controller

Changes in the controlling shareholder during the reporting period

Applicable Not applicable

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

Changes in the actual controller during the reporting period

Applicable Not applicable

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

Chapter 8 Preferred Shares

Applicable Not applicable

The Company had no preferred shares during the reporting period.

Chapter 9 Bonds

Applicable Not applicable

Chapter 10 Financial Report

I. Audit Report

Whether the semi-annual report has been audited

Yes No

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

II. Financial Statements

The financial statement notes are represented in RMB.

1. Consolidated Balance Sheet

Prepared by: Hangzhou Robam Appliances Co., Ltd.

June 30, 2023

In RMB

Item	June 30, 2023	January 1, 2023
Current assets:		
Cash and cash equivalents	5,878,791,380.06	5,292,762,670.94
Deposit reservation for balance		
Lendings to banks and other financial institutions		
Financial assets held for trading	2,315,606,606.83	2,511,844,508.00
Derivative financial assets		
Notes receivable	697,840,910.95	881,773,341.71
Accounts receivable	1,781,653,759.34	1,689,606,828.94
Accounts receivable financing		
Prepayments	184,837,219.74	177,500,353.37
Receivable premium		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	104,345,008.35	80,429,057.84
Inc: Interests receivable		
Dividends receivable		
Redemptory monetary capital for sale		
Inventory	1,532,632,739.87	1,610,110,798.10
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	3,657,388.32	334,348.76
Total current assets	12,499,365,013.46	12,244,361,907.66
Non-current assets:		

Loans and advances		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	7,455,321.57	8,718,505.62
Investment in other equity instruments	2,116,023.22	2,116,023.22
Other non-current financial assets		
Investment real estate	94,803,614.18	55,887,198.54
Fixed assets	1,585,824,017.21	1,622,235,227.74
Construction in process	463,232,352.92	406,258,146.69
Biological assets for production		
Oil & gas assets		
Right-of-use assets	16,540,637.28	22,220,144.13
Intangible assets	216,629,731.28	221,356,558.38
Development expenses		
Goodwill	60,573,832.56	60,573,832.56
Long-term prepaid expenses	5,150,512.22	5,852,899.90
Deferred income tax assets	375,644,313.06	340,811,345.96
Other non-current assets	49,002,558.75	49,433,497.13
Total non-current assets	2,876,972,914.25	2,795,463,379.87
Total assets	15,376,337,927.71	15,039,825,287.53
Current liabilities:		
Short-term borrowings	82,865,891.92	51,723,429.99
Borrowings from the central bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	795,406,054.79	872,550,306.86
Accounts payable	2,500,293,860.74	2,418,755,167.31
Advance receipts		
Contract liabilities	941,928,841.93	959,915,567.03
Financial assets sold for repurchase		
Deposits from customers and interbank		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Payroll payable	69,065,454.11	153,942,329.88
Taxes payable	221,499,567.82	152,351,620.58
Other payables	281,333,439.52	281,878,208.25
Inc: Interests payable		

Dividends payable		
Fees and commissions payable		
Dividends payable for reinsurance		
Liabilities held for sale		
Non-current liabilities due within one year	3,970,613.16	5,720,175.21
Other current liabilities	112,459,867.60	120,126,501.73
Total current liabilities	5,008,823,591.59	5,016,963,306.84
Non-current liabilities:		
Reserves for insurance contracts		
Long-term loans		
Bonds payable		
Inc: Preferred shares		
Perpetual bonds		
Lease liabilities	14,115,619.44	18,588,966.67
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	118,988,342.88	123,912,110.43
Deferred income tax liabilities	21,488,962.55	22,107,934.58
Other non-current liabilities		
Total non-current liabilities	154,592,924.87	164,609,011.68
Total liabilities	5,163,416,516.46	5,181,572,318.52
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Inc: Preferred shares		
Perpetual bonds		
Capital reserve	413,471,307.17	409,997,665.58
Less: treasury share	199,995,742.59	199,995,742.59
Other comprehensive income	-100,157,634.16	-100,157,634.16
Special reserves		
Surplus reserves	474,516,412.50	474,516,412.50
General risk reserves		
Undistributed profits	8,556,749,908.27	8,199,079,015.58
Total owners' equity attributable to the parent company	10,093,608,301.19	9,732,463,766.91
Minority equity	119,313,110.06	125,789,202.10
Total owner's equity	10,212,921,411.25	9,858,252,969.01
Total liabilities and owner's equity	15,376,337,927.71	15,039,825,287.53

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

2. Balance Sheet of the Parent Company

In RMB

Item	June 30, 2023	January 1, 2023
Current assets:		

Cash and cash equivalents	5,642,420,668.83	5,054,810,287.04
Financial assets held for trading	2,310,000,000.00	2,500,000,000.00
Derivative financial assets		
Notes receivable	615,413,345.80	879,223,549.33
Accounts receivable	1,766,241,334.83	1,620,543,528.97
Accounts receivable financing		
Prepayments	154,560,624.23	167,724,048.79
Other accounts receivable	94,065,660.85	83,900,676.77
Inc: Interests receivable		
Dividends receivable		10,200,000.00
Inventory	1,417,140,842.22	1,499,780,747.70
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	11,999,842,476.76	11,805,982,838.60
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	250,822,992.88	251,769,849.44
Investment in other equity instruments	2,116,023.22	2,116,023.22
Other non-current financial assets		
Investment real estate	8,005,690.67	4,426,211.90
Fixed assets	1,388,761,454.25	1,396,227,874.68
Construction in process	463,232,352.92	406,258,146.69
Biological assets for production		
Oil & gas assets		
Right-of-use assets		
Intangible assets	147,633,971.24	149,864,689.61
Development expenses		
Goodwill		
Long-term prepaid expenses	1,336,731.94	1,486,622.90
Deferred income tax assets	360,600,644.53	323,776,879.25
Other non-current assets	49,002,558.75	49,433,497.13
Total non-current assets	2,671,512,420.40	2,585,359,794.82
Total assets	14,671,354,897.16	14,391,342,633.42
Current liabilities:		
Short-term borrowings	6,715,891.92	573,429.99
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	747,796,646.86	810,820,603.91

Accounts payable	2,294,413,665.55	2,282,866,624.07
Advance receipts		
Contract liabilities	852,939,142.65	890,640,445.28
Payroll payable	48,172,777.49	121,417,848.03
Taxes payable	209,660,558.55	130,548,651.54
Other payables	258,096,331.10	254,460,632.28
Inc: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	100,679,763.62	109,801,716.95
Total current liabilities	4,518,474,777.74	4,601,129,952.05
Non-current liabilities:		
Long-term loans		
Bonds payable		
Inc: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	82,961,858.88	86,923,728.32
Deferred income tax liabilities	13,387,819.60	13,804,141.19
Other non-current liabilities		
Total non-current liabilities	96,349,678.48	100,727,869.51
Total liabilities	4,614,824,456.22	4,701,857,821.56
Owner's equity:		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Inc: Preferred shares		
Perpetual bonds		
Capital reserve	413,082,217.21	409,608,575.62
Less: treasury share	199,995,742.59	199,995,742.59
Other comprehensive income	-100,157,634.16	-100,157,634.16
Special reserves		
Surplus reserves	474,516,412.50	474,516,412.50
Undistributed profits	8,520,061,137.98	8,156,489,150.49
Total owner's equity	10,056,530,440.94	9,689,484,811.86
Total liabilities and owner's equity	14,671,354,897.16	14,391,342,633.42

3. Consolidated Income Statement

In RMB

Item	Semi-annual 2023	Semi-annual 2022
I. Total operating income	4,934,869,800.15	4,444,310,099.69

Inc: Operating income	4,934,869,800.15	4,444,310,099.69
Interest income		
Earned premium		
Fee and commission income		
II. Total operating costs	4,072,326,288.42	3,739,161,547.48
Inc: Operating costs	2,372,095,971.50	2,240,019,882.53
Interest expenses		
Fee and commission expenses		
Surrender value		
Net payments for insurance claims		
Net allotment of reserves for insurance liabilities		
Policy dividend expenditures		
Reinsurance expenses		
Taxes and surcharges	32,207,971.20	23,760,024.24
Sale expenses	1,360,821,373.41	1,184,704,589.52
Administrative expenses	203,425,816.25	183,583,864.57
R&D expenses	172,734,141.15	169,368,645.53
Financial expense	-68,958,985.09	-62,275,458.91
Including: Interest expenses	2,707,272.10	1,018,439.59
Interest income	69,274,034.42	60,042,815.83
Add: other income	70,659,558.76	94,070,746.70
Investment income (“-” for losses)	21,723,618.81	19,168,941.11
Including: Income from investment in joint ventures and affiliated enterprises	-1,263,184.05	-2,947,887.32
Gains on derecognition of financial assets measured at amortized cost		
Exchange gains (“-” for losses)		
Net exposure hedging gains (“-” for losses)		
Gains from changes in fair value (“-” for losses)		
Losses from credit impairment (“-” for losses)	23,290,586.40	9,024,313.93
Losses from asset impairment (“-” for losses)	-3,921,456.14	24,056,013.60
Gains on disposal of assets (“-” for losses)	-576,718.41	37,838.75
III. Operating profits (“-” for losses)	973,719,101.15	851,506,406.30
Add: non-operating income	2,803,959.50	2,696,007.72
Less: non-operating expenditure	1,449,874.49	1,558,155.13
IV. Total profits (“-” for total losses)	975,073,186.16	852,644,258.89
Less: income tax expenses	151,830,927.51	131,172,418.86
V. Net profits (“-” for losses)	823,242,258.65	721,471,840.03
(I) By operational sustainability		
1. Net profits from continuing operations (“-” for net losses)	823,242,258.65	721,471,840.03
2. Net profits from discontinued operations (“-” for net losses)		
(II) By ownership		
1. Net profit attributable to shareholders of the parent	829,718,350.69	723,549,381.25

company (“-” for net losses)		
2. Minority shareholders’ gains and losses (“-” for net losses)	-6,476,092.04	-2,077,541.22
VI. After-tax net amount of other comprehensive income		
After-tax net amount of other comprehensive income attributable to the owners of parent company		
(I) Other comprehensive income that cannot be reclassified into gains and losses		
1. Changes in re-measured and defined benefit plans		
2. Other comprehensive income which cannot be transferred to gains or losses under the equity method		
3. Changes in fair value of the investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		
5. Others		
(II) Other comprehensive income which will be reclassified into gains and losses		
1. Other comprehensive income which can be transferred into gains and losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedge reserve		
6. Converted difference in foreign currency statements		
7. Others		
After-tax net amount of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	823,242,258.65	721,471,840.03
Total comprehensive income attributable to owners of the parent company	829,718,350.69	723,549,381.25
Total comprehensive income attributable to minority shareholders	-6,476,092.04	-2,077,541.22
VIII. Earnings per share (EPS):		
(I) Basic EPS	0.87	0.76
(II) Diluted EPS	0.87	0.76

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

4. Income Statement of the Parent Company

In RMB

Item	The first half of 2023	The first half of 2022
I. Operating income	4,490,148,776.21	4,159,599,550.58
Less: Operating costs	2,272,924,581.00	2,146,921,987.07
Taxes and surcharges	26,445,659.50	21,169,789.36
Sale expenses	1,071,915,930.73	1,053,210,272.02
Administrative expenses	139,991,185.53	130,121,271.69
R&D expenses	167,969,738.37	161,720,456.56
Financial expense	-69,761,406.60	-61,053,558.14
Including: Interest expenses	646,283.95	714,893.28

Interest income	67,688,700.69	58,189,221.15
Add: other income	61,866,650.16	86,160,552.68
Investment income (“-” for losses)	21,795,614.09	17,639,080.72
Including: Income from investment in joint ventures and affiliated enterprises	-1,019,723.65	-2,947,887.32
Gains on derecognition of financial assets measured at amortized cost (“-” for losses)		
Net exposure hedging gains (“-” for losses)		
Gains from changes in fair value (“-” for losses)		
Losses from credit impairment (“-” for losses)	22,393,985.99	11,220,864.57
Losses from asset impairment (“-” for losses)	-3,921,456.14	24,056,013.60
Gains on disposal of assets (“-” for losses)	-607,881.96	-134,264.41
II. Operating profits (“-” for losses)	982,189,999.82	846,451,579.18
Add: non-operating income	2,738,086.37	2,622,330.74
Less: non-operating expenditure	1,067,871.65	1,188,024.98
III. Total profits (“-” for total losses)	983,860,214.54	847,885,884.94
Less: income tax expenses	148,240,769.05	127,513,732.18
IV. Net profits (“-” for net losses)	835,619,445.49	720,372,152.76
(I) Net profits from going concern (“-” for net losses)		
(II) Net profits from discontinued operations (“-” for net losses)		
V. After-tax net amount of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into gains and losses		
1. Changes in re-measured and defined benefit plans		
2. Other comprehensive income which cannot be transferred to gains or losses under the equity method		
3. Changes in fair value of the investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		
5. Others		
(II) Other comprehensive income which will be reclassified into gains and losses		
1. Other comprehensive income which can be transferred into gains and losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedge reserve		
6. Converted difference in foreign currency statements		
7. Others		
VI. Total comprehensive income	835,619,445.49	720,372,152.76
VII. EPS:		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated Cash Flow Statement

In RMB

Item	The first half of 2023	The first half of 2022
I. Cash flow from operating activities:		
Cash received for the sale of goods and rendering of services	5,549,357,254.19	4,817,937,199.39
Net increase in clients' deposits and deposits from banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in borrowings from other financial institutions		
Cash received from receiving insurance premium of the original insurance contract		
Net cash from receiving reinsurance premium		
Net increase in deposits and investment of insured persons		
Cash received from interests, fees and commissions		
Net increase in borrowed funds		
Net increase in repurchase business funds		
Net cash received from vicariously traded securities		
Refunds of taxes	9,479,183.31	29,520,918.02
Other cash received related to operating activities	162,988,244.01	177,926,833.07
Subtotal of cash inflow from operating activities	5,721,824,681.51	5,025,384,950.48
Cash paid for purchased products and received services	2,509,505,444.23	2,583,318,265.69
Net increase in loans and advances to customers		
Net increase in deposits with the central bank and other financial institutions		
Cash paid for claims of original insurance contract		
Net increase in lending funds		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	531,293,363.95	509,673,044.55
Cash paid for taxes	432,835,037.24	408,649,175.45
Cash paid related to other operating activities	1,288,457,982.86	1,200,889,342.46
Subtotal of cash outflow from operating	4,762,091,828.28	4,702,529,828.15

activities		
Net cash flow from operating activities	959,732,853.23	322,855,122.33
II. Cash flow from investment activities:		
Cash received from return of investments	856,237,901.17	892,912,500.00
Cash received from return on investments	23,031,053.03	23,238,518.93
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	156,960.00	1,030,970.40
Net cash received from disposal of subsidiaries and other business entities		
Cash received related to other investment activities		
Subtotal of cash inflow from investment activities	879,425,914.20	917,181,989.33
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	156,402,668.03	269,416,076.84
Cash paid to investments	660,000,000.00	923,500,000.00
Net increase in pledged loans		
Net cash from subsidiaries and other operating entities		
Cash paid related to other investment activities		
Subtotal of cash outflow from investment activities	816,402,668.03	1,192,916,076.84
Net cash flow from investment activities	63,023,246.17	-275,734,087.51
III. Cash flow from financing activities:		
Cash from acquiring investments		25,000,000.00
Including: Cash received by subsidiaries from investments of minority shareholders		11,000,000.00
Cash from acquiring debts	38,500,000.00	17,000,000.00
Other cashes received in relation to financing activities	6,482,178.88	1,012,732.06
Subtotal of cash inflow from financing activities	44,982,178.88	43,012,732.06
Cash paid for repayments of debts	13,500,000.00	3,500,000.00
Cash paid for distribution of dividends, profits or interest expenses	472,047,458.00	476,047,458.00
Including: Dividends or profits paid by subsidiaries to minority shareholders		4,000,000.00
Other cash paid in relation to financing activities	3,212,200.53	6,536,810.12
Subtotal of cash outflow from financing activities	488,759,658.53	486,084,268.12
Net cash flow from financing activities	-443,777,479.65	-443,071,536.06
IV. Effect of change in exchange rate on cash and cash equivalents	2,476,947.59	3,111,525.65
V. Net increase in cash and cash equivalents	581,455,567.34	-392,838,975.59
Add: Opening balance of cash and cash equivalents	5,196,414,341.74	3,719,988,820.35
VI. Ending balance of cash and cash equivalents	5,777,869,909.08	3,327,149,844.76

