

**Hangzhou ROBAM Appliances Co., Ltd.**  
**2023 Annual Report**

**ROBAM老板**

**April 2024**

## 2023 Annual Report

### Section 1 Important Notes, Contents and Definitions

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

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

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

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

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

## Contents

<b>Section 1 Important Notes, Contents and Definitions .....</b>	<b>2</b>
<b>Section 2 Company Profile and Major Financial Indicators .....</b>	<b>6</b>
<b>Section 3 Management Discussion and Analysis .....</b>	<b>10</b>
<b>Section 4 Corporate Governance .....</b>	<b>22</b>
<b>Section 5 Environmental and Social Responsibility .....</b>	<b>39</b>
<b>Section 6 Important Matters .....</b>	<b>40</b>
<b>Section 7 Changes in Shares and Shareholders .....</b>	<b>45</b>
<b>Section 8 Information Related to Preferred Shares .....</b>	<b>50</b>
<b>Section 9 Bond-related Information .....</b>	<b>51</b>
<b>Section 10 Financial Report .....</b>	<b>52</b>

## **Directory of documents available for inspection**

- I. Financial statements containing signatures of the legal representative, the head of accounting work, and the head of accounting body with seals.
- II. Original audit report stamped by ShineWing Certified Public Accountants (Special general partnership) and signed and stamped with the certified public accountants.
- III. Original copies of the documents and announcement of the Company published on the newspaper designated by the CSRC in the reporting period.
- IV. 2023 annual report of the Company signed by the legal representative.
- V. Other relevant information.

## Definitions

Terms	Refers to	Definition
The Company, company, Robam Appliances	Refers to	Hangzhou ROBAM Appliances Co., Ltd.
Mingqi	Refers to	Hangzhou Mingqi Electric Co., Ltd.
Kinde Intelligent	Refers to	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.
Jinhe Electric Appliances	Refers to	Hangzhou Jinhe Electric Appliances Co., Ltd
ROBAM Group	Refers to	Hangzhou Robam Industrial Group Co., Ltd., controlling shareholder of the Company
Reporting period	Refers to	Year 2023
AVC	Refers to	Beijing All View Cloud Data Technology Co., Ltd.

## Section 2 Company Profile and Major Financial Indicators

### I. Company Information

Stock abbreviation	ROBAM	Stock code	002508
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	Hangzhou ROBAM Appliances Co., Ltd.		
Company short name in Chinese	ROBAM		
Company name in foreign language (if any)	HANGZHOU ROBAM APPLIANCES CO.,LTD.		
Company short name in English (if any)	ROBAM		
Legal representative of the Company	Ren Jianhua		
Registered address	No. 592 Linping Av., Yuhang Economic Development Zone, Yuhang District, Hangzhou City, Zhejiang Province		
Postal code of the registered address	311100		
Historical changes of the Company's registered address	N/A		
Office address	No. 592 Linping Av., Linping District, Hangzhou, China		
Postal code of the office address	311100		
Company website	www.robam.com		
Email	robam@robam.com		

### II. Contact Person and Contact Information

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

### III. Information Disclosure and Keeping Place

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

### IV. Registration Changes

Uniform social credit code	91330000725252053F
Changes in main business since the Company's listing (if any)	N/A
Changes of controlling shareholders (if any)	N/A

### V. Other Relevant Information

Accounting firm engaged by the Company

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

Name of signatory accountant	Lei Yongxin, Wang Qing
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The sponsor institution engaged by the Company to perform the continuous supervision responsibility during the reporting period

Applicable  Not applicable

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

Applicable  Not applicable

## VI. Major Accounting Data and Financial Indicators

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

Yes  No

	2023	2022	Increase/decrease in this year as compared to the previous year	2021
Operating income (yuan)	11,201,895,774.27	10,271,500,571.04	9.06%	10,147,706,035.35
Net profits attributable to shareholders of listed companies (yuan)	1,732,789,332.13	1,572,404,918.21	10.20%	1,331,712,059.03
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses (yuan)	1,583,568,042.64	1,479,102,088.00	7.06%	1,276,853,316.64
Net cash flow from operating activities (yuan)	2,391,921,812.71	1,944,786,304.02	22.99%	1,365,377,219.33
Basic EPS (yuan/share)	1.83	1.67	9.58%	1.41
Diluted EPS (yuan/share)	1.83	1.67	9.58%	1.41
Weighted average return on net assets	16.78%	17.21%	Decreased by 0.43%	15.78%
	End of 2023	End of 2022	Increase/decrease at the end of this year as compared to the end of the previous year	End of 2021
Total assets (yuan)	16,779,531,315.72	15,039,825,287.53	11.57%	13,906,035,181.12
Net assets attributable to shareholders of listed companies (yuan)	10,522,938,731.68	9,732,463,766.91	8.12%	8,627,026,739.27

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

Yes  No

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

Yes  No

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

## VIII. Key Quarterly Financial Indicators

Unit: yuan

	Q1	Q2	Q3	Q4
Operating income	2,177,271,694.59	2,757,598,105.56	2,998,449,763.72	3,268,576,210.40
Net profits attributable to shareholders of listed companies	388,734,141.35	440,984,209.34	543,262,685.56	359,808,295.88
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses	341,448,848.17	405,243,129.21	536,650,325.69	300,225,739.57
Net cash flow from operating activities	181,762,454.94	777,970,398.29	434,844,723.63	997,344,235.85

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

Yes  No

## IX. Non-recurring Profit and Loss Items and Amount

Applicable  Not applicable

Unit: yuan

Item	Amount in 2023	Amount in 2022	Amount in 2021	Description
Profits and losses on the disposal of non-current assets (including the write-off of the provision for asset impairment)	-1,212,528.65	113,456.26	-2,290,187.24	
Government subsidies included into current profits and losses (except those government subsidies that are closely related to normal business of the Company, comply with national policies and regulations, enjoyed according to defined criteria, and have an ongoing impact on the Company's profit or loss)	82,547,062.16	101,963,275.49	65,893,969.94	
Reversal of impairment provision for receivables subject to separate impairment test	98,986,397.46	24,667,546.54	1,034,992.00	
Income and expenditure other than those mentioned above	-1,838,686.70	-2,044,818.28	-2,306,626.52	
Minus: Amount affected by income tax	27,437,027.69	26,789,339.27	6,738,387.65	
Amount of minority shareholders' equity affected (after tax)	1,823,927.09	4,607,290.53	735,018.14	
Total	149,221,289.49	93,302,830.21	54,858,742.39	--