6. Cash Flow Statement of the Parent Company

In RMB

Item	Semi-annual 2023	Semi-annual 2022
I. Cash flow from operating activities:		
Cash received for the sale of goods and rendering of services	5,061,947,996.39	4,510,190,738.71
Refunds of taxes	9,453,997.74	23,286,694.84
Cash received related to other operating activities	127,408,820.55	130,386,047.45
Subtotal of cash inflow from operating activities	5,198,810,814.68	4,663,863,481.00
Cash paid for purchased products and received services	2,388,027,327.89	2,444,657,366.67
Cash paid to and on behalf of employees	388,171,541.48	388,860,388.83
Cash paid for taxes	376,468,624.51	377,718,507.95
Cash paid related to other operating activities	1,093,033,326.17	1,074,310,127.24
Subtotal of cash outflow from operating activities	4,245,700,820.05	4,285,546,390.69
Net cash flow from operating activities	953,109,994.63	378,317,090.31
II. Cash flow from investment activities:		
Cash received from return of investments	850,000,000.00	800,000,000.00
Cash received from return on investments	33,049,300.00	21,676,168.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	117,000.00	509,970.40
Net cash received from disposal of subsidiaries and other business entities		
Cash received related to other investment activities		
Subtotal of cash inflow from investment activities	883,166,300.00	822,186,138.49
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	133,509,231.58	227,459,776.46
Cash paid to investments	660,000,000.00	850,000,000.00
Net cash from subsidiaries and other operating entities		
Cash paid related to other investment activities		
Subtotal of cash outflow from investment activities	793,509,231.58	1,077,459,776.46
Net cash flow from investment activities	89,657,068.42	-255,273,637.97
III. Cash flow from financing activities:		
Cash from acquiring investments		
Cash from acquiring debts		
Other cashes received in relation to financing activities	6,482,178.88	1,012,732.06
Subtotal of cash inflow from financing activities	6,482,178.88	1,012,732.06
Cash paid for repayments of debts		
Cash paid for distribution of dividends, profits or interest expenses	472,047,458.00	472,047,458.00

Other cash paid in relation to financing activities		3,516,183.32
Subtotal of cash outflow from financing activities	472,047,458.00	475,563,641.32
Net cash flow from financing activities	-465,565,279.12	-474,550,909.26
IV. Effect of change in exchange rate on cash and cash equivalents	2,476,788.62	3,111,599.62
V. Net increase in cash and cash equivalents	579,678,572.55	-348,395,857.30
Add: Opening balance of cash and cash equivalents	4,978,704,981.15	3,504,333,910.43
VI. Ending balance of cash and cash equivalents	5,558,383,553.70	3,155,938,053.13

7. Consolidated Statement of Changes in Owners' Equity

Current amount

In RMB

Item	The first half of 2023														Minority interests	Total owner's equity
	Owners' equity attributable to the parent company												Subtotal			
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others				
	Preferred shares	Perpetual bonds	Others													
I. Ending balance of last year		949,024,050.00			409,997,665.58	199,995,742.59	-100,157,634.16		474,516,412.50		8,199,079,015.58		9,732,463,766.91	125,789,202.10	9,858,252,969.01	
Add: Changes in accounting policies																
Correction of errors of the previous period																
Business combination under common control																
Others																
II. Beginning balance of this year		949,024,050.00			409,997,665.58	199,995,742.59	-100,157,634.16		474,516,412.50		8,199,079,015.58		9,732,463,766.91	125,789,202.10	9,858,252,969.01	
III. Changes in current period ("-" for					3,473,641.59						357,670,892.69		361,144,534.28	-6,476,092.04	354,668,442.24	

decrease)															
(I) Total comprehensive income											829,718,350.69		829,718,350.69	-6,476,092.04	823,242,258.65
(II) Capital invested and decreased by the owners					3,473,641.59								3,473,641.59		3,473,641.59
1. Common shares invested by the owners															
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments recognized in owners' equity					3,473,641.59								3,473,641.59		3,473,641.59
4. Others															
(III) Profit distribution											-472,047,458.00		-472,047,458.00		-472,047,458.00
1. Withdrawal of surplus reserve															
2. Appropriation of general risk reserve															
3. Distribution to owners (or shareholders)											-472,047,458.00		-472,047,458.00		-472,047,458.00
4. Others															

2. 2. Used in current period															
(VI) Others															
IV. Ending balance of current period	949,024,050.0				413,471,307.1	199,995,742.5	-		474,516,412.5		8,556,749,908.2		10,093,608,301.1	119,313,110.0	10,212,921,411.2
	0				7	9	6		0		7		9	6	5

Amount of last year

In RMB

Item	The first half of 2022														
	Owners' equity attributable to the parent company												Minority interests	Total owner's equity	
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Other			Subtotal
	Preferred shares	Perpetual bonds	Others												
I. Ending balance of last year	949,024,050.0				404,918,098.1	199,995,742.5	-		474,516,412.5		7,098,721,555.3		8,627,026,739.2	139,031,776.9	8,766,058,516.2
	0				5	9	6		0		7		7	6	3
Add: Changes in accounting policies															
Correction of errors of the previous period															
Business combination under common control															
Other															

s															
II. Beginning balance of this year	949,024,050.00				404,918,098.15	199,995,742.59	-100,157,634.16	474,516,412.50	7,098,721,555.37	8,627,026,739.27	139,031,776.96	8,766,058,516.23			
III. Changes in current period (“-” for decrease)					3,998,366.27				251,501,923.25	255,500,289.52	4,922,458.78	260,422,748.30			
(I) Total comprehensive income									723,549,381.25	723,549,381.25	-2,077,541.22	721,471,840.03			
(II) Capital invested and decreased by the owners					3,998,366.27					3,998,366.27	11,000,000.00	14,998,366.27			
1. Common shares invested by the owners											11,000,000.00	11,000,000.00			
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments recognized in owners' equity					3,998,366.27					3,998,366.27		3,998,366.27			
4. Others															
(III) Profit distribution									-472,047,458.00	-472,047,458.00	-4,000,000.00	-476,047,458.00			
1. Withdrawal of surplus reserve															
2.															

Appropriation of general risk reserve																
3. Distribution to owners (or shareholders)											-472,047,458.00		-472,047,458.00	-4,000,000.00	-476,047,458.00	
4. Others																
(IV) Internal carry-forward of owners' equity																
1. Capital reserve converted into capital (or capital stock)																
2. Surplus reserve converted into capital (or capital stock)																
3. Surplus reserves making up for losses																
4. Changes of defined benefit plans carried forward to retained earnings																
5. Other comprehensive income carried forward to retained																

earnings																
6. Others																
(V) Special reserve																
1. Withdrawn in current period																
2. Used in current period																
(VI) Others																
IV. Ending balance of current period	949,024,050.0 0				408,916,464.4 2	199,995,742.5 9	- 100,157,634.1 6		474,516,412.5 0		7,350,223,478.6 2		8,882,527,028.7 9	143,954,235.7 4	9,026,481,264.5 3	

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

Current amount

In RMB

Item	The first half of 2023											
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equity
		Preferred shares	Perpetual bonds	Others								
I. Ending balance of last year	949,024,050.00				409,608,575.62	199,995,742.59	- 100,157,634.16		474,516,412.50	8,156,489,150.49		9,689,484,811.86
Add: Changes in accounting policies												
Correction of errors of the previous period												
Others												
II. Beginning balance of this	949,024,050.00				409,608,575.62	199,995,742.59	- 100,157,634.16		474,516,412.50	8,156,489,150.49		9,689,484,811.86

year												
III. Changes in current period (“-” for decrease)					3,473,641.59					363,571,987.49		367,045,629.08
(I) Total comprehensive income										835,619,445.49		835,619,445.49
(II) Capital invested and decreased by the owners					3,473,641.59							3,473,641.59
1. Common shares invested by the owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payments recognized in owners' equity					3,473,641.59							3,473,641.59
4. Others												
(III) Profit distribution										-472,047,458.00		-472,047,458.00
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)										-472,047,458.00		-472,047,458.00
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Capital reserve converted into capital (or capital stock)												
2. Surplus reserve converted into capital (or capital stock)												
3. Surplus reserves making up for losses												
4. Changes of defined benefit plans carried forward to retained earnings												

5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Withdrawn in current period												
2. Used in current period												
(VI) Others												
IV. Ending balance of current period	949,024,050.00				413,082,217.21	199,995,742.59	- 100,157,634.16		474,516,412.50	8,520,061,137.98		10,056,530,440.94

Amount of last year

In RMB

Item	The first half of 2022											
	Capital stock	Other equity instruments			Capital reserve	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equity
		Preferred shares	Perpetual bonds	Others								
I. Ending balance of last year	949,024,050.00				404,873,115.14	199,995,742.59	- 100,157,634.16		474,516,412.50	6,971,309,836.02		8,499,570,036.91
Plus: Changes in accounting policies												
Correction of errors of the previous period												
Others												
II. Beginning balance of this	949,024,050.00				404,873,115.14	199,995,742.59	-		474,516,412.50	6,971,309,836.02		8,499,570,036.91

year							100,157,634.16					
III. Change in current period ("—" for decrease)					3,998,366.27					248,324,694.76		252,323,061.03
(I) Total comprehensive income										720,372,152.76		720,372,152.76
(II) Capital invested and decreased by the owners					3,998,366.27							3,998,366.27
1. Common shares invested by the owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payments recognized in owners' equity					3,998,366.27							3,998,366.27
4. Others												
(III) Profit distribution										-472,047,458.00		-472,047,458.00
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)										-472,047,458.00		-472,047,458.00
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Capital reserve converted into capital (or capital stock)												
2. Surplus reserve converted into capital (or capital stock)												
3. Surplus reserves making up for losses												
4. Changes of defined benefit plans carried forward to retained earnings												

5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Withdrawn in current period												
2. Used in current period												
(VI) Others												
IV. Ending balance of current period	949,024,050.00				408,871,481.41	199,995,742.59	-	100,157,634.16	474,516,412.50	7,219,634,530.78		8,751,893,097.94

III. Basic Information of the Company

Hangzhou Robam Appliances Co., Ltd. (hereinafter referred to as ROBAM or the Company) is an incorporated company established by overall changing Hangzhou Robam Home Appliances Co., Ltd. on November 7, 2000. Approved by China Securities Regulatory Commission (ZJXX [2010] No.1512) in 2010, the Company for the first time offered 40 million ordinary shares in RMB to the public on November 23, 2010 (stock code: 002508), with the par value per share of RMB 1 and the issue price per share of RMB 24.00.

As of June 30, 2023, the total capital stocks of the Company reached 949,024,050 shares, with a registered capital of RMB 949,024,050. The Company's unified social credit code is 91330000725252053F; the legal representative is Ren Jianhua; the registration address is No. 592, Linping Avenue, Yuhang Economic Development Area, Yuhang District, Hangzhou; and the Headquarters office address is No. 592, Linping Avenue, Yuhang Economic Development Area, Yuhang District, Hangzhou.

The main business scope is: manufacturing of household appliances; research and development of kitchenware, sanitary ware and daily necessities; wholesale of kitchenware, sanitary ware and daily necessities; sales of daily glass products; sales of household appliances; installation services for household appliances; research and development of household appliances; sales of household products; sales of daily necessities; manufacturing of wooden daily products; retail of daily household appliances; repair of daily electrical appliances; sales of electric heating food processing equipment; wholesale of daily necessities; technical services, technical development, technical consulting, technical exchange, technology transfer, technology promotion; sales of non-electric household appliances; manufacturing of non-electric household appliances; production of gas appliances; sales of refrigeration and air conditioning equipment; manufacturing of refrigeration and air conditioning equipment; development of basic artificial intelligence software; manufacturing of smart household consumption devices; sales of artificial intelligence hardware; manufacturing of commercial, catering, and service-specific equipment; sales of commercial, catering, and service-specific equipment; import and export of goods; manufacturing of environmental protection-specific equipment; sales of environmental protection-specific equipment (except for items that require approval according to law, the Company is authorized to carry out business activities independently with the business license). Manufacturing of disinfection devices; manufacturing of electric heating food processing equipment (items that require approval according to law can only be operated after approval by relevant departments, and the specific business items shall be subject to the approval results).

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

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

Co., Ltd., Hangzhou Jinhe Electric Appliances Co., Ltd., Robam Appliances Holding (HK) Co., Ltd. and Robam International (HK) Trading Co., Ltd. Compared to the previous year, Robam Appliances Holding (HK) Co., Ltd. and Robam International (HK) Trading Co., Ltd. were newly established within the scope of consolidation of the Company during the current period.

IV. Basis for Preparation of Financial Statements

1. Preparation basis

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

2. Going concern

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

V. Significant Accounting Policies and Estimates

Specific accounting policies and estimates:

The specific accounting policies and estimates prepared by the Company according to its actual production and operation include the operating cycle, the recognition and measurement of accounts receivable and bad debts, measurement of inventory delivered, fixed assets classification as well as depreciation methods, invisible asset amortization, conditions for the capitalization of R&D expenses, and revenue recognition and measurement.

1. Statement of compliance with the Accounting Standards for Business Enterprises

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

2. Accounting period

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

3. Operating cycle

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

4. Bookkeeping base currency

The Company adopts RMB as the bookkeeping base currency.

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

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

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

6. Methods of preparing consolidated financial statements

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

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

All major internal transactions, inter-company balances, and unrealized profits with the scope of consolidation shall be offset when preparing consolidated financial statements. The portion of owner's equity of subsidiaries not held by the parent company and net current profit & loss, other comprehensive incomes and the portion of total comprehensive incomes belonging to minority equity are presented under "minority equity, minority interest income, other comprehensive incomes attributable to minority shareholders and total comprehensive incomes attributable to minority shareholders, respectively".

For a subsidiary acquired from a business combination under common control, its operating results and cash flows are included into the consolidated financial statements since the beginning of the consolidation year. When

the comparable consolidated financial statements are being prepared, relevant items in the financial statements of the last year are adjusted with the stated party formed after merging deemed to exist from the time of the ultimate controlling party starting to control.

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

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

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

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

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

The joint arrangement of the Company includes the joint venture.

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

8. Recognition standard of cash and cash equivalents

Cash presented in the Company's cash flow statement refers to cash on hand and deposits that are available for payment at any time. Cash equivalents presented in the cash flow statement refer to short-term investments (no more than three months) with high liquidity and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

9. Foreign currency business and conversion of foreign currency statement

- Foreign currency transactions

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

- Translation of foreign currency financial statements

Assets and liabilities items in the balance sheets of foreign operations are translated into RMB using the spot exchange rate at the balance sheet date, while the shareholders' equity items, except for the "undistributed profit items," are translated into RMB using the spot exchange rate at the date of transaction. The income and expense items in the income statements of overseas operations are translated at the exchange rate approximate to the spot rate at the date of transaction. The difference arising from the above translation is presented separately under other comprehensive income. For foreign currency monetary items that materially constitute overseas net investment in overseas operations, exchange differences arising from changes in exchange rates, when the consolidated financial statements are prepared, are also separately presented as other comprehensive income

During the disposal of an overseas operation, other comprehensive incomes related to the overseas operation are transferred in proportion into the disposal of current profits and losses.

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

10. Financial instruments

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

- Financial assets

Classification, recognition basis and measurement method of financial assets

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

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

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

previously recorded in other comprehensive incomes shall be transferred out of such other comprehensive incomes and included into the current profits and losses.

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

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

Financial assets other than those measured at amortized cost and those measured at fair value with changes recognized in other comprehensive income. Such financial assets are initially measured at their fair values, with related transaction costs directly included into the current profits and losses. Such financial assets are initially measured at their fair values, with related transaction costs directly included into the current profits and losses. Profits or losses of such financial assets shall be included in the current profits and losses.

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

Recognition basis and measurement method for transfer of financial assets

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

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

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

- Financial liabilities

Classification, recognition basis and measurement method of financial liabilities

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

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

Other financial liabilities are measured subsequently at the amortized cost by adopting the effective interest method. Apart from the following items, the Company will classify the financial liabilities as those measured at amortized cost: ① the financial liabilities measured at fair value with changes included into current profits and losses include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated to be measured at fair value with changes included into current profits and losses. ② The financial liabilities formed by transferring the financial assets failed to meet the conditions for derecognition or formed by continuous involvement of transferred financial assets. ③ The financial guarantee contracts that do not fall under above ① and ② as well as loan commitments at a rate below the market rate of interest that do not fall under above ①.

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

Derecognition conditions for financial liabilities

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

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

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

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

- Offsetting financial assets and financial liabilities

Financial assets and liabilities of the Company are presented separately in the balance sheet without offsetting. However, the net amount resulting from the offsetting between financial assets and financial liabilities shall be presented in the balance sheet only if all of the following criteria are met: (1) The Company has the

statutory right to set off recognized amounts which is currently enforceable. (2) The Company intends either to settle on a net basis, or to realize the financial assets and pay off the financial liabilities simultaneously.

- Distinction and relevant treatment methods of financial liabilities and equity instruments

The Company distinguishes between financial liabilities and equity instruments according to the following principles: (1) Where the Company cannot unconditionally avoid fulfilling certain contractual obligation by delivering cash or other financial assets, then such contractual obligation is in line with the definition of the financial liability. Although certain financial instruments do not expressly contain terms and conditions for the contractual obligation to deliver cash or other financial instruments, the contractual obligation may be indirectly formed according to other terms and conditions. (2) Where a financial instrument must or is able to be settled by the Company's own equity instrument, the Company shall consider whether the Company's own equity instrument as the settlement instrument is a substitute of cash or other financial assets, or the residual interest in the assets of an entity after deducting all of its liabilities. If it is the first case, the instrument shall be the financial liability of the issuer. If it is the latter case, the instrument shall be the equity instrument of the issuer. Under some circumstances, the contract of a financial instrument may require that the financial instrument must or is able to be settled by the Company's own equity instrument. The amount of contractual right or contractual obligation equals to the amount of its own equity instrument receivable or payable multiplied by its fair value at the time of settlement. Whether the amount of such contractual right or obligation is fixed, or varies, wholly or partially, based on variables other than the market value of the Company's own equity instrument (such as interest rates, the price of a commodity or the price of a financial instrument), such contract is classified as financial liability.

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

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

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

- Impairment of financial instruments

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

The expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss refers to the difference between all contractual cash flows discounted as per the original effective interest rate and receivable from the contract and all cash flows expected to be received by the Company, namely, the present value of a shortage of cash. Among them, financial assets purchased or underlying with credit impairment of the Company shall be discounted at the financial assets' effective interest rate after credit adjustment.

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

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

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

1. In the event that the credit risk has not increased significantly since the initial recognition and it is in Stage I, the Company shall measure its loss provisions based on the amount of expected credit losses for the coming 12 months of such financial instrument and calculate the interest on the basis of book balance and effective interest rate.
2. In the event that the credit risk of the financial instrument has increased significantly since the initial recognition but with no credit impairment and it is in Stage II, the Company shall measure its loss provisions based on the amount of the expected credit loss of the financial instrument during the entire duration and calculate the interest on the basis of book balance and effective interest rate.
3. In case that credit impairment of the financial instrument has incurred since the initial recognition and it is in Stage III, the Company shall measure the loss provisions of the financial instrument based on the amount of expected credit losses during the entire duration, and calculate the interest at amortized cost and effective interest rate.

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

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

① Significant increase in credit risk

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

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

② Credit-impaired financial assets

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

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

③ Determination of expected credit losses

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

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

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

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

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

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

11. Notes receivable

The Company, based on the acceptor credit risk of the notes receivable as common risk characteristics, divides the notes receivable into different combinations and determines the accounting estimation policy of expected credit loss.

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

12. Accounts receivable

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

For accounts receivable, the Company assesses whether the credit risk increases significantly on the basis of a single financial instrument or a combination of financial instruments. The Company singly evaluates the credit risk of accounts receivable with significantly different credit risks and the following characteristics: accounts receivable in dispute with the other party or involved in litigation and arbitration; accounts receivable that there are obvious indications showing that the debtor is likely to be unable to fulfill the repayment obligation. The Company cannot obtain sufficient evidence of significant increase in credit risk at the level of single financial instrument at reasonable cost, but it is feasible to assess whether the credit risk increases significantly on the basis of the combination of financial instruments. When the assessment is performed on the combination of financial instruments, the Company can classify the financial instruments based on the common credit risk characteristics.

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

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

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

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

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

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

13. Accounts receivable financing

Where the following conditions are reached at the same time, the financial assets can be classified as those measured at fair value and its change and included into other comprehensive income: the Company adopts the business management mode of the financial assets for the purpose of collecting contractual cash flow and selling the financial assets. In accordance with the contract terms of the financial assets, the cash flow generated at the specific date is only the payment of the principal and the interest on the basis of the outstanding principal amount.

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

14. Other accounts receivable

Determination and accounting method for expected credit loss of other accounts receivable

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

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

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

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

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

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

- Credit impairment after initial recognition (Stage III)

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

15. Inventories

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

The inventories are managed based on perpetual inventory system, and valued at actual cost on acquisition. Low-value consumables and packaging materials are amortized using one-off amortization method.

Low-value consumables and packaging materials are amortized using one-off amortization method. Inventory revaluation reserves of merchandise inventories and raw materials are generally accrued as the excess of the higher cost of individual inventory over its net realizable value. For raw and auxiliary materials of larger amount and lower unit price, inventory revaluation reserves shall be accrued based on the category.

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

16. Contract assets

- Recognition method and standard of contract asset

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

- Determination and accounting method for expected credit loss of contract assets

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

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

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

17. Contract costs

- Method for determining asset amount related to contract cost

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

The contract performance cost, which is the cost incurred to perform the contract by the Company, not covered by the accounting standards for business enterprises of other companies, shall be deemed as one asset if it meets the conditions below: the cost is directly related to one existing contract or one contract expected to be acquired and covers direct labor cost, direct material cost, manufacturing cost (or similar cost), the cost clearly specified to be borne by the customer and other costs incurred by the contract only; the cost increases the resources available to the Company to fulfill performance duties in the future; the cost is expected to be recovered.

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

- Asset amortization related to contract cost

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

- Asset impairment related to contract cost

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

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

18. Long-term equity investment

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

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

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

The one forming control over the investee is the subsidiary of the Company. For the long-term equity investment acquired through business combination under the same control, the share of the combined party in the book value of net assets presented in consolidated financial statements of ultimate controlling party acquired at the date of combination is recognized as initial investment cost of long-term equity investment. The book value of net assets for the combined party is negative on the combining date, and the long-term equity investment cost is determined as zero.

In case that equity of the investee under the same control is obtained through multiple deals step by step to finally form business combination, for package deals, the Company shall account each deal as a deal to obtain the control. If it is not a package deal, the share of the book value of combined party's net assets presented in

consolidated financial statements of ultimate controlling party acquired at the date of combination is recognized as initial investment cost of long-term equity investment. The difference between initial investment cost and the sum of the book value of long-term equity investment before the combination is realized and the book value of consideration additionally paid to further acquire shares on the date of combination is adjusted against the capital surplus; if the capital surplus is not sufficient to be offset, the remaining balance is adjusted against retained earnings.

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

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

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

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

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

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

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

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

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

19. Investment real estate

Measurement model of investment real estate

Measurement by cost method

Depreciation or amortization methods

Leased houses and buildings are included into the investment real estates of the Company. Measurement is carried out by cost model.

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

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

20. Fixed assets

(1) Recognition conditions

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

Fixed assets are recognized when the economic benefits related thereto are likely to flow into the Company and their costs can be measured reliably. Fixed assets include houses and buildings, machine and equipment, transportation equipment and other equipment, and the actual cost at the time of acquisition is taken as the entry value. Among them, the cost of purchased fixed assets includes the purchase price, import duties and other related taxes, as well as other expenditures that

can be directly attributed to the fixed assets before the fixed assets reach the predetermined serviceable state; the cost of the self-constructed fixed assets consists of necessary expenses incurred before the constructed assets are ready for the intended use; the fixed assets invested by investors shall be accounted for at the value agreed in the investment contract or agreement, or at the fair value if the value agreed in the investment contract or agreement is unfair; the fixed assets rented in by way of financial lease shall be accounted for at the fair value. For fixed assets obtained by financing lease, the lower of the fair value of rented assets and the present value of the minimum lease payment on the lease start date shall be recorded as the entry value.

(2) Depreciation method

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

Processing of subsequent expenditure of fixed assets: The subsequent expenditure of fixed assets mainly includes renovation/modification expenditure, repair expenditure, etc. When the relevant economic benefits are likely to flow in and the costs can be measured in a reliable manner, they shall be included into the cost of fixed assets. For the replaced part, the book value shall be derecognized. All the other subsequent expenditures are recognized in profit or loss for the current period in which they are incurred.

The Company will recheck the estimated service life, the estimated net residual value and the depreciation method of the fixed assets on each balance sheet date.

Changes, if any, are regarded as the accounting estimate changes. A fixed asset is derecognized when it is disposed of or no economic benefit is expected from the use or disposal of the asset. The amount of proceeds on sale and transfer of a fixed asset as well as disposal of a scrapped or damaged fixed asset less its carrying amount and related taxes, is recognized in profit and loss for the current period.

21. Construction in progress

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

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

22. Borrowing costs

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

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

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

23. Right-of-use assets

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

(1) Initial measurement

On the commencement date of the lease term, the Company carries out initial measurement to the right-of-use asset. The cost comprises the following four items: ① initial measurement amount of lease liabilities; ② the amount of lease payment made on or before commencement date of lease term, net of relevant amount of used lease incentives (if any); ③ the initial direct cost incurred (i.e., the incremental cost incurred by reaching the

lease agreement); ④ costs expected to be incurred to disassemble and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the conditions as agreed under the terms of the lease, excluding costs incurred to produce the inventory.

(2) Subsequent measurement

On the commencement date of the lease term, the Company carries out subsequent measurement to the right-of-use assets in the cost mode, that is, measuring the right-of-use assets by deducting the accrued depreciation amount and accrued impairment loss from the cost. Where the Company remeasures the lease liabilities according to relevant provisions of the lease criterion, the book value of the use-of-right asset shall be adjusted correspondingly.

Depreciation of right-of-use assets

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

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

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

Impairment of right-of-use assets

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

24. Intangible assets

(1) Valuation method, service life and impairment test

The intangible assets of the Company mainly include land use rights, software, trademarks and patents. As for intangible assets that are purchased, the actual cost is composed of the actual price paid and other relevant expenditures. For the intangible assets that are invested by investors, the actual cost is determined by the agreed value in the investment contract or agreement, but if the agreed value is not fair, the fair value will be taken as the

actual cost. Intangible assets are amortized using the composite life method, and the classifications and amortization periods of the Company's intangible assets are as follows:

Type	Amortization year
Land use right	50 years
Patents	10 years
Software	3-5 years
Trademark or domain name	10 years

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

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

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

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

- It is technically feasible to complete the intangible assets so that they can be used or sold.
- There is an intention to complete and use or sell the intangible assets.
- There is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves.
- There is sufficient support in terms of technological, financial and other resources in order to complete the development of the intangible assets, and there is the capability to use or sell the intangible asset;
- The expenditures made on the intangible assets during the development stage can be measured reliably.

Expenditures made in the development stage that fail to meet the above conditions shall be included in the current profits and losses when incurred. The development expenditures previously included in the profit and loss statement will not be recognized as assets in subsequent periods. The expenditures incurred and capitalized at the

development stage are recorded as development expenditures on the balance sheet and will be carried over as the intangible asset on the date when the project is ready for its intended use.

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

25. Long-term deferred expenses

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

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

The following signs may indicate asset impairment:

- - Current market price of the asset drops substantially, with the drop in price being notably higher than the expected drop over time or due to the asset's normal use.
 - Significant changes occur in the current period, or are predicted to occur in the near future, with regard to the economic, technological or legal environment in which the enterprise conducts its business operations, or in the asset market, and these changes have or will have negative impacts on the enterprise;
 - The market interest rate or other market investment return rates have risen in the current period, affecting the enterprise's discount rate for calculating the asset's present value of expected future cash flow, and leading to a substantial decrease in recoverable amounts of the assets;
 - There is any amount of evidence to prove the asset has been out of date or the physical asset has been damaged.
 - The asset has been or will be left unused, terminated for use or disposed of ahead of schedule.
 - There is evidence from the enterprise's internal reports proving that the economic performance of the asset has been lower or will be lower than expected. For example, the net cash flow

generated by the assets or operating profits (or losses) realized is much lower (or higher) than the expected amounts;

- Other signs indicating that the asset may have been impaired.

26. Contract liabilities

Contract liabilities reflect the obligations of the Company to transfer goods to the client for which consideration is received or receivable from the client. Before the Company transfers goods to the client, and the client has paid the consideration in the contract or the Company has obtained the right of unconditionally collecting the consideration, the contract liabilities are recognized according to the received or receivable amount either at the time of actual payment by the client or when the payment is due—whichever is earlier.

27. Employee remuneration

(1) Accounting treatment method of short-term remuneration

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

(2) Accounting treatment method of post-employment benefits

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

(3) Accounting treatment method of dismissal benefits

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

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

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

28. Lease liabilities

(1) Initial measurement

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

1) Lease payment

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

2) Discount rate

In calculating the present value of the lease payments, the Company adopts the interest rate embedded in the lease as the discount rate. The rate is the interest rate that equates the sum of present value of the lessor's lease receipts and the present value of the unsecured residual value to the sum of the fair value of the leased asset and the lessor's initial direct costs. If the Company is unable to determine the interest rate embedded in the lease, it will adopt the incremental borrowing rate as the discount rate. The incremental loan interest rate is defined as the interest rate that the Company would have to pay to borrow, for a term similar to the duration of the lease and with similar security, the funds necessary to obtain an asset of similar value to the asset by right of use in a similar economic environment. The interest rate is related to the following items: ① The Company's own situation, including the debt repayment ability and credit status of the Group; ② the term of the "loan", i.e. the lease term; ③ the amount of "borrowed" funds, i.e. the amount of lease liabilities; ④ the "mortgage conditions", i.e. the nature and quality of the underlying assets; ⑤ the economic environment, including the jurisdiction where the lessee is located, the valuation currency, and the contract signing time. The incremental borrowing rate is determined by considering the above factors and adjusting the bank loan interest rate which is as a basis.

(2) Subsequent measurement

When the lease term commences, the Company shall make subsequent measurement for the lease liabilities on the basis of principles below: ① the carrying account of increased lease liabilities when the interests of lease liabilities are recognized; ② the carrying account of decreased lease liabilities when the lease payment is made; ③ the book value of remeasured lease liabilities when the lease payment is changed due to revaluation, lease change or other reasons.

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

(3) Re-measurement

After the commencement date of the lease term, the Company remeasures the lease liabilities at the present value of the revised lease payments and adjusts the book value of the right-of-use asset accordingly, if any of the following occurs. If the book value of the right-to-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Company shall include the remaining amount in the profits and losses of the current period. ① Substantial fixed payment amount changes (in this case, the original discount rate is used for discounting); ② changes in the estimated payable amount of the secured residual value (in this case, the original discount rate is used for discounting); ③ changes in the index or ratio used to determine lease payments (in this case, the revised discount rate is used for discounting); ④ changes in the evaluation results of purchase option (in this case, the revised discount rate is used for discounting); ⑤ changes in the evaluation results or actual exercise of renewal option or option to terminate the lease (in this case, the revised discount rate is used for discounting).

29. Provisions

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

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

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

30. Share-based payment

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

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

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

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

31. Revenue

Accounting policies used for the recognition and measurement of income

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

- Revenue recognition principle

The Company recognizes the revenue upon fulfillment of its performance obligations within the contract, that is, when the client obtains control of the relevant goods or services. Acquisition of control over relevant

goods or services means the ability to manage the use of such goods or the provision of services and to receive almost all economic benefits therefrom.

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

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

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

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

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

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

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

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

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

- Revenue measurement principle

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

2) The transaction price refers to the amount of consideration that the Company expects to collect due to the transfer of goods or services to the client, excluding the amount collected by third parties. The transaction price refers to the amount of consideration that the Company expects to collect for transfer of goods or services to the client, excluding the amount collected by third parties. The expected amount to be returned to the client will be listed as a liability and not be included into the transaction price.

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

- Specific method for revenue recognition

Revenue recognized by time point

Selling electric appliances, fittings and materials by the Company is the performance obligation at a time point.

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

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

Revenue recognized by performance progress

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

Differences in accounting policies for revenue recognition due to different operating models for the same type of business

32. Government grants

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

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

If a government grant related to assets is recognized as deferred income, such grant is recognized in the current profit or loss based on equal division within the service life of the relevant asset.

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

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

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

- Where the Ministry of Finance appropriates the subsidy to the lending bank, and the bank provides the Company with the loan at a discounted interest rate, the Company will use the

actual amount of loan received as the book value of the loan, and calculate the relevant borrowing costs based on the principal of the loan and the interest rate.

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

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

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

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

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

33. Deferred income tax assets/deferred income tax liabilities

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

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

34. Lease

(1) Accounting method for operating lease

(1) Identification of lease

Lease refers to that the leaser transfers the right to use the asset to the lessee within a certain period to obtain consideration contracts. On the commencement date of the contract, the Company assesses whether the contract serves as the lease or includes the lease. If one party to the contract transfers the right to control one or more identified assets during a certain period in exchange for consideration, such contract is or includes lease. To

determine whether the contract has transferred the right to control the use of the identified assets in a certain period of time, the Company assesses whether the customer in the contract is entitled to receive almost all the economic benefits arising from the use of the identified assets during the use period and is entitled to manage the use of the identified assets during the use period.

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

(2) The Company serves as the lessee

1) Lease confirmation

At the commencement of the lease term, the right-of-use assets and lease liabilities shall be recognized for the lease by the Company. Refer to note on right-of-use assets and lease liabilities for details on the recognition and measurement of right-of-use assets and lease liabilities.

2) Lease change

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

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

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

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

For short-term leases with a lease term of no more than 12 months and low-value asset leases at a low value when individual leased assets are brand new, the Company chooses not to recognize the right-of-use assets and lease liabilities. Lease payments under short-term leases and leases of low-value assets are recognized by the Company on a straight-line basis or other systematic and reasonable basis over the lease term, and included into the cost of the related assets or current profits or losses.

(3) The Company serves as the lessor

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

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

The Company usually classifies a lease as a financial lease if one or more of the following situations exist: ① the ownership of the leased asset is transferred to the lessee at the expiration of the lease term; ② the lessee has the right to choose to purchase the leased asset; the established purchase price is expected to be much lower than the fair value of the leased asset when the right of choice is exercised, and hence it can be reasonably determined that the lessee will exercise this right of choice on the inception of lease; ③ the lease term accounts for a substantial proportion (no less than 75%) of the service life of the leased asset, notwithstanding that the ownership of the asset will not be transferred; and ④ on the inception of lease, the present value of the lease receipts is almost equal to the fair value of the leased asset (no less than 90% of the fair value of the leased asset.). and ⑤ the leased assets are of a specialized nature that only the lessee can use them without making major modifications. The Company may also classify a lease as a financial lease if one or more of the following signs exist: ① if the lessee cancels the lease, the resulting loss to the lessor shall be borne by the lessee; ② the gain or loss arising from the fluctuation in the fair value of the residual value of the asset shall be attributable to the lessee; and ③ the lessee is able to continue the lease to the next period at a rent much lower than the market level.

1) Accounting treatment of financial lease

Initial measurement

On the commencement date of lease term, the Company recognizes financial lease receivables for financial lease and derecognizes financial lease assets. Upon initial measurement of financial lease accounts receivable, the Company takes net investment in lease as entry value of financial lease accounts receivable.