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

Applicable  Not applicable

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

Description of recurring profit and loss items



Applicable  Not applicable

Item	Amount involved (yuan)	Cause
VAT exemption or reduction or refund	90,681,056.87	National tax policies, recurring business
Individual income tax service charge refund	684,354.91	National tax policies, recurring business

## Section 3 Management Discussion and Analysis

### I. Industry Situation of the Company During the Reporting Period

In 2023, the kitchen appliance industry experienced a recovery after five years of consecutive decline. The demand for updating kitchen appliances began to be gradually released, and the overall sales of the industry improved, but we could see that the strong will be strong forever. According to the retail data released by All View Cloud (AVC), the retail sales of kitchen and bathroom appliances (such as range hoods, gas hobs, electric water heaters, gas water heaters, sterilizer cabinets, dishwashers, built-in appliances, water purifiers, and integrated stoves) in 2023 amounted to RMB 166.9 billion, representing a year-on-year increase of 5.3%. Among them, the total sales of rigid demand categories (range hoods, gas hobs, electric water heaters, gas water heaters) was RMB 99.8 billion, representing a year-on-year increase of 6.5%; the total sales of the categories with a demand for quality (sterilizer cabinets, dishwashers, built-in appliances, water purifiers) was RMB 42.3 billion, representing a year-on-year increase of 8.6%; the total sales of integrated stoves was RMB 24.9 billion, representing a year-on-year decrease of 4.0%.

Accompanied by consumer grading, the kitchen appliance industry in China is experiencing a new stage of development, and the transformation of kitchen life centered on health, wholeness and intelligence is constantly speeding up. Consumers pursue products with powerful functions and comfortable experience, and their demand for health and aesthetics acts as a product innovation driving factor. The kitchen appliance industry will develop in an intelligent and integrated way. With the continuous development of Internet of Things, artificial intelligence and other technologies, kitchen appliance products will become more intellect, and integrated design will also improve kitchen space utilization and product aesthetics. In addition, environmental protection and energy saving are also the future development priorities of the kitchen appliance product industry. With the increasing global environmental awareness, more attention to sustainable development will be paid in the design of kitchen appliance products. As the concentration of brands in the industry continues to improve, consumers are increasingly trusting in well-known brands. At the same time, with the expansion of market scale and the intensification of competition, there will be more opportunities and challenges in the kitchen appliance industry in the future.

According to the *National Economic and Social Development Statistics Bulletin 2023* issued by the National Bureau of Statistics, at the end of 2023, the urbanization rate of the permanent population in China was 66.2%, representing an increase of 0.98% over the end of the previous year. Compared to the urbanization rate of over 80% in developed countries, there is a broad development prospect for the kitchen appliance industry. The urbanization in China is developing in the middle stage, and is developing towards the goal of high-quality. In 2023, the demand for upgrading was increasing, and the trend of upgrading kitchen appliance categories in China will continue.

### II. Main Business of the Company during Reporting Period

Dedicated to creating a new quality kitchen for millions of families, the Company takes foot in the kitchen field and focuses on the development, production, sales and comprehensive services of kitchen appliances, including range hoods, gas hobs, dishwashers, steam oven-oven and integrated stoves, etc., and it is committed to creating a more "convenient, healthy and interesting" kitchen life for millions of families. After 45 years of development and growth, the Company has become the manufacturer with the longest history, the highest market share and the largest production capacity in the Chinese kitchen appliance industry.

According to product attributes and cooking methods, the Company's products are mainly divided into three categories. The first category refers to the product group represented by range hoods. The second category refers to the electrified cooking product group represented by steam oven-oven, steamer and oven. The third category refers to the water kitchen appliance product group represented by dishwashers, gas water heater and water purifier. In addition, it also includes integrated product groups represented by integrated stoves and integrated range hoods, etc., as well as refrigerators and other categories, providing consumers with a full set of kitchen appliance solutions.

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

- 1) Offline retail channels: mainly based on the national agent model of ROBAM, with the main channels divided into specialty stores (agent specialty stores, Red Star Macalline, Easyhome, etc.), KA (Suning, Five Star and local chain channels), home decoration channels (home decoration companies and gas companies), customization channel (whole house customization companies) and sinking channels (JD specialty stores, Tmall Youpin, Suning Retail Cloud etc.).
- 2) Online e-commerce channels: mainly directly operated by the Company's e-commerce department. The main channels include online platforms such as JD, Tmall and Douyin, as well as other media platforms (new media social networking, official website, private domain, TV shopping, etc.).
- 3) Refined decoration engineering channels: central enterprises and state-owned enterprises (national real estate enterprises with state-owned assets background), strategic consumers (well-managed national private real estate enterprises) and regional engineering customers (mainly local urban investment and urban construction units at present).
- 4) Overseas channels: North America, Oceania, Malaysia, Thailand and ASEAN region.

### III. Analysis of Core Competitiveness

No significant change in the Company's core competitiveness during the reporting period: The Company's core competitiveness is

mainly reflected in the high-end positioned the brand capacity, continuous innovative research and development capacity, comprehensive and efficient operation capacity.

### **1. Brand capability of high-end positioning**

Founded in 1988, the ROBAM continues to deepen the positioning of "big suction" and create high-end brand experience. "Big suction" has become the synonym of "high-end range hood", and the ROBAM has become one of the most famous and favorite professional high-end kitchen appliance brands in China. Since 1991, ROBAM range hood has won the only "Quality Silver Award of the People's Republic of China", "China Famous-brand Product", "National Inspection-free Product" in the kitchen appliance industry; ROBAM has been recognized as "China Famous Brand"; ROBAM has won "Most Influential Brand in China's Kitchen Appliance Industry" and "China's 500 Most Valuable Brands". In addition, ROBAM Appliances has been rated as one of the "BrandZ Top 100 Most Valuable Chinese Brands" for 7 consecutive years, and awarded the "Top 500 Asian Brands" for 15 consecutive years. In 2018, ROBAM Appliances put forward a new brand concept, that is, to "Creating China's new kitchen." ROBAM Appliances became the CCTV's leading national brand in the world and won the 2019-2020 High-end Brand Award from China National Household Electric Appliances Commercial Association. ROBAM range hoods and built-in gas hobs have led the global sales for 9 consecutive years, and large kitchen appliances for cooking have led the global sales for 3 consecutive years.

### **2. R&D capability of continuous innovation**

The Company adheres to the principle of "product leading" and constantly pursues "technology leading". The Company now has a national enterprise technology center, a national industrial design center, acting as a national intellectual property advantage enterprise and a model enterprise, and has set up California Innovation Research Institute, Shenzhen Innovation Research Institute and workstation for academicians from Tsinghua University. With industry-leading national industry designs, intelligent manufacturing technology and superior product quality, ROBAM Appliances has already evolved into a market leader, an industry standard advocate, and a CSR forerunner. In 2023, the Company won the first, second and third prizes of Science and Technology Progress Award by China National Light Industry Council, the honor of advanced collective in standardization work in 2021-2022, the China Patent Award for Excellent Appearance awarded by China National Intellectual Property Administration, the Award for Innovation Achievement of Household Appliances by China Household Electrical Appliances Association, and the second prize of Quality Project Award by China Association for Quality. At the same time, it has been standing at the industry leading level in R&D team, R&D patents, standard formulation and other aspects. Since 2008, ROBAM Appliances has won more than 80 product design awards, including authoritative awards at home and abroad, such as Germany IF, Germany Red Dot, and China Red Star, leading the trend of kitchen appliance product design. The Company has authorized a total of 4,484 patents, covering all major categories of kitchen ecology supporting easy cooking with superb technologies.

### **3. Comprehensive and efficient operation capability**

The Company has the leading marketing capability in the industry: by adopting the only agency marketing mode in the industry, the Company has created the most comprehensive, efficient and responsive marketing system in the industry through strong management and control, equity incentive and the de facto business partner system. The Company deepens intelligent manufacturing and refined operation. It was awarded the "National Top 100 Quality Inspection Integrity Benchmark" and "National Excellent Quality and Excellent Credit Enterprise" in 2020. The Company focuses on global manufacturing and strives to become a first-class manufacturing benchmark in China. In 2021, it listed in the first batch of enterprises that were awarded the "Future Factory" medals by the Economy and Information Technology Department of Zhejiang. In addition, the Company accelerates the integration of digitization and informatization, focuses on the interactive innovation and continuous optimization of data, technology, business process and organizational structure, constantly improves new capabilities in the informatization environment, and improves the sustainable competitiveness in domestic and foreign markets. At the same time, the Company is also a provincial industrial Internet platform and has become one of the first batch of "Kunpeng" enterprises in Hangzhou.

## **IV. Main Business Analysis**

### **1. Overview**

In 2023, with the market environment gradually getting back on track, household consumption gradually recovered, but the recovery speed of home appliance market lagged behind the overall consumption. Due to the fact that the real estate market is still in the process of clearing, and that the kitchen appliance products market in China has not fully entered the stock market, the kitchen appliance products market has achieved a slight growth. In terms of retail channel, according to the monthly report on offline retail market monitoring of All View (hereinafter referred to as "All View Offline Report"), the retail sales of main categories of kitchen appliances, such as range hoods and gas hobs, decreased by 6.1% and 4.5% respectively as compared to the same period of last year. In terms of e-commerce channel, according to the monthly report on online retail market monitoring of All View (hereinafter referred to as "All View Online Report"), the online retail sales of kitchen appliance products increased by 5.9% as compared to the same period of last year. In terms of engineering channel, according to the monitoring data of All View Cloud (AVC), there were 1,524 projects of kitchen appliances in the fine decoration market as a whole (range hoods, gas hobs, sterilizers, dishwashers, single-function machines and all-in-one machines), representing a year-on-year decrease of 21.2%, and the market scale was 2,531,500 sets, representing a year-on-year decrease of 32.9%.

As the industry leader, the Company closely focused on the annual business philosophy of "building dreams and traveling far, innovating and reforming for success", to make the market share of various categories stay ahead in the industry, and the market

concentration increasing. According to All View Online Report, the retail sales market share of the ROBAM kitchen appliance package was 31.5%, increasing by 1.00% as compared to the same period of last year. According to All View Offline Report, the retail sales market share of ROBAM's range hoods, gas hobs and built-in dishwasher were 31.0%, 30.0% and 19.6% respectively, staying ahead in the industry. In the face of severe external environment, the Company achieved an annual operating income of RMB 11.202 billion, representing a year-on-year increase of 9.06%. The net profit attributable to shareholders of listed companies was RMB 1.733 billion, representing a year-on-year increase of 10.20%, which were significantly superior to the average level of the industry.

As of December 31, 2023, according to the All View offline report, the market share and market position of the offline retail sales of Company's major product categories are shown in the following table:

Range hood	Gas hobs	Built-in steam oven-oven	Built-in dishwasher	Built-in electric oven	Built-in electrical steam oven	Sterilizer cabinet
30.97%	30.02%	31.45%	19.59%	27.52%	26.81%	19.99%
1	1	1	2	2	2	2

As of December 31, 2023, according to the All View online report, the market share and market position of the online retail sales of Company's major product categories are shown in the following table:

Range hood and gas hob packages	Kitchen appliance packages	Range hood	Gas hobs	Built-in steam oven-oven	Built-in electrical steam oven	Built-in dishwasher
32.86%	31.47%	17.95%	12.44%	15.06%	17.58%	8.66%
1	1	1	3	3	3	5

As of December 31, 2023, according to the All View Cloud (AVC) Real Estate Report, the market share of ROBAM in refined decoration channel was 31.9%, ranking first in the industry.