Net investment in lease is the sum of unsecured residual value and the present value of outstanding lease receipts discounted on interest rate implicit in lease on the commencement date of the lease term. Lease receipts refer to the amount that the lessor shall collect from the lessee for transferring the right to use the leased assets during the lease term, including: ① the amount of fixed payment and substantial fixed payment to be paid by the lessee, net of relevant amount of lease incentives if any; ② variable lease payments that are based on an index or

rate, which shall be determined at the time of initial measurement based on the index or rate on the commencement date of the lease term; ③ exercise price of call option, given that the lessee will reasonably exercise such option; ④ amount payable by the lessee for exercising the option to terminate the lease, if it is indicated during the lease term that the lessee will exercise the option to terminate the lease; ⑤ the residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee and an independent third party with the financial ability to meet the guarantee obligation.

Subsequent measurement

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

Accounting treatment of lease change

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

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

2) Accounting treatment of operating leases

Treatment of rent

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

Incentive measures provided

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

Initial direct costs

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

Depreciation

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

Variable lease payments

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

Change of operating lease

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

35. Significant accounting policy and accounting estimate changes

(1) Significant accounting policy changes

Applicable Not applicable

Contents and reasons for accounting policies changes	Approval procedure	Remarks
On December 13, 2022, the Ministry of Finance issued the <i>Interpretation No. 16 of the Accounting Standards for Business Enterprises</i> (CK [2022] No. 31). The Company has implemented the Interpretation No. 16 of the ASBE since January 1, 2023.	The 2nd meeting of the 6th Board of Directors	

On December 13, 2022, the Ministry of Finance issued the *Interpretation No. 16 of the Accounting Standards for Business Enterprises* (CK [2022] No. 31), wherein the accounting treatment for deferred income tax related to assets and liabilities arising from single transaction not eligible for initial recognition exemption is effective from January 1, 2023, without requiring retrospective adjustments.

For single transaction subject to this regulation that occurred between the beginning of the earliest reporting period for which this regulation is first applied and the implementation date, as well as temporary differences and deductible temporary differences arising from the recognition of right-of-use assets and lease liabilities at the beginning of the earliest reporting period due to the application of this regulation, adjustments shall be made in

accordance with this regulation. The implementation of this regulation has not had a significant impact on the financial condition and operating results of the Company.

(2) Significant accounting estimate changes

Applicable Not applicable

(3) Relevant financial statement items at the beginning of 2023 when the adjustments stipulated in the new accounting standards apply for the first time

Applicable Not applicable

VI. Taxation

1. Main tax categories and tax rates

Category	Tax base	Tax rate
VAT	Income from sales of goods	13%
VAT	Income from provision of technical services	6%
VAT	Rental income	5%, 9%
City maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
House tax	70% of the original value of the house	1.2%
House tax	Rental income	12%
Land use tax	Total land area	RMB 5-10/m ²
Corporate income tax	Taxable income	8.25%, 15%, 16.5%, 20%, 25%

Disclosure of taxpayers with different corporate income tax rates

Name of taxpayer	Income tax rate
Hangzhou Robam Appliances Co., Ltd.	15%
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	15%
Zhejiang Cookingfuture Technology Co., Ltd.	25%
Beijing Robam Appliances Sales Co., Ltd.	25%
Shanghai Robam Appliances Sales Co., Ltd.	25%
Hangzhou MingQi Electric Co., Ltd.	25%
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	25%
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	20%
Hangzhou Jinhe Electric Appliances Co., Ltd.	25%
Robam Appliances Holding (HK) Co., Ltd. (Note 1)	The tax rate for profits less than 2 million Hong Kong Dollars under the second-tier tax system is 8.25%, and for the excess portion equal to or greater than 2 million Hong Kong Dollars, it is 16.5%.
Robam International (HK) Trading Co., Ltd. (Note 1)	The tax rate for profits less than 2 million Hong Kong Dollars under the second-tier tax system is 8.25%, and for the excess portion equal to or greater than 2 million Hong Kong Dollars, it is 16.5%.

2. Preferential tax policy

The Company obtained the Certificate of High-Tech Enterprise (Certificate No.: GR202033007142) jointly issued by Department of Science and Technology of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration, and Local Taxation Bureau of Zhejiang Province on December 1, 2020. The certificate is valid for 3 years. According to the relevant provisions, after being identified as a high-tech enterprise, the Company will enjoy the relevant preferential policies of the state on high-tech enterprises for three consecutive years (i.e., the Company is entitled to the preferential income tax policy from January 1, 2020 to December 31, 2022), and the corporate income tax shall be levied at the rate of 15%.

According to the *Announcement of the State Taxation Administration on the Implementation of Preferential Income Tax Policy for Hi-tech Enterprises* (Announcement 2017 No. 24 of the State Taxation Administration), an enterprise shall prepay the income tax temporarily at the rate of 15% before passing the re-certification in the year when the enterprise's Certificate of High-Tech Enterprise expires, and if it still fails to obtain the qualification as a high-tech enterprise before the end of the year, it shall make up for the taxes of the corresponding period in accordance with the regulations. The Company has reapplied for the qualification of high-tech enterprise. Before the recognition is approved, the corporate income tax will be temporarily prepaid at a tax rate of 15% in 2023.

The subsidiary of the Company, Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd. (hereinafter referred to as Shengzhou Kinde), obtained the Certificate of High-tech Enterprise (Certificate No.: GR202233010421) jointly issued by Department of Science and Technology of Zhejiang Province, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration on December 24, 2022. After the recognition, it will enjoy the preferential tax policy of the state on high-tech enterprises for three consecutive years (i.e., it is entitled to the preferential income tax policy from January 1, 2022 to December 31, 2024), and its corporate income tax shall be levied at the tax rate of 15%.

According to the Announcement [2023] No. 6 of the State Taxation Administration), Hangzhou Robam Fuchuang Investment Management Co., Ltd., a subsidiary of the Company, will include 25% of the portion of annual taxable income not exceeding RMB 1 million of small and micro-profit enterprises into the taxable income, and pay corporate income tax at a rate of 20%.

Preferential VAT policy

According to the *Notice on Value-Added Tax Policies for Software Products Issued by the Ministry of Finance and the State Taxation Administration* (CS [2011] No. 100), the Company's sales of embedded software products are eligible for immediate VAT refund after collection.

Preferential land use tax policy

According to Article 7 of the *Decision of the State Council on Amending the Interim Regulations of the People's Republic of China on Urban Land Use Tax* (State Council Order No. 483 of the People's Republic of China), the Company enjoys preferential policies of exemption from land use tax.

VII. Notes to items in the consolidated financial statements

1. Cash and cash equivalents

In RMB

Item	Ending balance	Beginning balance
Cash in hand	182,584.13	85,806.05
Deposit in bank	5,776,710,554.59	5,194,887,841.18
Other cash and cash equivalents	101,898,241.34	97,789,023.71
Total	5,878,791,380.06	5,292,762,670.94

Other description

Note: The other cash and cash equivalents are RMB 101,898,241.34, including the L/G margin of RMB 84,024,115.13, the bill acceptance margin of RMB 16,884,355.85 and the ETC margin of RMB 13,000.00, the use of which are limited; and the Alipay and WeChat wallet balance is RMB 976,770.36, which can be withdrawn without any limit at any time.

Use of restricted cash and cash equivalents

Item	Ending balance	Beginning balance
Letter of guarantee and margin for acceptance of bill	100,908,470.98	96,335,329.20
ETC margin	13,000.00	13,000.00
Total	100,921,470.98	96,348,329.20

2. Financial assets held for trading

In RMB

Item	Ending balance	Beginning balance
Financial assets measured at fair value with changes included into current profit or loss	2,315,606,606.83	2,511,844,508.00
Including:		
financial products	2,315,606,606.83	2,511,844,508.00
Total	2,315,606,606.83	2,511,844,508.00

3. Notes receivable

(1) Classified presentation of notes receivable

In RMB

Item	Ending balance	Beginning balance
Banker's acceptance	578,318,951.21	609,791,571.72
Trade acceptance	119,521,959.74	271,981,769.99
Total	697,840,910.95	881,773,341.71

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Notes receivable with an individual bad debt provision						12,553,205.80	1.39%	6,659,943.22	53.05%	5,893,262.58
Including:										
Bad debt provisions by individual item						12,553,205.80	1.39%	6,659,943.22	53.05%	5,893,262.58
Notes receivable with a collective bad debt	704,131,540.67	100.00%	6,290,629.72	0.89%	697,840,910.95	889,884,737.69	98.61%	14,004,658.56	1.57%	875,880,079.13
Including:										
Including: Banker's acceptance	578,318,951.21	82.13%			578,318,951.21	609,791,571.72	67.57%			609,791,571.72
Trade acceptance	125,812,589.46	17.87%	6,290,629.72	5.00%	119,521,959.74	280,093,165.97	31.04%	14,004,658.56	5.00%	266,088,507.41
Total	704,131,540.67	100.00%	6,290,629.72	0.89%	697,840,910.95	902,437,943.49	100.00%	20,664,601.78	2.29%	881,773,341.71

Collective bad debt provision:

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Percentage of provision
Banker's acceptances combined	578,318,951.21	0.00	0.00%

Trade acceptances combined	125,812,589.46	6,290,629.72	5.00%
Total	704,131,540.67	6,290,629.72	

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

Bad debt provision in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Others	
Trade acceptance	20,664,601.78	-14,373,972.06				6,290,629.72
Total	20,664,601.78	-14,373,972.06				6,290,629.72

Significant recoveries or reversals of provisions for bad debts during the reporting period:

Applicable Not applicable

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

In RMB

Item	Amount of accounts receivable transferred at the end of the period
Trade acceptance	388,054,304.18
Total	388,054,304.18

5. Accounts receivable

(1) Classified disclosure of accounts receivable

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Accounts receivable with individual bad debt provisions	1,579,340,304.84	54.96%	1,007,919,074.13	63.82%	571,421,230.71	1,639,679,315.79	58.71%	1,030,780,696.17	62.86%	608,898,619.62
Including:										

Bad debt provisions by individual item	1,579,340,304.84	54.96%	1,007,919,074.13	63.82%	571,421,230.71	1,639,679,315.79	58.71%	1,030,780,696.17	62.86%	608,898,619.62
Accounts receivable with a collective bad debt provision	1,294,467,156.01	45.04%	84,234,627.38	6.51%	1,210,232,528.63	1,153,269,565.99	41.29%	72,561,356.67	6.29%	1,080,708,209.32
Including:										
Multiple accounts receivable which are grouped by expected credit loss based on their age characteristics and with a collective bad debt provision	1,294,467,156.01	45.04%	84,234,627.38	6.51%	1,210,232,528.63	1,153,269,565.99	41.29%	72,561,356.67	6.29%	1,080,708,209.32
Total	2,873,807,460.85	100.00%	1,092,153,701.51	38.00%	1,781,653,759.34	2,792,948,881.78	100.00%	1,103,342,052.84	39.50%	1,689,606,828.94

Bad debt provisions by individual item:

In RMB

Name	Ending balance			
	Book balance	Bad debt reserve	Percentage of provision	Reasons for provision
Unit 1	657,106,467.98	657,106,467.98	100.00%	Debt default
Unit 2	541,917,836.68	162,577,431.46	30.00%	Overdue debt
Unit 3	116,422,160.38	47,034,405.36	40.40%	Overdue debt
Unit 4	78,095,830.77	54,667,081.53	70.00%	Debt default
Unit 5	31,086,961.45	6,217,392.29	20.00%	Overdue debt
Unit 6	28,139,039.02	19,225,685.81	68.32%	Overdue debt
Unit 7	24,428,569.14	6,195,424.47	25.36%	Overdue debt
Unit 8	22,763,973.13	15,934,781.19	70.00%	Debt default
Unit 9	14,080,420.74	8,587,655.52	60.99%	Overdue debt
Unit 10	13,773,333.34	3,646,561.03	26.48%	Overdue debt
Unit 11	13,671,133.59	6,306,115.04	46.13%	Overdue debt
Unit 12	8,644,489.50	6,051,142.65	70.00%	Debt default
Unit 13	8,009,318.82	2,345,903.11	29.29%	Overdue debt
Unit 14	4,204,830.93	2,943,381.65	70.00%	Debt default

Unit 15	3,660,575.03	1,415,427.52	38.67%	Overdue debt
Unit 16	13,335,364.34	7,664,217.52	57.47%	Expected to be exposed to recovery risk
Total	1,579,340,304.84	1,007,919,074.13		

Collective bad debt provision:

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Percentage of provision
With 1 year	1,104,644,435.40	55,232,221.79	5.00%
1-2 years	142,429,477.11	14,242,947.71	10.00%
2-3 years	36,173,783.46	7,234,756.69	20.00%
3-4 years	6,221,442.98	3,110,721.49	50.00%
4-5 years	2,920,186.80	2,336,149.44	80.00%
More than 5 years	2,077,830.26	2,077,830.26	100.00%
Total	1,294,467,156.01	84,234,627.38	

Description on basis for determining combination:

If the bad debt provisions for accounts receivable is recognized in accordance with the expected general credit loss model, please disclose the relevant information of the bad debt provisions in the same manner as the disclosure of other accounts receivable.

Applicable Not applicable

Disclosed based on the aging

In RMB

Aging	Ending balance
Within 1 year (including 1 year)	1,379,014,659.28
Within 1 year (including 1 year)	1,379,014,659.28
1-2 years	1,100,579,786.95
2-3 years	352,124,136.31
More than 3 years	42,088,878.31
3-4 years	7,614,738.77
4-5 years	26,807,322.13
More than 5 years	7,666,817.41
Total	2,873,807,460.85

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

Bad debt provision in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Others	
Bad debt reserves for accounts receivable	1,103,342,052.84	27,424,660.76	38,556,641.14	56,370.95		1,092,153,701.51
Total	1,103,342,052.84	27,424,660.76	38,556,641.14	56,370.95		1,092,153,701.51

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

In RMB

Item	Amounts written off
Accounts receivable actually written off	56,370.95

(4) Top five debtors with the largest ending balances of accounts receivable

In RMB

Unit	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of bad debt reserves
Unit 1	541,936,354.72	18.86%	160,861,018.17
Unit 2	452,376,997.98	15.74%	452,376,997.98
Unit 3	215,712,302.12	7.51%	10,805,775.09
Unit 4	95,125,955.20	3.31%	95,125,955.20
Unit 5	83,171,694.86	2.89%	4,158,584.74
Total	1,388,323,304.88	48.31%	

(5) Accounts receivable whose recognition is terminated due to transferal of financial assets

- Amount of assets and liabilities arising from the transfer of accounts receivable and continued involvement

Asset item	Ending balance	Liability item	Ending balance
Accounts receivable with recourse factoring	6,715,891.92	Short-term borrowings	6,715,891.92

6. Advance payments**(1) Advance payments presented by age**

In RMB

Aging	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
With 1 year	183,566,440.82	99.32%	176,828,710.59	99.62%
1-2 years	1,134,681.12	0.61%	331,685.80	0.19%
2-3 years	81,569.77	0.04%	309,887.50	0.17%
More than 3 years	54,528.03	0.03%	30,069.48	0.02%
Total	184,837,219.74		177,500,353.37	

Explanation on the reasons for no timely settlement of advance payments with an account age of over 1 year and significant amount:

(2) Top five payers with the largest ending balances of advance payments

The ending balances of advance payments of the top five payers by the end of the current period totaled RMB 65,777,907.89, accounting for 35.59% of the total.