In 2023, the technology sector continued to focus on product innovation, technology innovation and management innovation. In terms of product innovation, the Company developed 263 new products and completed the development of 163 projects. At the end of the reporting period, the Company had 4,484 valid patents, including 161 invention patents; In 2023, it applied for 1,530 patents, including 617 invention patents. In terms of technology innovation, the Company realized voice control, voiceprint recognition and multi dialect recognition in all product categories, and realized an increase of the satisfaction of user commands by 8%. The Company completed IoT platform construction, supporting the long connection of hundreds of millions of devices, and the fastest App communication speed increased by 300%, meeting users' requirements for daily online needs and the responsiveness during peak hours. It upgraded image and AI algorithms and applied them to the recognition of ingredients and cooking maturity, achieving a breakthrough application in all-in-one machine products. In terms of management innovation, the Company set up the Digital Kitchen Appliance Research Institute to rapidly iterate the organizational structure and realize the dual-wheel drive of traditional kitchen appliances and digital kitchen appliances. During the reporting period, the Company led the formulation of 12 industry standards, including 1 international proposal, 1 national standard, 1 industry standard and 9 group standards. It also participated in the formulation of 18 standards, including 7 national standards, 2 industrial standards and 9 group standards.

In 2023, the marketing sector focused on "cooking, reconstructing the future of the enterprise", becoming a provider of overall solutions for the entire cooking link, comprehensively promoting the great transformation from the view point of users and reformation from the view point of sales on the basis of meeting user demands and growth requirements. In terms of retail channels, the Company adhered to the high-end positioning of the brand, continuously optimized the layout of stores, increased the proportion of larger stores, and achieved remarkable results in the construction of high-end brands; expanded penetration into the low-end market and completed the sampling of thousands of booths and thousands of stores; made its effort from the view point of users to consistently improve performance of the specialty stores. In terms of e-commerce channels, the Company strengthened brand positioning, made new and old media work together, efficiently tapped traffic value and revitalized the potential of stock market. In terms of engineering channels, the Company optimized customer structure and strengthened risk management awareness, kept the market advantage of old categories, and stimulated the improvement of permeability of new categories. In terms of overseas channels, the Company accelerated the market layout in North America, Australia and Southeast Asia, and the opening of the largest overseas flagship exhibition hall, i.e., the flagship exhibition hall in Gold Coast, Australia, and the first flagship store in Southeast Asia; accelerated the mode transformation, established the Hong Kong subsidiary, and actively promoted the transformation of overseas markets to "localized" operations; upgraded the Australian brand strategy, and established the agency engineering company to enter the local engineering market.

In 2023, under the guidance of the Company's three-year strategy, the production sector took "making all efforts, and focusing on innovation and change" as the core, focused on users and resources, constantly evolving and innovating, and realizing business fission and upgrading. The Company made every effort to meet marketing and market demand, and strove to become one of the manufacturing benchmarks with the strongest comprehensive competitiveness in China manufacturing industry. It deepened the comprehensive cost management system, built refined cost management ability, realized the evolution of whole-link organization management thinking, and established a reasonable analysis model of all elements such as procurement, manufacturing, logistics and quality to provide a basis for scientific cost decision-making; Identified the core factors affecting cost to realize a scientific cost control.

In 2023, the brand sector adhered to the high-end positioning and showed the new charm of technological kitchens. It built the world's first global culinary arts center with a scale of more than 8,000 square meters, which is based on an international perspective, links the past and the future, and spread China's culinary culture to the world through four dimensions of physical sensation and emotion, inheritance and innovation, science and humanity, China and the world; held the first China Kitchen Ecology Summit, put forward the new idea of "reconstructing the whole cooking link" ushering in the new positioning of the corporate brand as "a solution provider of the whole cooking chain"; With the help of popular spokesperson Wang YiBo, the brand became more rejuvenated and was known outside of fixed circle, and the brand awareness was effectively improved; made a contribution to the Green Asian Games with science and technology, and combined international sports events with high-end brand of kitchen appliances, to comprehensively help the brand to be a high-end and international brand. In addition, the Company took "new pragmatism" as the new positioning of famous brands, made a significant impact and debuted in the industry through the ecological conference. After years of brand operation, it has formed a diversified brand matrix with ultra-high-end Dize, high-end ROBAM, practical Mingqi, young DACHOO and dedicated Kinde.

In 2023, the Company strengthened the brand positioning of new pragmatism kitchen appliances of Mingqi, realizing the complementary positioning with the brand of ROBAM, and meeting the needs of consumers at more levels. In 2023, the Company focused on e-commerce and fully integrate sinking channels; Reconstruct the existing channels of Mingqi, and vigorously layout specialty stores through channel efficiency reform to achieve high-quality and rapid development.

In 2023, the Company continued to be recognized by the capital market in terms of corporate governance, information disclosure and shareholder return. It was awarded level A (Excellent) in the 2022 Annual Information Disclosure Assessment of listed companies in Shenzhen Stock Exchange, and has won this award for ten consecutive years. Its MSCI ESG rating was grade BBB, ranking high among global peer (household durable goods) companies. In 2023, the Company adopted an annual special dividend plan to realize a high-frequency dividend plan of two dividends each year.

The company has gradually built a normalized long-term incentive mechanism for employees, and launched the *2023 Stock Option Incentive Plan* in 2023, with the intention of providing stock option incentives for the Company's middle-level core business and technical backbones, so as to stabilize the constitution of cadres and consolidate the Company's long-term development foundation. At the same time, the Company has been adhering to standard operation, focusing on the culinary field, adhering to the value investment concept, so as to promote continuous high-quality development of the Company.

## 2. Revenue and Costs

### (1) Operating income composition

Unit: yuan

	2023		2022		Year-on-year increase / decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	11,201,895,774.27	100%	10,271,500,571.04	100%	9.06%
By industry					
Home and kitchen & bath appliances	10,897,226,245.68	97.28%	9,981,652,062.48	97.18%	9.17%
Other business income	304,669,528.59	2.72%	289,848,508.56	2.82%	5.11%
By product					
First category group					
Including: Range hood	5,321,818,112.20	47.51%	4,832,350,321.78	47.05%	10.13%
Gas hobs	2,671,006,229.35	23.84%	2,456,953,764.20	23.92%	8.71%
Sterilizer cabinet	469,017,537.92	4.19%	477,168,426.61	4.65%	-1.71%
Second category group:					
Including: Steam oven-oven	687,442,329.04	6.14%	739,678,668.33	7.20%	-7.06%
Steamer	67,504,610.84	0.60%	99,986,752.60	0.97%	-32.49%
Oven	72,428,048.34	0.65%	82,492,751.09	0.80%	-12.20%
Third category group					
Including: Dishwasher	759,704,720.62	6.78%	593,794,747.49	5.78%	27.94%
Water purifier	40,342,365.31	0.36%	54,081,866.41	0.53%	-25.41%
Water heaters	233,127,380.39	2.08%	192,404,223.01	1.87%	21.17%