Other description:

7. Other accounts receivable

In RMB

Item	Ending balance	Beginning balance
Other receivables	104,345,008.35	80,429,057.84
Total	104,345,008.35	80,429,057.84

Other accounts receivable

1) Classification of other accounts receivable by nature

In RMB

Nature of receivable	Book balance at the end of the period	Initial book balance at the beginning of the period
Security/guarantee deposits	41,749,526.32	38,184,552.92
Collections by a third party	66,011,015.04	50,695,825.81
Cash reserve	7,456,903.93	2,601,040.33
Withholdings	6,654,501.04	4,898,268.76
Others	1,158,091.06	519,033.02
Total	123,030,037.39	96,898,720.84

2) Bad debt provision

In RMB

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss over the entire duration (with credit impairment)	
Balance as of January 1, 2023	16,469,663.00			16,469,663.00
Balance on January 1, 2023 in the current period				
Provision in the current period	2,215,366.04			2,215,366.04
Balance as of June 30, 2023	18,685,029.04			18,685,029.04

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

Applicable Not applicable

Disclosed based on the aging

In RMB

Aging	Ending balance
Within 1 year (including 1 year)	94,698,406.83
Within 1 year (including 1 year)	94,698,406.83

1-2 years	8,273,716.75
2-3 years	6,735,204.93
More than 3 years	13,322,708.88
3-4 years	2,402,760.48
4-5 years	1,714,913.00
More than 5 years	9,205,035.40
Total	123,030,037.39

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

Bad debt provision in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Others	
Bad debt provision for other receivables	16,469,663.00	2,215,366.04				18,685,029.04
Total	16,469,663.00	2,215,366.04				18,685,029.04

4) Top five debtors with the largest ending balances of other accounts receivable

In RMB

Unit	Nature of receivable	Ending balance	Aging	Proportion in the total ending balance of other accounts receivable	Ending balance of bad debt reserves
Unit 1	Collections by a third party and unit deposits	42,366,468.93	0-5 years and above	34.44%	2,247,773.50
Unit 2	Collections by a third party and unit deposits	6,168,313.58	0-5 years	5.01%	363,415.70
Unit 3	Collections by a third party and unit deposits	5,858,119.76	0-3 years	4.76%	372,256.20
Unit 4	Collections by a third party and unit deposits	5,797,765.08	0-5 years and above	4.71%	339,888.30
Unit 5	Unit deposits	5,500,000.00	With 1 year	4.47%	275,000.00
Total		65,690,667.35		53.39%	3,598,333.70

8. Inventories

(1) Classification of inventories

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for obsolete inventory or for impairment of the cost of contract performance	Book value	Book balance	Provision for obsolete inventory or for impairment of the cost of contract performance	Book value
Delivered goods	894,301,401.87	31,897,303.28	862,404,098.59	946,934,786.68	34,166,612.43	912,768,174.25
Merchandise inventory	448,216,935.22	35,057,065.80	413,159,869.42	433,960,199.87	38,422,564.56	395,537,635.31
Raw materials	89,091,388.40		89,091,388.40	124,228,344.80		124,228,344.80
Low-cost consumables and packing materials	25,474,820.36		25,474,820.36	22,715,660.50		22,715,660.50
Products in process	108,746,110.84		108,746,110.84	110,725,274.36		110,725,274.36
Contract performance costs	33,756,452.26		33,756,452.26	44,135,708.88		44,135,708.88
Total	1,599,587,108.95	66,954,369.08	1,532,632,739.87	1,682,699,975.09	72,589,176.99	1,610,110,798.10

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

In RMB

Item	Beginning balance	Increased amount in the current period		Decreased amount in the current period		Ending balance
		Provision	Others	Reversals or write-off	Others	
Delivered goods	34,166,612.43	-2,269,309.15				31,897,303.28
Merchandise inventory	38,422,564.56	-3,365,498.76				35,057,065.80
Total	72,589,176.99	-5,634,807.91				66,954,369.08

10. Long-term equity investment

In RMB

Investee	Beginning balance (book value)	Increase/decrease in the current period								Ending balance (book value)	Ending balance of impairment provision
		Additio nal investm ent	Negativ e investm ent	Investm ent profit or loss recogniz	Adjustm ent of other compre hensive	Other changes in equity	Cash dividen ds or profits declared	Impairm ent provisio n	Others		

				ed using the equity method	incomes		and distribut ed				n
I. Joint venture											
De Dietrich Trade (Shangh ai) Co., Ltd.	3,824,4 60.03			- 551,583 .95						3,272,8 76.08	
Subtotal	3,824,4 60.03			- 551,583 .95						3,272,8 76.08	
II. Associated enterprises											
Zhejian g Tingshu o Brand Operati on Manage ment Co., Ltd.	1,065,9 93.31			- 468,139 .70						597,853 .61	
Shaoxin g Shuaige Kitchen and Bathroo m Technol ogy Co., Ltd.	3,828,0 52.28			- 243,460 .40						3,584,5 91.88	
Subtotal	4,894,0 45.59			- 711,600 .10						4,182,4 45.49	
Total	8,718,5 05.62			- 1,263,1 84.05						7,455,3 21.57	

11. Other equity instrument investments

In RMB

Item	Ending balance	Beginning balance
Shanghai MXCHIP Information Technology Co., Ltd.	2,116,023.22	2,116,023.22
Total	2,116,023.22	2,116,023.22

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

In RMB

Name of item	Recognized dividends	Accumulated gains	Accumulated losses	Amount transferred	Reason for being	Reason for the transfer
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	income			from other comprehensive incomes to retained earnings	designated to be measured by fair value and the change being recorded in other comprehensive income	of other comprehensive incomes to retained earnings
Suzhou Industrial Park Ruican Investment Enterprise (Limited Partnership)			100,000,000.00		Held not for the purpose of trading	
Shanghai MXCHIP Information Technology Co., Ltd.			17,832,510.78		Held not for the purpose of trading	

12. Investment real estate

(1) Investment real estate under the cost measurement mode

Applicable Not applicable

In RMB

Item	Buildings	Land use right	Total
I. Original book value			
1. Beginning balance	61,641,757.01	1,062,744.00	62,704,501.01
2. Increased amount in the current period	41,366,660.67		41,366,660.67
(1) Outsourcing	3,808,528.00		3,808,528.00
(2) Transfer from inventories/fixed assets/construction in progress	37,558,132.67		37,558,132.67
(3) Increased amount in business combination			
3. Decreased amount in the current period			
(1) Disposal			
(2) Other transfer-out			
4. Ending balance	103,008,417.68	1,062,744.00	104,071,161.68
II. Accumulated depreciation and amortization			

1. Beginning balance	6,480,766.87	336,535.60	6,817,302.47
2. Increased amount in the current period	2,439,617.59	10,627.44	2,450,245.03
(1) Accrual or amortization	2,439,617.59	10,627.44	2,450,245.03
3. Decreased amount in the current period			
(1) Disposal			
(2) Other transfer-out			
4. Ending balance	8,920,384.46	347,163.04	9,267,547.50
III. Impairment provision			
1. Beginning balance			
2. Increased amount in the current period			
(1) Provision			
3. Decreased amount in the current period			
(1) Disposal			
(2) Other transfer-out			
4. Ending balance			
IV. Book value			
1. Ending book value	94,088,033.22	715,580.96	94,803,614.18
2. Beginning book value	55,160,990.14	726,208.40	55,887,198.54

13. Fixed assets

In RMB

Item	Ending balance	Beginning balance
Fixed assets	1,585,809,148.56	1,622,235,227.74
Disposal of fixed assets	14,868.65	
Total	1,585,824,017.21	1,622,235,227.74

(1) Fixed assets

In RMB

Item	Houses and buildings	Machine and equipment	Transportation equipment	Other equipment	Total
I. Original book value:					
1. Beginning balance	1,523,220,278.27	772,545,629.62	22,374,395.72	100,291,571.58	2,418,431,875.19

2. Increased amount in the current period	20,459,727.29	47,079,335.37	411,327.43	9,696,218.33	77,646,608.42
(1) Purchase	977,189.88	2,828,491.16	411,327.43	578,489.30	4,795,497.77
(2) Transfer from construction in progress	19,482,537.41	44,250,844.21		9,117,729.03	72,851,110.65
3. Decreased amount in the current period	37,558,132.67	2,971,354.22	1,168,153.67	420,470.46	42,118,111.02
(1) Disposal or retirement		2,971,354.22	1,168,153.67	420,470.46	4,559,978.35
(2) Other decreases	37,558,132.67				37,558,132.67
4. Ending balance	1,506,121,872.89	816,653,610.77	21,617,569.48	109,567,319.45	2,453,960,372.59
II. Accumulated depreciation					
1. Beginning balance	321,138,425.43	395,184,441.84	14,716,378.28	65,157,401.90	796,196,647.45
2. Increased amount in the current period	35,424,531.71	30,617,780.33	921,753.56	6,860,725.84	73,824,791.44
(1) Provision	35,424,531.71	30,617,780.33	921,753.56	6,860,725.84	73,824,791.44
3. Decreased amount in the current period		398,543.79	897,570.06	574,101.01	1,870,214.86
(1) Disposal or retirement		398,543.79	897,570.06	574,101.01	1,870,214.86
4. Ending balance	356,562,957.14	425,403,678.38	14,740,561.78	71,444,026.73	868,151,224.03
III. Impairment provision					
1. Beginning balance					
2. Increased amount in the current period					
3. Decreased amount in the current period					
4. Ending balance					

IV. Book value					
1. Ending book value	1,149,558,915.75	391,249,932.39	6,877,007.70	38,123,292.72	1,585,809,148.56
2. Beginning book value	1,202,081,852.84	377,361,187.78	7,658,017.44	35,134,169.68	1,622,235,227.74

(2) Fixed asset without certificate of title

In RMB

Item	Book value	Reasons for failure to obtain the property right certificate
Houses and buildings	695,125,331.52	The formalities for newly built houses are being processed

(3) Disposal of fixed assets

In RMB

Item	Ending balance	Beginning balance
Disposal of fixed assets	14,868.65	0.00
Total	14,868.65	

14. Construction in progress

In RMB

Item	Ending balance	Beginning balance
Construction in process	463,232,352.92	406,258,146.69
Total	463,232,352.92	406,258,146.69

(1) Construction in progress

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction of Maoshan Intelligent Manufacturing Base infrastructure	199,024,556.32		199,024,556.32	192,769,369.56		192,769,369.56
Robam Mansion project	254,045,734.41		254,045,734.41	192,286,508.04		192,286,508.04
Project of the First Production Department	663,716.80		663,716.80	5,941,592.92		5,941,592.92
Customized management software	4,922,885.32		4,922,885.32	5,505,845.75		5,505,845.75

Project of the Third Production Department	747,113.74		747,113.74	3,855,078.16		3,855,078.16
Project of the Second Production Department	1,387,610.64		1,387,610.64	1,387,610.64		1,387,610.64
Other smaller projects	2,440,735.69		2,440,735.69	4,512,141.62		4,512,141.62
Total	463,232,352.92		463,232,352.92	406,258,146.69		406,258,146.69

(2) Current changes in major projects under construction

In RMB

Name of item	Budget	Beginning balance	Increased amount in the current period	Amount transferred into fixed assets in the current period	Other decreases in the current period	Ending balance	Proportion of accumulative construction investment in the budget	Project progress	Accumulated amount of capitalized interest	Including: capitalized interests in the current period	Interest capitalization rate in the current period	Funding source
Construction of Maoshan Intelligent Manufacturing Base infrastructure	954,238,416.50	192,769,369.56	50,254,074.86	43,998,888.10		199,024,556.32	86.27%	86.27				Others
Robam Mansion project	724,750,000.00	192,286,508.04	61,759,226.37			254,045,734.41	35.05%	35.05				Others
Total	1,678,988,416.50	385,055,877.60	112,013,301.23	43,998,888.10		453,070,290.73						

14. Right-of-use assets

In RMB

Item	Houses and buildings	Total
I. Original book value		
1. Beginning balance	33,078,049.02	33,078,049.02
2. Increased amount in the current period		
3. Decreased amount in the current period	3,146,563.11	3,146,563.11
(1) Disposal	3,146,563.11	3,146,563.11
4. Ending balance	29,931,485.91	29,931,485.91
II. Accumulated depreciation		
1. Beginning balance	10,857,904.89	10,857,904.89
2. Increased amount in the current period	2,662,033.50	2,662,033.50
(1) Provision	2,662,033.50	2,662,033.50
3. Decreased amount in the current period	129,089.76	129,089.76
(1) Disposal	129,089.76	129,089.76
4. Ending balance	13,390,848.63	13,390,848.63
III. Impairment provision		
1. Beginning balance		
2. Increased amount in the current period		
(1) Provision		
3. Decreased amount in the current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Ending book value	16,540,637.28	16,540,637.28
2. Beginning book value	22,220,144.13	22,220,144.13

Other description:

15. Intangible assets

(1) Intangible assets

In RMB

Item	Land use right	3. Patent right	Software	Trademark	Total
I. Original book value					
1. Beginning balance	224,593,935.95	7,300,000.00	66,054,963.42	24,624,622.64	322,573,522.01

2. Increased amount in the current period			2,043,855.39		2,043,855.39
(1) Purchase			766,037.73		766,037.73
(2) Internal research and development					
(3) Increased amount in business combination					
(4) Transfer from construction in progress			1,277,817.66		1,277,817.66
3. Decreased amount in the current period					
(1) Disposal					
4. Ending balance	224,593,935.95	7,300,000.00	68,098,818.81	24,624,622.64	324,617,377.40
II. Accumulated amortization					
1. Beginning balance	34,355,786.06	5,053,846.15	50,741,829.14	11,065,502.28	101,216,963.63
2. Increased amount in the current period	2,248,848.08	561,538.46	2,729,064.83	1,231,231.12	6,770,682.49
(1) Provision	2,248,848.08	561,538.46	2,729,064.83	1,231,231.12	6,770,682.49
3. Decreased amount in the current period					
(1) Disposal					
4. Ending balance	36,604,634.14	5,615,384.61	53,470,893.97	12,296,733.40	107,987,646.12
III. Impairment provision					
1. Beginning balance					
2. Increased amount in the current period					
3. Decreased amount in the current period					

4. Ending balance					
IV. Book value					
1. Ending book value	187,989,301.81	1,684,615.39	14,627,924.84	12,327,889.24	216,629,731.28
2. Beginning book value	190,238,149.89	2,246,153.85	15,313,134.28	13,559,120.36	221,356,558.38

16. Goodwill

(1) Original book value of goodwill

In RMB

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

(2) Goodwill impairment provision

In RMB

Name of investee or item that generates goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision		Disposal		
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	20,015,733.28					20,015,733.28
Total	20,015,733.28					20,015,733.28

17. Long-term deferred expenses

In RMB

Item	Beginning balance	Increased amount in the current period	Amount of amortization in the current period	Other decreases	Ending balance
Office decoration expenses	4,975,535.19	943,396.23	1,764,259.99		4,154,671.43
Service fee	568,331.27	422,287.67	181,450.61		809,168.33
Brand endorsement cost	184,204.48		78,449.44		105,755.04
Consulting fee	78,916.67	11,567.53	32,711.45		57,772.75
Environmental protection costs	45,912.29		22,767.62		23,144.67

Total	5,852,899.90	1,377,251.43	2,079,639.11		5,150,512.22
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18. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets before offset

In RMB

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Credit impairment provision	1,117,119,566.34	174,412,881.20	1,140,080,421.22	177,937,345.82
Deferred income tax assets before offset recognized based on the provisional estimated expenses	1,039,899,206.63	155,984,881.00	775,373,813.20	116,306,071.98
Changes in the fair value of other equity instrument investments	117,832,510.78	17,674,876.62	117,832,510.80	17,674,876.62
Deferred income tax assets before offset recognized based on the deferred income	82,961,858.88	12,444,278.83	86,923,728.33	13,038,559.25
Asset impairment provision	79,826,380.45	11,973,957.07	75,904,924.33	11,385,738.65
Unrealized profits of internal transactions	4,303,976.68	1,075,994.17	9,265,235.74	2,316,308.94
Deferred income tax assets before offset recognized due to equity incentive	11,327,867.57	1,743,813.08	7,950,207.60	1,239,475.54
Unrecognized financial expenses	1,334,524.36	333,631.09	3,651,876.63	912,969.16
Total	2,454,605,891.69	375,644,313.06	2,216,982,717.85	340,811,345.96

(2) Deferred income tax liabilities before offset

In RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Asset appraisal appreciation arising from business combination where the acquired company is not controlled by the same party after the combination	19,530,747.80	2,929,612.17	21,533,616.61	3,230,042.49

Temporary taxable difference incurred from pre-tax deduction of fixed assets	123,729,002.53	18,559,350.38	125,852,613.90	18,877,892.09
Total	143,259,750.33	21,488,962.55	147,386,230.51	22,107,934.58

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

In RMB

Item	Amount of deferred income tax assets offset against deferred income tax liabilities at the end of the period	Ending balance of deferred income tax assets or liabilities after offset	Initial amount of deferred income tax assets offset against deferred income tax liabilities	Beginning balance of deferred income tax assets or liabilities after offset
Deferred income tax assets		375,644,313.06		340,811,345.96
Deferred income tax liabilities		21,488,962.55		22,107,934.58

(4) Presentation of unrecognized deferred income tax assets

In RMB

Item	Ending balance	Beginning balance
Deductible tax losses	62,061,288.62	44,298,409.84
Total	62,061,288.62	44,298,409.84

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

In RMB

Year	Ending amount	Beginning amount	Remarks
2023	6,714.34	6,714.34	
2024	5,602.28	5,602.28	
2025	9,556,499.12	9,556,499.12	
2026	10,380,561.57	10,380,561.57	
2027	24,349,032.53	24,349,032.53	
2028	17,762,878.78		
Total	62,061,288.62	44,298,409.84	

19 Other non-current assets

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value

		provision			provision	
Prepayments for equipment purchase	2,123,363.72		2,123,363.72	4,082,671.76		4,082,671.76
Engineering mortgage housing*1	59,751,206.40	12,872,011.37	46,879,195.03	48,666,572.69	3,315,747.32	45,350,825.37
Total	61,874,570.12	12,872,011.37	49,002,558.75	52,749,244.45	3,315,747.32	49,433,497.13

Other description:

*1. It refers to the engineering mortgage housing and parking space that the Company has signed a debt restructuring agreement at the end of the period and completed the procedures for purchasing houses through online signing, with a total value of RMB 59,751,200 and a provision for impairment of RMB 12,872,000 Please refer to the relevant description in 2. The Company's debt restructuring matters of Section XV Other Important Matters of this report.

20.Short-term borrowings

(D)Short-term borrowing classification

In RMB

Item	Ending balance	Beginning balance
Credit borrowings*1	62,650,000.00	51,150,000.00
Mortgaged borrowings*2	13,500,000.00	
Accounts receivable factoring	6,715,891.92	573,429.99
Total	82,865,891.92	51,723,429.99

Description on the classification of short-term borrowings:

*1: Shengzhou Kinde, a subsidiary of the Company, has obtained a working capital credit loan from Shaoxing Shengzhou Branch of Bank of Communications and Shaoxing Shengzhou Branch of China Construction Bank. The loan has a term of 1 year and an interest rate range of 3.40% - 3.70%.

*2: Shengzhou Kinde, a subsidiary of the Company, has mortgaged a portion of its new factory building to Shaoxing Shengzhou Guangtong Branch of Bank of Communications for a working capital loan. The loan has a term of 1 year and an interest rate of 3.35%.