Integrated stove	464,053,178.10	4.14%	384,843,160.10	3.75%	20.58%
Other small home appliances	110,781,733.57	0.99%	67,897,380.86	0.66%	63.16%
Other business income	304,669,528.59	2.72%	289,848,508.56	2.82%	5.11%
<b>By region</b>					
East China	5,710,688,604.56	50.98%	5,264,129,155.10	51.25%	8.48%
South China	1,374,869,975.07	12.27%	1,269,202,599.03	12.36%	8.33%
Central China	928,415,707.26	8.29%	859,455,161.51	8.37%	8.02%
North China	1,122,210,085.76	10.02%	1,250,622,282.44	12.18%	-10.27%
Northeast China	508,004,826.92	4.53%	484,194,864.36	4.71%	4.92%
Northwest China	571,241,367.26	5.10%	444,338,961.01	4.33%	28.56%
Southeast China	918,587,632.28	8.20%	637,508,722.80	6.21%	44.09%
Overseas regions	67,877,575.16	0.61%	62,048,824.79	0.60%	9.39%
<b>Distribution model</b>					
Sales by proxy	2,922,898,630.55	26.09%	2,446,494,399.39	23.82%	19.47%
Sales by dealers	238,597,540.87	2.13%	301,984,213.55	2.94%	-20.99%
Direct sales	5,862,114,658.80	52.33%	5,402,928,683.48	52.60%	8.50%
Engineering	2,075,246,482.42	18.53%	2,058,478,176.62	20.04%	0.81%
Other	103,038,461.63	0.92%	61,615,098.00	0.60%	67.23%

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

Applicable  Not applicable

Unit: yuan

	Operating income	Operating cost	Gross margin ratio	Year-on-year increase / decrease of operating income	Year-on-year increase / decrease of operating cost	Year-on-year increase / decrease of gross margin ratio
<b>By industry</b>						
Home and kitchen & bath appliances	10,897,226,245.68	5,369,816,850.21	50.72%	9.17%	6.95%	1.02%
<b>By product</b>						
Range hood	5,321,818,112.20	2,448,401,656.97	53.99%	10.13%	4.97%	2.26%
Gas hobs	2,671,006,229.35	1,181,321,519.98	55.77%	8.71%	5.94%	1.16%
<b>By region</b>						
East China	5,710,688,604.56	2,628,225,105.38	53.98%	8.48%	6.06%	1.05%
South China	1,374,869,975.07	744,925,498.58	45.82%	8.33%	8.20%	0.07%
North China	1,122,210,085.76	522,974,774.14	53.40%	-10.27%	-15.74%	3.03%
<b>Distribution model</b>						
Sales by proxy	2,922,898,630.55	1,628,494,098.25	44.28%	19.47%	13.30%	3.03%
Direct sales	5,862,114,658.80	2,461,006,814.46	58.02%	8.50%	2.21%	2.58%
Engineering	2,075,246,482.42	1,204,600,439.46	41.95%	0.81%	12.47%	-6.02%

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

Applicable  Not applicable

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

Yes  No

Industry category	Item	Unit	2023	2022	Year-on-year increase / decrease
Home and kitchen & bath appliances	Sales quantity	Unit	8,443,155	7,757,460	8.84%
	Production output	Unit	8,183,261	7,557,374	8.28%
	Inventory	Unit	1,815,258	2,075,152	-12.52%

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

Applicable  Not applicable

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

Applicable  Not applicable

**(5) Composition of operating cost**

Industry and product categories

Unit: yuan

Industry category	Item	2023		2022		Year-on-year increase / decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Home and kitchen & bath appliances	Manufacturing costs	539,639,570.43	9.76%	517,639,044.69	10.07%	-0.31%
	Raw materials	4,817,498,668.82	87.15%	4,425,668,122.58	86.15%	1.00%
	Labor	170,510,467.04	3.08%	194,061,590.88	3.78%	-0.70%

Unit: yuan

Product Classification	Item	2023		2022		Year-on-year increase / decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Range hood	Manufacturing costs	295,799,517.99	5.36%	282,015,436.10	5.49%	-0.13%
	Raw materials	2,060,227,230.75	37.27%	1,946,232,805.60	37.88%	-0.61%
	Labor	92,374,908.23	1.67%	104,134,091.03	2.03%	-0.36%
Gas hobs	Manufacturing costs	55,020,078.83	1.00%	58,395,892.78	1.14%	-0.14%
	Raw materials	1,107,454,139.18	20.03%	1,031,439,648.62	20.08%	-0.05%
	Labor	18,847,301.97	0.34%	25,298,764.37	0.49%	-0.15%
Dish-washing machine	Manufacturing costs	40,428,624.44	0.73%	39,309,333.79	0.77%	-0.04%
	Raw materials	356,401,487.47	6.45%	275,583,128.32	5.36%	1.09%
	Labor	11,707,351.31	0.21%	12,107,381.36	0.24%	-0.03%
Steam oven-oven	Manufacturing costs	35,045,428.88	0.63%	37,886,184.41	0.74%	-0.11%
	Raw materials	288,290,318.22	5.22%	317,516,080.41	6.18%	-0.96%
	Labor	13,706,404.30	0.25%	16,540,158.74	0.32%	-0.07%
Other	Manufacturing costs	113,345,920.29	2.05%	100,032,197.61	1.95%	0.10%

	ing costs					
	Raw materials	1,005,125,493.20	18.18%	854,896,459.63	16.64%	1.54%
	Labor	33,874,501.23	0.61%	35,981,195.38	0.70%	-0.09%

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

Yes  No

This year, the consolidation scope of the Company was expanded due to the establishment of ROBAM Appliances (Hong Kong) Holdings Limited and ROBAM International (Hong Kong) Trading Co., Ltd.