21. Notes payable

In RMB

Type	Ending balance	Beginning balance
Banker's acceptance	795,406,054.79	872,550,306.86
Total	795,406,054.79	872,550,306.86

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

In RMB

Item	Ending balance	Beginning balance
Payment for materials	1,059,832,651.57	1,179,804,339.04
Payment for expenses	1,217,692,019.85	1,004,448,565.06
Payment for construction	194,896,770.92	202,679,315.68
Payment for equipment	27,872,418.40	31,822,947.53
Total	2,500,293,860.74	2,418,755,167.31

Note: As of June 30, 2023, the balance of important accounts payable with an age of more than one year totaled RMB 54,451,132.43, mainly involving the unsettled project payments and expenses.

23. Contract liabilities

In RMB

Item	Ending balance	Beginning balance
Advances on sales	941,928,841.93	959,915,567.03
Total	941,928,841.93	959,915,567.03

24. Employee compensation payable**(1) Presentation of employee compensation payable**

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term remuneration	150,070,271.37	417,416,219.82	500,581,551.15	66,904,940.04
II. Post-employment benefits-defined contribution plan	3,696,456.80	31,866,055.19	33,632,928.80	1,929,583.19
III. Termination benefits	175,601.71	572,112.46	516,783.29	230,930.88
Total	153,942,329.88	449,854,387.47	534,731,263.24	69,065,454.11

(2) Presentation of short-term employee compensation

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Salaries, bonuses, subsidies and allowances	144,681,781.61	357,827,466.15	439,929,384.28	62,579,863.48
2. Employee welfare		12,582,379.11	12,582,379.11	
3. Social insurance	4,319,168.44	21,129,684.11	24,244,215.05	1,204,637.50
Including: medical	4,212,988.20	20,091,043.23	23,144,243.38	1,159,788.05

insurance				
Work-related injury insurance	106,180.24	1,038,640.88	1,099,971.67	44,849.45
4. Housing funds	664,905.00	18,782,832.78	19,170,734.78	277,003.00
5. Labor union and staff education expenses	404,416.32	7,093,857.67	4,654,837.93	2,843,436.06
Total	150,070,271.37	417,416,219.82	500,581,551.15	66,904,940.04

(3) Presentation of the defined contribution plans

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic pensions	3,571,259.19	30,813,899.92	32,515,092.45	1,870,066.66
2. Unemployment insurance	125,197.61	1,052,155.27	1,117,836.35	59,516.53
Total	3,696,456.80	31,866,055.19	33,632,928.80	1,929,583.19

25. Taxes payable

In RMB

Item	Ending balance	Beginning balance
Corporate income tax	120,316,589.51	70,376,526.39
VAT	88,178,502.55	56,957,133.24
House tax	10,992.77	10,345,173.49
Land use tax		4,382,947.50
City maintenance and construction tax	6,212,384.11	3,805,759.15
Individual income tax	2,128,408.21	2,226,988.94
Education surcharge	2,662,450.29	1,631,039.59
Stamp tax	215,273.42	1,538,692.42
Local education surcharge	1,774,966.96	1,087,359.86
Total	221,499,567.82	152,351,620.58

26. Other amounts payable

In RMB

Item	Ending balance	Beginning balance
Other payables	281,333,439.52	281,878,208.25
Total	281,333,439.52	281,878,208.25

(1) Other amounts payable presented by nature

In RMB

Item	Ending balance	Beginning balance
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Security deposits payable	268,251,005.52	265,582,978.77
Collections by a third party	3,509,947.18	7,285,543.45
Guarantee deposits payable	5,425,488.88	6,122,832.30
Others	4,146,997.94	2,886,853.73
Total	281,333,439.52	281,878,208.25

Note: As of June 30, 2023, the important other accounts payable with an age of more than one year totaled RMB 246,327,416.93, mainly involving the sales deposits.

27. Non-current liabilities due within one year

In RMB

Item	Ending balance	Beginning balance
Lease liabilities due within one year	3,970,613.16	5,720,175.21
Total	3,970,613.16	5,720,175.21

28. Other current liabilities

In RMB

Item	Ending balance	Beginning balance
Output VAT to be carried forward	112,459,867.60	120,126,501.73
Total	112,459,867.60	120,126,501.73

29. Lease liabilities

In RMB

Item	Ending balance	Beginning balance
Lease payment amount	20,814,370.46	28,173,738.18
Unrecognized financial expenses	-2,728,137.86	-3,864,596.28
Non-current liabilities due within one year after reclassification	-3,970,613.16	-5,720,175.23
Total	14,115,619.44	18,588,966.67

30. Deferred income

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Cause of formation
Government grants	123,912,110.43	4,900,000.00	9,823,767.55	118,988,342.88	
Total	123,912,110.43	4,900,000.00	9,823,767.55	118,988,342.88	

Items with government grants:

In RMB

Liability item	Beginning balance	Added subsidy amount in the current period	Amount included in non-operating income in the current period	Amount included in other income in the current period	Amount of cost deduction in current period	Other changes	Ending balance	Related to assets/incomes
Subsidies for factory buildings, infrastructure construction, equipment, etc. in new Chengnan District	36,988,382.11			961,898.11			36,026,484.00	Related to assets
Funds for intelligent manufacturing, integrated standard and new model application program	29,705,342.50			4,269,752.82			25,435,589.68	Related to assets
Construction of production line with an annual output of 2.25 million sets of kitchen appliances	19,757,289.36			1,288,947.10			18,468,342.26	Related to assets
Intelligent unmanned factory project based on 5G and cloud technology	15,669,066.25			1,039,424.10			14,629,642.15	Related to assets
Technological upgrading for manufacturing enterprises	8,300,000.00	4,900,000.00		711,713.40			12,488,286.60	Related to assets
Construction project of kitchen appliance R&D, design and testing center	5,769,425.16			712,343.86			5,057,081.30	Related to assets
Construction of production line with an annual output of 1.08 million sets of built-in kitchen appliances	3,569,352.75			341,245.58			3,228,107.17	Related to assets
Technological	1,842,576.75			181,798.36			1,660,778.39	Related to

upgrading project with an annual output of 500,000								assets
Robam Future Factory Project	1,118,255.66			87,829.56			1,030,426.10	Related to assets
Construction of digital intelligent workshop for smart home appliances	375,935.50			56,521.62			319,413.88	Related to assets
Development of new generation of environmentally-friendly energy-saving kitchen appliances and their production line	340,374.47			95,325.46			245,049.01	Related to assets
Recycling-centered renewal project	268,856.49			45,794.94			223,061.55	Related to assets
Academician & expert work station	166,251.24			21,860.04			144,391.20	Related to assets
Kitchen appliance R&D, design and testing center	27,322.00			3,812.40			23,509.60	Related to assets
Construction of the digital workshop with an annual output of 2.25 million sets of kitchen appliances	13,680.19			5,500.20			8,179.99	Related to assets

31. Capital stock

In RMB

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

32. Capital reserve

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital (stock) premium	401,799,332.67			401,799,332.67
Other capital reserves	8,198,332.91	3,473,641.59		11,671,974.50
Total	409,997,665.58	3,473,641.59		413,471,307.17

33. Treasury shares

In RMB

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

34. Other comprehensive incomes

In RMB

Item	Beginning balance	Amount of the current period						Ending balance
		Amount incurred before income tax in the current period	Less: amount included in other comprehensive incomes previously and then transferred into the current profit or loss	Less: amount included in other comprehensive incomes previously and then transferred into current retained earnings	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	
I. Other comprehensive incomes that cannot be reclassified into profit or loss	- 100,157,634.16							- 100,157,634.16
Changes in the fair value of other equity instrument investments	- 100,157,634.16							- 100,157,634.16
Total other comprehensive incomes	- 100,157,634.16							- 100,157,634.16

35. Surplus reserve

In RMB

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

36. Undistributed profit

In RMB

Item	Current period	Previous period
Undistributed profit at the end of previous period before adjustment	8,199,079,015.58	7,098,721,555.37
Undistributed profit at the beginning of the period after adjustment	8,199,079,015.58	7,098,721,555.37
Add: Net profits attributable to owners of the parent company in the current period	829,718,350.69	1,572,404,918.21
Ordinary share dividend transferred to capital stock	472,047,458.00	472,047,458.00
Undistributed profit at the end of the period	8,556,749,908.27	8,199,079,015.58

37. Operating income and operating cost

In RMB

Item	Amount of the current period		Amount of the previous period	
	Income	Cost	Income	Cost
Main business	4,793,316,106.76	2,305,082,060.11	4,317,490,105.88	2,205,131,842.03
Other businesses	141,553,693.39	67,013,911.39	126,819,993.81	34,888,040.50
Total	4,934,869,800.15	2,372,095,971.50	4,444,310,099.69	2,240,019,882.53

38. Taxes and surcharges

In RMB

Item	Amount of the current period	Amount of the previous period
City maintenance and construction tax	19,865,052.45	15,541,302.70
Education surcharge	14,189,320.42	11,100,930.49
House tax	1,211,155.82	309,227.61
Stamp tax	1,306,922.24	1,176,949.93
Vehicle and vessel usage tax	5,139.84	9,939.84
Land use tax	-4,374,871.70	-4,382,947.50
Others	5,252.13	4,621.17
Total	32,207,971.20	23,760,024.24

39. Sales expense

In RMB

Item	Amount of the current period	Amount of the previous period
Marketing service expenses	650,120,122.89	631,391,446.17
Advertisement expenses	356,749,434.59	259,175,406.07
Employee compensation	166,363,948.22	139,790,625.89
Booth decoration expenses	60,230,248.91	59,578,022.62
Promotional activity expenses	33,830,183.32	18,422,096.45
Material consumption	38,389,111.98	33,049,395.80
Travel expenses	11,697,748.47	6,801,054.02
Intermediary service fees	10,695,310.63	7,477,610.64
Rental fees	7,933,192.97	8,555,672.36
Business hospitality cost	9,309,526.51	7,472,828.11
Office expenses	7,850,063.78	4,560,789.33
Others	7,652,481.14	8,429,642.06
Total	1,360,821,373.41	1,184,704,589.52

40. Administrative expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Employee remuneration	109,523,028.03	91,121,750.84
Depreciation and amortization	31,430,035.98	25,271,929.68
Consulting service fees	13,684,786.20	12,229,974.53
Maintenance expenses	2,281,377.24	10,083,182.01
Office expenses	6,714,440.34	6,639,136.07
Rental and property fees	4,762,887.30	5,712,938.91
Business hospitality cost	4,660,750.07	4,374,301.07
Travel expenses	4,142,395.01	3,083,013.05
Communication expense	3,460,975.01	2,918,739.13
Costs of equity incentive	3,473,641.59	3,998,366.27
Travel expenses	2,465,253.34	2,285,073.79
Material consumption	4,742,269.13	4,431,994.70
Others	12,083,977.01	11,433,464.52
Total	203,425,816.25	183,583,864.57

41. R&D expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Employee remuneration	88,567,764.03	78,436,915.06
Direct input	65,160,510.13	73,217,115.42
Depreciation and amortization	7,419,085.38	7,636,633.77
Design fees	2,146,030.75	2,899,636.01
Other expenses	9,440,750.86	7,178,345.27
Total	172,734,141.15	169,368,645.53

42. Financial expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Interest expenses	2,707,272.10	1,018,439.59
Less: Interest income	69,274,034.42	60,042,815.83
Add: foreign exchange gain/loss	-3,213,064.29	-3,940,324.55
Add: other expenses	820,841.52	689,241.88
Total	-68,958,985.09	-62,275,458.91

43. Other incomes

In RMB

Sources generating other incomes	Amount of the current period	Amount of the previous period
Financial support fund to boost the corporate development	44,730,000.00	49,775,390.00
Amortization of deferred income	9,823,767.55	8,354,145.46
Embedded software tax refund	9,453,997.74	23,286,694.84
Special funds for industrial development	3,289,700.00	9,608,719.00
VAT exemption or reduction	922,350.00	10,643.41
Post allowance and social insurance allowance	723,791.56	1,372,323.40
Handling fee refund	684,354.91	482,308.94
R&D input grants	382,847.00	
Patent awards		1,175,521.65
Other grants	648,750.00	5,000.00
Total	70,659,558.76	94,070,746.70

44. Investment income

In RMB

Item	Amount of the current period	Amount of the previous period
Income from long-term equity investments accounted for using the equity method	-1,263,184.05	-2,947,887.32
Investment income during holding of financial assets for trading	22,986,802.86	22,116,828.43
Total	21,723,618.81	19,168,941.11

45. Loss from credit impairment

In RMB

Item	Amount of the current period	Amount of the previous period
Bad debt losses on notes receivable	14,373,972.06	163,813,946.01
Bad debt losses from accounts receivable	11,131,980.38	-158,819,085.15
Bad debt losses of other receivables	-2,215,366.04	4,029,453.07
Total	23,290,586.40	9,024,313.93

46. Loss from asset impairment

In RMB

Item	Amount of the current period	Amount of the previous period
Loss from obsolete inventory and from impairment of the cost of contract performance	5,634,807.91	24,056,013.60
Loss from non-current asset impairment	-9,556,264.05	
Total	-3,921,456.14	24,056,013.60

47. Asset disposal income

In RMB

Sources of asset disposal income	Amount of the current period	Amount of the previous period
Non-current asset disposal income	-711,723.90	37,838.75
Including: income from disposal of fixed assets	-711,723.90	37,838.75
Right-of-use asset disposal income	135,005.49	

48. Non-operating revenue

In RMB

Item	Amount of the current period	Amount of the previous period	Amount included in the current non-recurring profit or loss
Liquidated damages and fines		13,200.00	
Non-current asset scrapping income	410.00		410.00
Others	2,803,549.50	2,682,807.72	2,803,549.50
Total	2,803,959.50	2,696,007.72	2,803,959.50

49. Non-operating expenditures

In RMB

Item	Amount of the current period	Amount of the previous period	Amount included in the current non-recurring profit or loss
External donations	1,120,457.50	1,000,077.70	1,120,457.50
Amercement outlay	14,450.00	56,677.00	14,450.00
Losses from non-current asset damage or retirement	673.95	72,018.47	673.95
Others	314,293.04	429,381.96	314,293.04
Total	1,449,874.49	1,558,155.13	1,449,874.49

50. Income tax expenses**(1) Presentation of income tax expenses**

In RMB

Item	Amount of the current period	Amount of the previous period
Current income tax expenses	187,282,866.64	183,792,350.28
Deferred income tax expenses	-35,451,939.13	-52,619,931.42
Total	151,830,927.51	131,172,418.86

(2) Adjustment of accounting profit and income tax expense

In RMB

Item	Amount of the current period
Total profit	975,073,186.16
Income tax expense calculated based on statutory/applicable tax rate	146,260,977.93
Effects of the subsidiaries' application of different tax rates	-820,020.02
Effects of the adjustment of income tax in previous period	25,904.18
Effects of the non-deductible costs, expenses and losses	1,548,109.31
Effects of the deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	4,626,478.50
Profit and loss of joint ventures and associated companies accounted for by equity method	189,477.61
Income tax expense	151,830,927.51

51. Cash flow statement items**(1) Other cash received in relation to operating activities**

In RMB

Item	Amount of the current period	Amount of the previous period
Interest revenue on deposits	69,274,034.42	60,042,815.83
Government grants	56,322,854.76	63,679,906.40
Guarantee and security deposits	14,303,618.62	14,850,829.06
Letter of credit and acceptance bill margin	9,984,355.85	30,104,468.61
Revenue collected and payment made on behalf of other agencies	5,493,388.35	5,123,692.97
Cash reserve	1,343,606.65	1,233,346.31
Other payments	6,266,385.36	2,891,773.89
Total	162,988,244.01	177,926,833.07

(2) Other cash paid related to operating activities

In RMB

Item	Amount of the current period	Amount of the previous period
Period expenses	1,243,206,922.01	1,141,993,734.77
Letter of credit and acceptance bill margin	21,285,415.74	21,530,136.56
Revenue collected and payment made on behalf of other agencies	10,398,113.72	9,787,117.46
Guarantee and security deposits	8,133,397.66	13,629,302.87
Cash reserve	4,097,943.96	8,383,255.70
Others	1,336,189.77	5,565,795.10
Total	1,288,457,982.86	1,200,889,342.46

(3) Other cash received in relation to financing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Income from accounts receivable factoring	6,482,178.88	1,012,732.06
Total	6,482,178.88	1,012,732.06

(4) Other cash paid in relation to financing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Attached refund of recourse factoring		3,516,183.32
Rental	3,212,200.53	3,020,626.80
Total	3,212,200.53	6,536,810.12

52. Supplementary information of Cash Flow Statement**(1) Supplementary information of Cash Flow Statement**

In RMB

Supplementary information	Current amount	Amount of the previous period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	823,242,258.65	721,471,840.03
Add: Asset impairment provision	3,921,456.14	-24,056,013.60
Loss from credit impairment	-23,290,586.40	-9,024,313.93
Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets	76,275,036.48	60,134,937.59
Depreciation of right-of-use assets	2,662,033.50	2,735,187.20
Amortization of intangible assets	6,770,682.50	6,787,723.52
Amortization of long-term deferred expenses	2,079,639.11	2,454,162.19
Losses arising from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	576,718.41	-37,838.75

Losses on disposal of fixed assets (gains indicated with "-")	673.95	72,018.47
Losses from fair value change (gains expressed with "-")		
Financial expenses (profit shall be indicated with "-")	-1,152,076.14	-2,921,884.96
Investment losses (gains expressed with "-")	-21,723,618.81	-19,168,941.11
Decrease in deferred income tax assets (increase shall be indicated with "-")	-34,832,967.10	-54,426,406.39
Increase in deferred income tax liabilities (decrease shall be indicated with "-")	-618,972.03	1,806,474.98
Decrease in inventories (increase shall be indicated with "-")	83,112,866.12	-28,800,735.18
Decrease in operating receivables (increase shall be indicated with "-")	80,656,601.27	-137,525,667.47
Increase in operating payables (decrease expressed with "-")	-37,946,892.42	-196,645,420.26
Net cash flow from operating activities	959,732,853.23	322,855,122.33
2. Non-cash flow-involved major investing and financing activities:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under financing leases		
3. Net increase/decrease in cash and cash equivalents:		
Ending balance of cash	5,777,869,909.08	3,327,149,844.76
Less: cash beginning balance	5,196,414,341.74	3,719,988,820.35
Add: ending balance of cash equivalents		
Less: cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	581,455,567.34	-392,838,975.59

(2) Composition of cash and cash equivalents

In RMB

Item	Ending balance	Beginning balance
I.Cash	5,777,869,909.08	5,196,414,341.74
Including: cash on hand	182,584.13	85,806.05
deposits available for payment at any time	5,776,710,554.59	5,194,874,841.18
Other cash and cash equivalents available for payment at any time	976,770.36	1,453,694.51
III.Balance of cash and cash equivalents at the end of the period	5,777,869,909.08	5,196,414,341.74

53. Assets with limited ownership or right to use

In RMB

Item	Ending book value	Reasons for limit
Cash and cash equivalents	100,908,470.98	Letters of guarantee and bill acceptance margin
Cash and cash equivalents	13,000.00	ETC margin
Investment real estate	6,120,022.18	Collateral for bank loans
Fixed assets	95,880,347.37	Collateral for bank loans

Total	202,921,840.53
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54. Foreign currency monetary item

(1) Foreign currency monetary item

In RMB

Item	Ending balance in foreign currency	Exchange rate for conversion	Ending balance in RMB
Cash and cash equivalents			
Including: USD	9,596,961.05	7.2258	69,345,721.16
Euro	11.92	7.8775	93.90
Australian Dollar	858.77	4.7992	4,121.41
Accounts receivable			
Including: USD	3,338,013.85	7.2258	24,119,820.48
AUD	30.00	4.7992	143.98
Accounts received in advance			
Including: US Dollar	493,687.67	7.2258	3,567,288.37
Australian dollar	179,904.81	4.7992	863,399.16

55. Government grants

(1) Basic information of government grants

In RMB

Type	Amount	Items	Amounts included in current profits and losses
Financial support fund to boost the corporate development	44,730,000.00	Other income	44,730,000.00
Embedded software tax refund	9,453,997.74	Other income	9,453,997.74
Technological upgrading for manufacturing enterprises	4,900,000.00	Deferred income	
Special funds for industrial development	3,289,700.00	Other income	3,289,700.00
VAT exemption or reduction	922,350.00	Other income	922,350.00
Post allowance and social insurance allowance	723,791.56	Other income	723,791.56
Refund of individual income tax handling fee	684,354.91	Other income	684,354.91
R&D input grants	382,847.00	Other income	382,847.00
Other grants	648,750.00	Other income	648,750.00

VIII. Changes in the scope of consolidated financial statements

1. Changes in the scope of consolidated financial statements due to other reasons

Explanation on changes in the scope of consolidated financial statements due to other reasons (such as the establishment or liquidation of subsidiary companies, etc.) and relevant circumstances:

On May 29, 2023, the Company invested in and established Robam Appliances Holding (HK) Co., Ltd., with a registered capital of USD 500,000 and a shareholding ratio of 100%, which mainly operates investment business in Hong Kong. On June 7, 2023, Robam Appliances Holding (HK) Co., Ltd. invested in and established Robam International (HK) Trading Co., Ltd., with a registered capital of USD 500,000 and a shareholding ratio of 100%, which mainly operates the sales of kitchen appliances in overseas markets. Currently, both companies have completed the registration with the Hong Kong government, but the registered capital has not been in place and they have not been put into operation.

IX. Interests in Other Entities

1. Equity in subsidiaries

(1) Composition of the Robam Group

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

Investment Management Co., Ltd.			etc.			
Zhejiang Cookingfuture Technology Co., Ltd.	Shengzhou	Shengzhou	Smart kitchen design		32.13%	Acquisition upon its establishment
Hangzhou Jinhe Electric Appliances Co., Ltd.	Hangzhou	Hangzhou	Sales of kitchen appliances	100.00%		Acquisition upon its establishment
Robam International (HK) Trading Co., Ltd.	Hong Kong	Hong Kong	Sales of kitchen appliances	100.00%		Acquisition upon its establishment
Robam Appliances Holding (HK) Co., Ltd.	Hong Kong	Hong Kong	Asset, investment management, etc.	100.00%		Acquisition upon its establishment

Explanation on the shareholding ratio in subsidiaries that differs from the voting right ratio in subsidiaries:

Note: The Company holds 50% or less voting rights in Zhejiang Cookingfuture Technology Co., Ltd., but still maintains control over it. This is based on the fact that the Company has a controlling relationship with Shengzhou Kinde, so the Company has a controlling relationship with its holding subsidiary Zhejiang Cookingfuture Technology Co., Ltd.

(2) Major non-wholly owned subsidiaries

In RMB

Subsidiary	Proportion of shares held by minority shareholders	Gains/losses attributable to minority shareholders in the current period	Dividend declared and distributed to minority shareholders in the current period	Ending balance of minority equity
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	49.00%	-4,243,411.45		114,049,873.06
Zhejiang Cookingfuture Technology Co., Ltd.	37.00%	-2,232,758.49		8,596,471.29

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

In RMB

Subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shengzhou Kinde	120,299.90	353,312,096.86	473,607,084.76	188,128,143.55	44,127,626.95	232,255,770.50	152,256,797.00	348,855,702.41	501,112,499.41	203,576,227.80	45,292,175.50	248,868,403.30

Intelligent Kitchen Appliances Co., Ltd.												
Zhejiang Cookingfuture Technology Co., Ltd.	18,369,746.77	8,339,535.88	26,709,282.65	3,475,576.46	3,475,576.46	25,723,850.48	6,669,996.33	32,393,846.81	3,125,658.21		3,125,658.21	

In RMB

Subsidiary	Amount incurred in the current period				Amount of the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	67,284,556.69	-10,892,781.85	-10,892,781.85	-37,399,921.57	77,502,270.79	-2,848,019.82	-2,848,019.82	-21,169,064.76
Zhejiang Cookingfuture Technology Co., Ltd.	1,510,766.45	-6,034,482.41	-6,034,482.41	-8,517,161.83	593,200.02	-3,614,071.30	-3,614,071.30	-10,664,349.92

3. Equity in joint ventures or associates

(1) Important joint ventures or associates

Name of joint ventures or associates	Principal place of business	Registration place	Nature of business	Shareholding ratio		Accounting treatment for investment in joint ventures or associates
				Direct	Indirect	
De Dietrich Appliances Trading (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of kitchen appliances	51.00%		Equity method
Zhejiang Tingshuo Brand Operation Management	Hangzhou	Hangzhou	Retail	40.00%		Equity method

Co., Ltd.						
Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.	Shaoxing	Shaoxing	Kitchen appliance manufacturing	40.00%		Equity method

(2) Summary of the financial information of minor joint ventures and associates

In RMB

	Ending balance/amount incurred in current period	Beginning balance/amount of the previous period
Joint venture:		
Total book value of investment	3,272,876.08	3,824,460.03
Totals of the following items calculated as per respective shareholding proportion		
--Net profit	-551,583.95	162,760.00
-Total comprehensive income	-551,583.95	162,760.00
Associated company:		
Total book value of investment	4,182,445.49	4,894,045.59
Totals of the following items calculated as per respective shareholding proportion		
--Net profit	-711,600.10	-989,384.29
-Total comprehensive income	-711,600.10	-989,384.29

X. Risks Related to Financial Instruments

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

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

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

- Market risk price risk

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

- Credit risk

As of Friday, June 30, 2023, the biggest credit risk exposure that may bring financial loss to the Company mainly comes from the Company's financial assets loss caused by the other party's failure to perform its obligations in the contract, particularly including the loss in the book value of recognized financial assets in the consolidated balance sheet.

To reduce credit risk, the Company has a dedicated team responsible for determining the credit line, conducting credit approval and implementing other monitoring procedures, to ensure that necessary measures are taken to recover due debt. In addition, the Company reviews the recovery of each account payable on each balance sheet date, so as to ensure sufficient bad debt provisions for unrecoverable accounts. Therefore, the management of the Company holds that the credit risk faced by the Company has been significantly reduced.

The credit risk of the Company's liquid capital is low since it is deposited at banks with relatively high credit rating.

Because the risk exposures of the Company are related to multiple contracting parties and multiple clients, the Company has no major credit risk concentration.

The Company adopts necessary policies to ensure all of the clients involved in the sales of our products have good credit record. The Company has no major credit risk concentration.

Total amount of the top five accounts receivable: RMB 1,388,323,304.88.

Total amount of the top five other accounts receivable: RMB 65,690,667.35

- Liquidity risk

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

Balance on June 30, 2023:

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5,878,791,380.06				5,878,791,380.06
Financial assets held for trading	2,315,606,606.83				2,315,606,606.83
Notes receivable	697,840,910.95				697,840,910.95

Accounts receivable	1,781,653,759.34				1,781,653,759.34
Other accounts receivable	104,345,008.35				104,345,008.35
Financial liabilities					
Short-term borrowings	82,865,891.92				82,865,891.92
Notes payables	795,406,054.79				795,406,054.79
Accounts payable	2,500,293,860.74				2,500,293,860.74
Other payables	281,333,439.52				281,333,439.52
Payroll payable	69,065,454.11				69,065,454.11
Other current liabilities	112,459,867.60				112,459,867.60
Non-current liabilities due within one year	3,970,613.16				3,970,613.16
Lease liabilities		3,760,929.49	5,367,442.53	4,987,247.42	14,115,619.44

- Sensitivity analysis of foreign exchange risk

The exchange rate risk borne by the Company is mainly associated with US Dollar, Euro, Australian Dollar, etc. The foreign exchange risk borne by the Company is mainly associated with US Dollar (which shall be changed according to relevant realities). The Company's main business activities are priced and settled in Renminbi. As of June 30, 2023, the Company's balances of assets and liabilities are in RMB (except for the balance of the assets and liabilities in foreign currency in "Foreign currency monetary item" in this Note). Exchange risk resulting from the assets and liabilities whose balances are in foreign currency may affect the Company's performance.

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

XI. Disclosure of Fair Value

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

In RMB

Item	Ending fair value			
	Fair value measurement (Level 1)	Fair value measurement (Level 2)	Fair value measurement (Level 3)	Total
I. Continuous fair value measurement	--	--	--	--
(I) Financial assets held for trading			2,315,606,606.83	2,315,606,606.83
1. Financial assets measured at fair value			2,315,606,606.83	2,315,606,606.83

with changes included in current profit or loss				
(I) Financial products			2,315,606,606.83	2,315,606,606.83
(III) Investment in other equity instruments			2,116,023.22	2,116,023.22
Total assets measured continuously at fair value			2,317,722,630.05	2,317,722,630.05
II. Non-continuous fair value measurement	--	--	--	--

2. Adjustment information between the beginning and ending book values and sensitivity analysis of unobservable parameters for the items involved in Level 3 continuous fair value measurement

Item	June 30, 2023 Fair value	Valuation techniques	Significant unobservable value	Relationship between unobservable value and fair value
financial products	2,315,606,606.83	Optimal fair value estimation	Investment cost	—
Investment in other equity instruments	2,116,023.22	Optimal fair value estimation	Investment cost	—

Note: Due to the deteriorating operating environment, operating conditions and financial status of the invested company, Suzhou Industrial Park Ruican Investment Enterprise (Limited Partnership), the Company measured its fair value at zero yuan as a reasonable estimate.

XII. Related Party and Related Party Transactions

1. The Company's parent company

Parent company	Registration place	Nature of business	Registered capital	Proportion of the voting right of the parent company	Proportion of Company's shares held by 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. The Company's subsidiaries

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

3. Other related parties

Name of other related parties	Relation between other related parties and the Company
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Hangzhou Amblem Household Co., Ltd.	Controlled by the same ultimate controlling party
Hangzhou Yuhang Robam Fuel Station Co., Ltd.	Controlled by the same ultimate controlling party
Hangzhou Nbond Nonwovens Co., Ltd.	Controlled by the same ultimate controlling party
Hangzhou Yuhang Yaguang Spray Coating Factory	Other related parties
Hangzhou City Garden Hotel Co., Ltd.	Other related parties
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Controlled by the same ultimate controlling party
Shaoxing Kinde Electric Appliances Co., Ltd.	Other related parties
Hangzhou Guoguang Touring Commodity Co., Ltd.	Controlled by the same ultimate controlling party
Hangzhou Xiaozhijia Health Care Product Co., Ltd.	Controlled by the same ultimate controlling party
Hangzhou Linping ROBAM Charity Foundation	Other related parties
Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.	Other related parties
Hangzhou Runqun Hardware Co., Ltd.	Other related parties

4. Related transactions

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

Table of the purchasing of goods and receiving of labor services

In RMB

Related parties	Description of the connected transactions	Amount of the current period	Trading limit approved	Whether exceeds the approved limited or not (Y/N)	Amount of the previous period
Hangzhou Amblem Household Co., Ltd.	Purchase of goods	845,058.44	845,058.44	No	19,517,425.33
Hangzhou Yuhang Yaguang Spray Coating Factory	Receiving of labor services	805,737.85	805,737.85	No	3,910,128.45
Hangzhou Xiaozhijia Health Care Product Co., Ltd.	Purchasing of goods	1,046,680.73	1,046,680.73	No	1,767,541.39
Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.	Purchase of goods	439,198.72	439,198.72	No	376,177.00
Hangzhou Yuhang Robam Fuel Station Co., Ltd.	Purchase of goods	429,770.25	429,770.25	No	485,747.10
Zhejiang Tingshuo Brand Operation Management Co., Ltd.	Receiving of labor services	0	0	No	200,000.00
Hangzhou Guoguang Touring Commodity Co.,	Purchase of goods	13,954.34	13,954.34	No	85,584.42

Ltd.					
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Purchase of goods	4,470.08	4,470.08	No	8,344.42
Hangzhou Runqun Hardware Co., Ltd.	Receiving of labor services	3,569,947.74	3,569,947.74	No	0

Table of goods sales/labor service provision

In RMB

Related parties	Description of the connected transactions	Amount of the current period	Amount of the previous period
Hangzhou Amblem Household Co., Ltd.	Sale of goods	1,629,834.52	2,332,591.12
Hangzhou linping ROBAM Charity Foundation	Sale of goods	1,001,649.72	696,446.84
Hangzhou Nbond Nonwovens Co., Ltd.	Sale of goods	16,429.20	10,746.90

(2) Related lease

The Company acts as the lessor:

In RMB

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

The Company acts as the Lessee:

In RMB

Lessor	Type of leased asset	Rental expenses for simplified short-term leases and leases of low-value assets (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rental paid		Interest expense incurred on lease liabilities		Increased right-of-use assets	
		Amount incurred in the current period	Amount of the previous period	Amount incurred in the current period	Amount of the previous period	Amount incurred in the current period	Amount of the previous period	Amount incurred in the current period	Amount of the previous period	Amount incurred in the current period	Amount of the previous period
Hangzhou Robam Industrial Group Co., Ltd.	Housing					275,012.28	275,012.28				

6. Amounts receivable and payable of related parties

(1) Accounts receivable

In RMB

Name of item	Related parties	Ending balance		Beginning balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Accounts receivable	Hangzhou Amblem Household Co., Ltd.	2,043,521.00		1,432,274.00	
Prepayments	Hangzhou Xiaozhijia Health Care Product Co., Ltd.			3,769.89	
Accounts receivable	Hangzhou Nbond Nonwovens Co., Ltd.	12,000.00			
Accounts receivable	Hangzhou linping ROBAM Charity Foundation	966,744.00			

(2) Accounts payable

In RMB

Name of item	Related parties	Book balance at the end of the period	Initial book balance at the beginning of the period
Accounts payable	Hangzhou Yuhang Robam Fuel Station Co., Ltd.	3,033,735.55	2,548,095.18
Accounts payable	Hangzhou Runqun Hardware Co., Ltd.	2,984,762.46	
Accounts payable	Hangzhou Amblem Household Co., Ltd.	1,344,844.58	4,386,391.83
Accounts payable	Hangzhou Xiaozhijia Health Care Product Co., Ltd.	481,898.83	
Accounts payable	Shaoxing Shuaige Kitchen & Bathroom Technology Co., Ltd.	95,111.00	298,021.70
Accounts payable	Hangzhou Yuhang Yaguang Spray Coating Factory		3,043,849.87
Accounts payable	Hangzhou Guoguang Touring Commodity Co., Ltd.		6,963.19
Other payables	Hangzhou Yuhang Yaguang Spray Coating Factory	200,000.00	200,000.00
Other payables	Hangzhou Amblem Household Co., Ltd.	5,000.00	
Other payables	Hangzhou Guoguang Touring Commodity Co., Ltd.	2,000.00	2,000.00

XIII. Share Payment

1. Overview of share payment

Applicable Not applicable

In RMB

Total amount of equity instruments granted by the Company in the current period	5,520,000.00
Total amount of equity instruments exercised by the Company in the current period	0.00
Total amount of invalid equity instruments of the Company in the current period	2,554,000.00
The range of exercise price and remaining contract term of the Company's outstanding stock options at the end of the period.	The exercise price of the 2021 Stock Option Incentive Plan is RMB 36.57/share, with a remaining term of 1-2 years; the exercise price of the 2022 Stock Option Incentive Plan is RMB 29.27/share, with a remaining term of 1-3 years; the exercise price of the 2023 Stock Option Incentive Plan is RMB 22.51/share, with a remaining term of 1-3 years.