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

Applicable  Not applicable

**(8) Major sales customers and major suppliers**

Major sales customers of the Company

Total sales amount of top five customers (yuan)	3,257,684,970.96
Proportion of total sales amount of top five customers in total annual sales	29.08%
Among the sales amount of top five customers, proportion of sales amount of related parties in total annual sales	0.00%

Top 5 customers of the Company

No.	Customer name	Sales Amount (yuan)	Proportion in total annual sales
1	Unit 1	2,059,743,978.25	18.39%
2	Unit 2	425,775,717.09	3.80%
3	Unit 3	310,634,662.78	2.77%
4	Unit 4	301,210,212.83	2.69%
5	Unit 5	160,320,400.01	1.43%
Total	--	3,257,684,970.96	29.08%

Other information of major customers

Applicable  Not applicable

Major suppliers of the Company

Total purchase amount of top five suppliers (yuan)	748,045,432.37
Proportion of total purchase amount of top five suppliers in total annual purchase amount	16.79%
Among the purchase amount of top five suppliers, proportion of purchase amount of related parties in total annual purchase amount	0.00%

Top 5 suppliers of the Company

No.	Supplier name	Purchase amount (yuan)	Proportion in total annual purchase amount
1	Unit 1	209,031,127.99	4.69%
2	Unit 2	182,048,964.93	4.09%
3	Unit 3	130,788,476.89	2.94%
4	Unit 4	116,363,171.88	2.61%
5	Unit 5	109,813,690.68	2.47%
Total	--	748,045,432.37	16.79%

Other information of major suppliers

Applicable  Not applicable



### 3. Expenses

Unit: yuan

	2023	2022	Year-on-year increase / decrease	Description of major changes
Selling expenses	3,002,418,651.54	2,613,626,073.89	14.88%	/
Management costs	469,622,072.60	430,968,403.74	8.97%	/
Financial expenses	-188,927,736.59	-157,222,288.61	20.17%	/
Research and development expenses	387,368,591.97	391,614,805.38	-1.08%	/

### 4. R&D investment

Applicable  Not applicable

R&D personnel of the Company

	2023	2022	Proportion of change
Number of R&D personnel (person)	919	929	-1.08%
Proportion of R&D personnel	16.76%	18.23%	-1.47%
Educational structure of R&D personnel			
Bachelor	677	683	-0.88%
Master	152	146	4.11%
Age composition of R&D personnel			
Under 30 years old	285	297	-4.04%
30~40 years old	492	476	3.36%

R&D investment of the Company

	2023	2022	Proportion of change
R&D investment amount (yuan)	387,368,591.97	391,614,805.38	-1.08%
Proportion of R&D investment in operating revenue	3.46%	3.81%	-0.35%
Capitalized amount of R&D investment (yuan)	0.00	0.00	0.00%
Proportion of capitalized R&D investment in R&D investment	0.00%	0.00%	0.00%

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

### 5. Cash flow

Unit: yuan

Item	2023	2022	Year-on-year increase / decrease
Subtotal cash inflows from operating activities	12,586,117,255.55	11,572,752,136.63	8.76%
Subtotal cash outflows from	10,194,195,442.84	9,627,965,832.61	5.88%

operating activities			
Net cash flow from operating activities	2,391,921,812.71	1,944,786,304.02	22.99%
Subtotal cash inflows from investment activities	2,398,275,667.27	3,038,030,947.22	-21.06%
Subtotal cash outflows from investment activities	7,673,482,106.87	3,082,085,886.40	148.97%
Net cash flow from investment activities	-5,275,206,439.60	-44,054,939.18	Not applicable
Subtotal cash inflows from financing activities	92,260,296.65	66,662,732.06	38.40%
Subtotal cash outflows from financing activities	528,201,490.92	496,668,186.35	6.35%
Net cash flow from financing activities	-435,941,194.27	-430,005,454.29	Not applicable
Net increase of cash and cash equivalents	-3,318,247,983.65	1,476,425,521.39	-324.75%

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

Applicable  Not applicable

During the reporting period, the cash outflows from investment activities increased by 148.97% year on year, which was mainly due to the holding to maturity of the bank time deposit plan, which was classified as an impact on investment activities according to accounting standards.

During the reporting period, the cash inflows from financing activities increased by 38.40% year on year, which was mainly due to the increase in bank loan and factoring amount received with recourse.

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

Applicable  Not applicable

## V. Non-main Business Analysis

Applicable  Not applicable

## VI. Analysis of Assets and Liabilities

### 1. Major changes in asset composition

Unit: yuan

	End of 2023		Beginning of 2023		Proportion change	Description of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,985,050,745.11	11.83%	5,292,762,670.94	35.19%	-23.36%	The increase in unmaturing large-amount certificates of deposit this year are presented separately in other current assets and other non-current assets
Accounts receivable	1,810,015,596.33	10.79%	1,689,606,828.94	11.23%	-0.44%	/
Inventory	1,524,274,720.24	9.08%	1,610,110,798.10	10.71%	-1.63%	/
Investment properties	91,136,832.31	0.54%	55,887,198.54	0.37%	0.17%	/
Long-term	8,427,450.24	0.05%	8,718,505.62	0.06%	-0.01%	/

equity investment						
Fixed assets	1,720,724,257.46	10.25%	1,622,235,227.74	10.79%	-0.54%	/
Construction in progress	359,768,699.68	2.14%	406,258,146.69	2.70%	-0.56%	/
Right-of-use assets	13,802,458.98	0.08%	22,220,144.13	0.15%	-0.07%	/
Short-term borrowing	95,003,320.70	0.57%	51,723,429.99	0.34%	0.23%	/
Contract liabilities	1,019,942,923.58	6.08%	959,915,567.03	6.38%	-0.30%	/
Lease liabilities	10,750,792.90	0.06%	18,588,966.67	0.12%	-0.06%	/

The proportion of overseas assets is relatively high

Applicable  Not applicable

## 2. Assets and liabilities measured with fair value

Applicable  Not applicable

Unit: yuan

Item	Opening balance	Closing balance
1. Trading financial assets (excluding derivative financial assets)	2,511,844,508.00	2,730,000,000.00
4. Other equity instrument investments	2,116,023.22	2,116,023.22
5. Other non-current financial assets		480,000,000.00
Total	2,513,960,531.22	3,212,116,023.22
Financial liabilities	0.00	0.00

Other changes

During the reporting period, there was no significant change in the measurement attributes of the Company's mainly assets.

Yes  No

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

Item	Year-end balance	Year-beginning balance
Guarantee deposit	83,153,343.90	76,092,305.89
Bill deposit	23,717,043.12	20,243,023.31
ETC deposit	14,000.00	13,000.00
Fixed assets	99,401,869.39	
Intangible assets	25,884,399.80	
Total	232,170,656.21	96,348,329.20

## VII. Analysis of Investment

### 1. Overall situation

Applicable  Not applicable

### 2. Significant equity investments acquired during the reporting period

Applicable  Not applicable

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

Applicable  Not applicable

#### 4. Financial asset investment

##### (1) Securities investments

Applicable  Not applicable

The Company had no securities investments in the reporting period.

##### (2) Derivatives investment

Applicable  Not applicable

The Company had no derivatives investments in the reporting period.

#### 5. Use of funds raised

Applicable  Not applicable

No funds raised are used in the reporting period.

### VIII. Sales of Major Assets and Equities

#### 1. Sales of major assets

Applicable  Not applicable

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

#### 2. Sales of major equities

Applicable  Not applicable

### IX. Analysis of Main Holding and Joint-stock Companies

Applicable  Not applicable

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

Unit: yuan

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Shanghai ROBAM Electric Appliance Sales Co., Ltd.	Subsidiary	Sales of kitchen appliance products	5000000	67,134,261.10	-29,054,984.52	436,895,754.03	-31,355,406.40	-31,567,117.47
Beijing ROBAM Electric Appliance Sales Co., Ltd.	Subsidiary	Sales of kitchen appliance products	5000000	78,993,404.66	38,269,878.69	272,095,407.85	-2,973,382.84	-2,841,643.89
Hangzhou Mingqi Electric Co., Ltd.	Subsidiary	Sales of kitchen appliance products	50000000	180,177,694.43	36,036,569.13	453,350,093.28	-14,191,217.68	-14,134,887.70
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Subsidiary	Production and sales of kitchen appliance products	32653061	450,515,484.94	213,943,713.65	148,506,855.32	-34,323,268.83	-32,142,248.55

Acquisition and disposal of subsidiaries during the reporting period

Applicable  Not applicable

Description of main holding and joint-stock companies

### X. Structured Entities Controlled by the Company

Applicable  Not applicable

### XI. Prospect of the Company's Future Development

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

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

**Strategic direction:** Focus, innovation, transformation

**Strategy description: Company development strategy (2023--2025)**

Focus on the cooking track, on the basis of "upgrading value, focusing on users, promoting synergy and creating growth", and drive "product innovation, model innovation and system innovation" through digital kitchen appliances, continuously expand the core business advantages, quickly break through the strategic business bottleneck, build the core competitiveness based on "science + humanity" and create a new ROBAM!

**Strategic objective:**

Create a new Robam by 2025.

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

Applicable  Not applicable

Reception time	Reception place	Reception way	Type of received object	Received object	Main points of discussion and information provided	Basic information index of the survey
January 10, 2023	Company	Field survey	Organization	Organization	<i>Record Chart of Investor Relation Activities on January 10-11, 2023</i>	<i>Record Chart of Investor Relation Activities on January 10-11, 2023</i>
September 12, 2023	Company	Field survey	Organization	Organization	<i>Record Chart of Investor Relation Activities on September 12-14, 2023</i>	<i>Record Chart of Investor Relation Activities on September 12-14, 2023</i>
December 05, 2023	Company	Field survey	Organization	Organization	<i>Record Chart of Investor Relation Activities on December 5, 2023</i>	<i>Record Chart of Investor Relation Activities on December 5, 2023</i>

## XIII. Implementation of the Action Plan of "Double Improvement of Quality and Return"

Whether the Company has disclosed the Action Plan for "Double Improvement of Quality and Return".

Yes  No

## Section 4 Corporate Governance

### I. Basic State of Corporate Governance

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

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

#### (1) Shareholders and shareholders' meeting

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

#### (2) Company and controlling shareholders

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

#### (3) Directors and board of directors

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

#### (4) Supervisors and Board of Supervisors

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

#### (5) Performance Evaluation and Incentive and Restraint Mechanisms

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

#### (6) Information Disclosure and Transparency

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

#### (7) Stakeholder

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

## (8) Internal Audit System

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

Whether there is significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the listed corporate governance issued by China Securities Regulatory Commission.

Yes  No

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

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

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

## III. Horizontal Competition

Applicable  Not applicable

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

### 1. General meeting of shareholders during the reporting period

Meeting session	Meeting type	Investor participation proportion	Convening date	Date of disclosure	Meeting resolution
Annual general meeting of shareholders in 2022	Annual general meeting of shareholders	61.55%	May 18, 2023	May 19, 2023	<i>Announcement of Resolutions of 2022 Annual General Meeting of Shareholders (Announcement No.: 2023-025)</i>
First extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	61.11%	August 18, 2023	August 19, 2023	<i>Announcement of Resolutions of 2023 First Extraordinary General Meeting of Shareholders (2023-039)</i>
Second extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	62.68%	December 29, 2023	December 30, 2023	<i>Announcement of Resolutions of 2023 Second Extraordinary General Meeting of Shareholders (Announcement No.: 2023-057)</i>

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

Applicable  Not applicable

## V. Directors, Supervisors and Senior Management

### 1. Basic information

Name	Gender	Age	Position	Status of service	Start date of tenure	End date of tenure	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)
Ren Jianhua	Male	67	Chairman	Incumbent	August 18, 2023	August 17, 2026	5,923,150	5,923,150
Ren Fujia	Male	40	Deputy	Incumbent	August 18, 2023	August 17, 2026	2,100,075	2,100,075