Other description

1) 2021 Stock Option Incentive Plan

In April 2021, the Company granted stock options to 138 middle-level managers and key technical (business) backbone personnel, with a total of 3.04 million shares and an exercise price of RMB 36.57 /share.

In April 2022, due to the failure to meet the exercise conditions of the first exercise period of the stock options under the Company's 2021 Stock Option Incentive Plan and the departure of 4 incentive targets who no longer meet the incentive conditions, the Company cancelled 1.264 million stock options.

In May 2023, due to the failure to meet the exercise conditions of the second exercise period of the stock options under the Company's 2021 Stock Option Incentive Plan and the departure of 13 incentive targets who no longer meet the incentive conditions, the Company cancelled 945,000 stock options.

2) 2022 Stock Option Incentive Plan

In April 2022, the Company granted stock options to 282 middle-level managers and key technical (business) backbone personnel, with a total of 4.78 million shares and an exercise price of RMB 29.27 /share.

In May 2023, due to the failure to meet the exercise conditions of the first exercise period of the stock options under the Company's 2022 Stock Option Incentive Plan and the departure of 13 incentive targets who no longer meet the incentive conditions, the Company cancelled 1,609,000 stock options.

3) 2023 Stock Option Incentive Plan

On April 25, 2023, the Company held the 14th meeting of the 5th Board of Directors, deliberating and adopting the *Proposal on 2023 Stock Option Incentive Plan (Draft) of the Company and Its Summary* and other related proposals. On May 18, 2023, the Proposal was approved by the 2022 Annual Shareholders' Meeting of the Company. On June 20, 2023, the stock options were actually granted, with a total of 325 incentive targets, 5.52 million options granted and an exercise price of RMB 22.57 /share.

2. Equity-settled share-based payment

Applicable Not applicable

In RMB

Method for determining the fair value of equity instruments	The Company evaluates the fair value of stock options
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on the grant date	using the internationally recognized Black-Scholes option pricing model.
basis for determining the number of vested equity instruments	Best estimate of the number of vested equity instruments
Reasons for material differences between the current estimate and the previous estimate	Not Applicable
Cumulative amount of equity-settled share-based payments included in the capital reserve	11,327,867.55
Total expense recognized for equity-settled share-based payments in the current period	3,473,641.59

XIV. Commitments and Contingencies

1. Major commitments

(1) Major commitments on the balance sheet date

The Company committed to investing RMB 4 million in Zhejiang Tingshuo Brand Operation Management Co., Ltd., of which RMB 2 million has been paid in, accounting for 40% of the shares. The remaining RMB 2 million has not been paid in.

In addition to the above commitments, as of the day of submission of the Financial Statements, the Company has no other major commitments.

XV. Events After the Balance Sheet Date: None

XVI. Other Significant Events

1. Debt restructuring

As of June 30, 2023, the Company's situation regarding the signing of the engineering mortgage housing agreement and the completion of procedures for purchasing houses through online signing is as follows:

Item	Amount of debt repayment agreement signed	Including: Completion of procedures for online signing and delivery of houses Amount required for the procedures	Amount required in case of unfinished procedures for online signing and delivery of houses
Real estate clients	329,839,806.74	70,422,825.01	259,416,981.73
Total	329,839,806.74	70,422,825.01	259,416,981.73

The Company signed a engineering mortgage housing agreement with the aforementioned real estate clients, involving a total accounts receivable balance of RMB 329,839,800. The procedures for online signing and delivery of the portion of RMB 70,422,800 has been completed, and the recognition of creditor's rights on accounts receivable has been terminated. The fair value of the real estate used for debt repayment at the time of debt restructuring is presented in the item of other non-current assets, with a fair value of the portion of RMB 70,422,800 confirmed through public market inquiry. The Company paid a price difference of RMB 2,588,700 in cash. At the time of debt restructuring, there was no profit or loss from the restructuring. The procedures for online signing and filing of the houses have not yet been completed for the remaining portion of RMB

259,417,000. The Company has not terminated the recognition of the creditor's rights on accounts receivable and has made a bad debt provision at an expected credit loss rate of 20%.

As of June 30, 2023, the Company has no other significant events to be disclosed.

XVII. Notes to Main Items of the Financial Statements of the Parent Company

1. Accounts receivable

(1) Classified disclosure of accounts receivable

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Accounts receivable with individual bad debt provisions	1,491,018,527.24	53.38%	951,136,758.57	63.79%	539,881,768.67	1,543,955,986.32	58.11%	972,062,395.33	62.96%	571,893,590.99
Including:										
Bad debt provisions by individual item	1,491,018,527.24	53.38%	951,136,758.57	63.79%	539,881,768.67	1,543,955,986.32	58.11%	972,062,395.33	62.96%	571,893,590.99
Accounts receivable with a collective bad debt provision	1,302,130,129.47	46.62%	75,770,563.31	5.82%	1,226,359,566.16	1,112,930,148.56	41.89%	64,280,210.58	5.78%	1,048,649,937.98
Including:										
Accounts receivable grouped according	139,822,432.68	5.01%			139,822,432.68	99,792,768.36	3.76%			99,792,768.36

g to related parties										
Multiple accounts receivable which are grouped by expected credit loss based on their age characteristics and with a collective bad debt provision	1,162,307,696.79	41.61%	75,770,563.31	6.52%	1,086,537,133.48	1,013,137,380.20	38.13%	64,280,210.58	6.34%	948,857,169.62
Total	2,793,148,656.71	100.00%	1,026,907,321.88	36.77%	1,766,241,334.83	2,656,886,134.88	100.00%	1,036,342,605.91	39.01%	1,620,543,528.97

Bad debt provisions by individual item:

In RMB

Name	Ending balance			
	Book balance	Bad debt reserve	Percentage of provision	Reasons for provision
Unit 1	657,106,467.98	657,106,467.98	100.00%	Debt default
Unit 2	527,846,545.67	158,353,963.70	30.00%	Overdue debt
Unit 3	116,422,160.38	47,034,405.36	40.40%	Overdue debt
Unit 4	31,086,961.45	6,217,392.29	20.00%	Overdue debt
Unit 5	28,139,039.02	19,225,685.81	68.32%	Overdue debt
Unit 6	24,428,569.14	6,195,424.47	25.36%	Overdue debt
Unit 7	22,763,973.13	15,934,781.19	70.00%	Debt default
Unit 8	14,080,420.74	8,587,655.52	60.99%	Overdue debt
Unit 9	13,773,333.34	3,646,561.03	26.48%	Overdue debt
Unit 10	13,671,133.59	6,306,115.04	46.13%	Overdue debt
Unit 11	8,644,489.50	6,051,142.65	70.00%	Debt default
Unit 12	8,009,318.82	2,345,903.11	29.29%	Overdue debt
Unit 13	5,797,448.18	4,058,213.73	70.00%	Debt default
Unit 14	4,204,830.93	2,943,381.65	70.00%	Debt default
Unit 15	3,660,575.03	1,415,427.52	38.67%	Overdue debt
Unit 16	11,383,260.34	5,714,237.52	50.20%	Expected to be exposed to recovery risk
Total	1,491,018,527.24	951,136,758.57		

Collective bad debt provision: for multiple accounts receivable grouped by expected credit loss based on their age

characteristics, their bad debts are provided for collectively.

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Percentage of provision
With 1 year	985,880,622.44	49,294,031.12	5.00%
1-2 years	131,537,661.51	13,153,766.15	10.00%
2-3 years	35,221,158.95	7,044,231.79	20.00%
3-4 years	5,656,362.68	2,828,181.34	50.00%
4-5 years	2,807,691.48	2,246,153.18	80.00%
More than 5 years	1,204,199.73	1,204,199.73	100.00%
Total	1,162,307,696.79	75,770,563.31	

Description on basis for determining combination:

Collective bad debt provision: Accounts receivable grouped according to related parties with a collective bad debt provision

In RMB

Name	Ending balance		
	Book balance	Bad debt reserve	Percentage of provision
Accounts receivable grouped according to related parties	139,822,432.68		
Total	139,822,432.68		

Description on basis for determining combination:

If the bad debt provisions for accounts receivable is recognized in accordance with the expected general credit loss model, please disclose the relevant information of the bad debt provisions in the same manner as the disclosure of other accounts receivable.

Applicable Not applicable

Disclosed based on the aging

In RMB

Aging	Ending balance
Within 1 year (including 1 year)	1,399,469,771.05
Within 1 year (including 1 year)	1,399,469,771.05
1-2 years	1,025,247,285.91
2-3 years	350,955,036.85
More than 3 years	17,476,562.90
3-4 years	7,049,658.47
4-5 years	5,578,741.55
More than 5 years	4,848,162.88
Total	2,793,148,656.71

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

Bad debt provision in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or	Write-off	Others	

			reversal			
Bad debt reserves for accounts receivable	1,036,342,605.91	29,121,357.11	38,556,641.14			1,026,907,321.88
Total	1,036,342,605.91	29,121,357.11	38,556,641.14			1,026,907,321.88

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

In RMB

Unit	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of bad debt reserves
Unit 1	527,846,545.62	18.90%	158,353,963.69
Unit 2	452,376,997.98	16.19%	452,376,997.98
Unit 3	147,390,416.19	5.28%	7,369,520.81
Unit 4	95,125,955.20	3.40%	95,125,955.20
Unit 5	83,153,664.86	2.98%	4,157,683.24
Total	1,305,893,579.85	46.75%	

(4) Amount of assets and liabilities arising from the transfer of accounts receivable and continued involvement

Asset item	Ending balance	Liability item	Ending balance
Accounts receivable factoring	6,715,891.92	Short-term borrowings	6,715,891.92

2. Other accounts receivable

In RMB

Item	Ending balance	Beginning balance
Dividends receivable		10,200,000.00
Other accounts receivable	94,065,660.85	73,700,676.77
Total	94,065,660.85	83,900,676.77

(1) Dividends receivable

1) Classification of dividends receivable

In RMB

Item (or investee)	Ending balance	Beginning balance
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.		10,200,000.00
Total		10,200,000.00

(2) Other accounts receivable**1) Classification of other accounts receivable by nature**

In RMB

Nature of receivable	Book balance at the end of the period	Initial book balance at the beginning of the period
Collections by a third party	66,011,015.04	50,695,825.81
Security/guarantee deposits	32,855,617.64	30,213,932.48
Related transactions	4,064,000.00	4,064,000.00
Withholdings	5,886,431.32	4,337,682.15
Cash reserve	3,227,223.76	1,972,794.63
Others	1,026,223.49	6,022.00
Total	113,070,511.25	91,290,257.07

2) Bad debt provision

In RMB

Bad debt reserve	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss over the entire duration (with credit impairment)	
Balance as of January 1, 2023	17,589,580.30			17,589,580.30
Balance on January 1, 2023 in the current period				
Provision in the current period	1,415,270.10			1,415,270.10
Balance as of June 30, 2023	19,004,850.40			19,004,850.40

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

Applicable Not applicable

Disclosed based on the aging

In RMB

Aging	Ending balance
Within 1 year (including 1 year)	87,477,200.35
Within 1 year (including 1 year)	87,477,200.35
1-2 years	6,791,034.68
2-3 years	4,704,106.97
More than 3 years	14,098,169.25
3-4 years	1,572,867.85
4-5 years	1,503,349.00
More than 5 years	11,021,952.40
Total	113,070,511.25

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

Bad debt provision in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Others	
Bad debt provision for other receivables	17,589,580.30	1,415,270.10				19,004,850.40
Total	17,589,580.30	1,415,270.10				19,004,850.40

4) Top five debtors with the largest ending balances of other accounts receivable

In RMB

Unit	Nature of receivable	Ending balance	Aging	Proportion in the total ending balance of other accounts receivable	Ending balance of bad debt reserves
Unit 1	Collections by a third party and unit deposits	42,067,468.93	0-3 years	37.21%	2,146,623.45
Unit 2	Collections by a third party and unit deposits	5,948,313.58	With 1 year	5.26%	297,415.68
Unit 3	Collections by a third party and unit deposits	5,747,755.08	0-5 years and above	5.08%	334,887.75
Unit 4	Collections by a third party and unit deposits	5,512,168.68	0-3 years	4.88%	316,415.93
Unit 5	Unit deposits	5,500,000.00	Within 1 year	4.86%	275,000.00
Total		64,775,706.27		57.29%	3,370,342.81

3. Long-term equity investment

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	267,352,263.19	20,400,000.00	246,952,263.19	267,279,396.10	20,400,000.00	246,879,396.10
Investments in joint ventures and associated companies	3,870,729.69	0.00	3,870,729.69	4,890,453.34	0.00	4,890,453.34
Total	271,222,992.88	20,400,000.00	250,822,992.88	272,169,849.44	20,400,000.00	251,769,849.44

(1) Investment in subsidiaries

In RMB

Investee	Beginning balance (book value)	Increase/decrease in the current period				Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Negative investment	Impairment provision	Others		
Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd.	162,320,000.00					162,320,000.00	
Hangzhou MingQi Electric Co., Ltd.	52,275,243.18	72,867.09				52,348,110.27	
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	630,900.00					630,900.00	20,400,000.00
Shanghai Robam Appliances Sales Co., Ltd.	5,838,272.10					5,838,272.10	
Beijing Robam Appliances Sales Co., Ltd.	5,814,980.82					5,814,980.82	
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	10,000,000.00					10,000,000.00	
Hangzhou Jinhe Electric Appliances Co., Ltd.	10,000,000.00					10,000,000.00	
Robam International (HK) Trading Co., Ltd.							
Robam Appliances Holding (HK) Co., Ltd.							
Total	246,879,396.10	72,867.09				246,952,263.19	20,400,000.00

(2) Investment in joint ventures and associated companies

In RMB

Investor	Beginning balance (book value)	Increase/decrease in the current period								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Negative investment	Investment profit or loss recognized using the equity method	Adjustment of other comprehensive incomes	Other changes in equity	Cash dividends or profits declared and distributed	Impairment provision	Others		
I. Joint venture											
De Dietrich Trade (Shanghai) Co., Ltd.	3,824,460.03			-551,583.95						3,272,876.08	
Subtotal	3,824,460.03			-551,583.95						3,272,876.08	
II. Associated enterprises											二、联营企业
Zhejiang Tingshuo Brand Operation Management Co., Ltd.	1,065,993.31			-468,139.70						597,853.61	
Subtotal	1,065,993.31			-468,139.70						597,853.61	
Total	4,890,453.34			-1,019,723.65						3,870,729.69	0.00

4. Operating income and operating cost

In RMB

Item	Amount of the current period		Amount of the previous period	
	Income	Cost	Income	Cost
Main business	4,362,487,508.28	2,211,299,281.37	4,044,712,473.72	2,113,758,543.93
Other businesses	127,661,267.93	61,625,299.63	114,887,076.86	33,163,443.14
Total	4,490,148,776.21	2,272,924,581.00	4,159,599,550.58	2,146,921,987.07

5. Investment income

In RMB

Item	Amount of the current period	Amount of the previous period
Income from long-term equity investments accounted for using the equity method	-1,019,723.65	-2,947,887.32
Investment income during holding of financial assets for trading	22,815,337.74	20,586,968.04
Total	21,795,614.09	17,639,080.72

XVIII. Supplementary Information**1. Breakdown of non-recurring profits and losses in the current period**Applicable Not applicable

In RMB

Item	Amount	Description
Gains and losses on disposal of non-current assets (including the part written-off with provision for asset impairment accrued)	-576,982.36	
Government subsidy included in current gains and losses (except the government subsidy closely related to the Company's normal business, in line with national policy and enjoyed by quota or ration in accordance with the unified national standard)	60,521,206.11	
Reversal of impairment provision for accounts receivable tested for impairment separately	38,556,641.14	
Other non-operating revenues and expenses except the above items	1,354,348.96	
Less: Affected amount of income tax	15,524,210.60	
Affected amount of minority shareholders' equity	1,304,629.94	
Total	83,026,373.31	--

Explanation on the circumstance where items of the non-recurring gains and losses listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Profits and Losses* (referred to as "Announcement No.1") are defined as recurring profits and losses

Applicable Not applicable

Item	Amount	Reasons
VAT exemption, reduction or refund	9,453,997.74	National tax policy, regular business
Refund of individual income tax handling fee	684,354.91	National tax policy, regular business

Total	10,138,352.65	—
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2. Return on net assets and earnings per share (EPS)

Profit within the Reporting Period	Weighted average return on net assets	EPS	
		Basic earnings per share (EPS) (RMB/share)	Diluted EPS (RMB/share)
Net profit attributable to common stockholders of the Company	8.24%	0.87	0.87
Net profit attributable to common shareholders of the Company after deducting non-recurring profits and losses	7.42%	0.79	0.79

3. Accounting data differences under domestic and foreign accounting standards

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

Applicable Not applicable

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

Applicable Not applicable

(3) Explanation of the reasons of accounting data differences under domestic and foreign accounting standards shall be made, and where data audited by an overseas audit institution has been adjusted based on the differences, the name of the overseas institution shall be indicated.

4. Others