Name	Gender	Age	Position	Status of service	Start date of tenure	End date of tenure	Number of shares held at the beginning of the period (shares)	Number of shares held at the end of the period (shares)
	e		chairman, general manager	nt				
Xia Zhiming	Male	48	Director and deputy general manager	Incumbent	August 18, 2023	August 17, 2026	411,950	411,950
He Yadong	Male	49	Director and deputy general manager	Incumbent	August 18, 2023	August 17, 2026	411,950	411,950
Zhao Jihong	Male	61	Director	Incumbent	August 18, 2023	August 17, 2026	1,267,565	1,267,565
Wang Gang	Male	48	Director, secretary to the board of directors	Incumbent	August 18, 2023	August 17, 2026	576,750	576,750
Ren Luozhong	Male	61	Director	Leaving office	August 18, 2020	August 17, 2023	1,267,562	1,267,562
Shen Guoliang	Male	58	Director	Leaving office	August 18, 2020	August 17, 2023	1,143,264	1,143,264
Chen Yuanzhi	Male	46	Independent director	Incumbent	August 18, 2023	August 17, 2026	0	0
Yu Lieming	Male	46	Independent director	Incumbent	August 18, 2023	August 17, 2026	0	0
Cheng Zhiyong	Male	44	Independent director	Incumbent	August 18, 2023	August 17, 2026	0	0
He Yuanfu	Male	68	Independent director	Leaving office	August 18, 2020	August 17, 2023	0	0
Ren Luozhong	Male	61	Chairman of the board of supervisors	Incumbent	August 18, 2023	August 17, 2026	1,267,562	1,267,562
Zhang Linyong	Male	58	Supervisor	Incumbent	August 18, 2023	August 17, 2026	834,315	834,315
Shen Guoliang	Male	58	Supervisor	Incumbent	August 18, 2023	August 17, 2026	1,143,264	1,143,264
Tang Genquan	Male	63	Employee supervisor	Incumbent	August 18, 2023	August 17, 2026	834,312	834,312
Wang Fang	Female	34	Employee supervisor	Incumbent	August 18, 2023	August 17, 2026	0	0
Zhang Songnian	Male	57	Supervisor	Leaving office	August 18, 2020	August 17, 2023	834,312	834,312
Shen Yueming	Male	64	Supervisor	Leaving office	August 18, 2020	August 17, 2023	53,875	53,875
Zhang Huifen	Female	45	Employee supervisor	Leaving office	August 18, 2020	August 17, 2023	0	0
Zhou Haixin	Male	48	Deputy general manager	Incumbent	August 18, 2023	August 17, 2026	0	0
Zhang Guofu	Male	54	Chief financial officer	Incumbent	August 18, 2023	August 17, 2026	411,950	411,950
Total	--	--	--	--	--	--	18,481,856	18,481,856



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

Yes  No

Change of directors, supervisors and senior management

Applicable  Not applicable

Name	Position held	Type	Date	Cause
Xia Zhiming	Director	Elected	August 18, 2023	Elected in re-election of the board of directors
He Yadong	Director	Elected	August 18, 2023	Elected in re-election of the board of directors
Cheng Zhiyong	Independent director	Elected	August 18, 2023	Elected in re-election of the board of directors
Ren Luo Zhong	Director	Leave office upon expiration of tenure	August 18, 2023	Resignation in re-election of the board of directors
Shen Guoliang	Director	Leave office upon expiration of tenure	August 18, 2023	Resignation in re-election of the board of directors
He Yuanfu	Independent director	Leave office upon expiration of tenure	August 18, 2023	Resignation in re-election of the board of directors
Ren Luo Zhong	Supervisor	Elected	August 18, 2023	Elected in re-election of the board of supervisors
Shen Guoliang	Supervisor	Elected	August 18, 2023	Elected in re-election of the board of supervisors
Wang Fang	Employee supervisor	Elected	August 18, 2023	Elected in re-election of employee representative supervisors
Zhang Songnian	Supervisor	Leave office upon expiration of tenure	August 18, 2023	Resignation in re-election of the board of supervisors
Shen Yueming	Supervisor	Leave office upon expiration of tenure	August 18, 2023	Resignation in re-election of the board of supervisors
Zhang Huifen	Employee supervisor	Leave office upon expiration of tenure	August 18, 2023	Resignation in re-election of employee representative supervisors

## 2. Service status

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

### 1) Resume of current directors

Mr. Ren Jianhua, Han nationality, born in August 1956, Chinese, without permanent residency abroad; junior high school education, member of Communist Party of China, economist. He began to work in 1978 and successively served as the supply and marketing section chief and factory director of Yuhang Hongxing Hardware Factory, the chairman, general manager and Secretary of the Party branch of Hangzhou ROBAM Industrial Group Co., Ltd., and the chairman and general manager of Hangzhou ROBAM Home Appliances & Kitchen Sanitary Co., Ltd. He has won the titles of national model worker and outstanding member of Communist Party of Zhejiang Province, and was elected as the deputy to the 8th and 10th National People's Congress of Zhejiang Province, deputy to the 11th National People's Congress of Hangzhou City, the Party representative, deputy to the 12th and 13th National People's Congress of Hangzhou City, and the 12th Fengyun Zhejiang Merchants. At present, he is the chairman of Hangzhou ROBAM Appliances Co., Ltd., Hangzhou Robam Industrial Group Co., Ltd., Hangzhou Nbond Nonwoven Co., Ltd., Hangzhou Guoguang Touring Commodity Co., Ltd., Hangzhou Amblem Kitchenware Co., Ltd., the executive director and general manager of Hangzhou Mingqi Electric Co., Ltd., the executive director and general manager of Hangzhou ROBAM Fuchuang Investment Management Co., Ltd., the deputy chairman of Garden Hotel Hangzhou, the chairman of Hangzhou ROBAM Gas Station Co., Ltd., the executive director of Zhejiang Hangzhou Yuhang Rural Commercial Bank Company Limited, Hangzhou

Dongming Forest Park Co., Ltd., Hangzhou Bonyee Daily Necessity Technology Co., Ltd., the executive director and general manager of Hangzhou Jinchuang Investment Co., Ltd., the executive partner of Hangzhou Jinnuochang Investment Management Partnership (Limited Partnership).

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

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

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

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

Wang Gang, born in October 1975, Chinese, without permanent residency abroad; master degree, a member of the Communist Party of China, certified public accountant, senior economist. He used to be an inspector of Haining Local Taxation Bureau of Zhejiang Province, the R&D director of Shanghai Realize Investment Consulting Co., Ltd., the secretary of the board of directors, director of human resources, general manager assistant of Shanghai Hailong Software Co., Ltd, and the secretary of the board of directors of Hangzhou ROBAM Home Appliances & Kitchen Sanitary Co., Ltd. At present, he is the director of Hangzhou Nbond Nonwoven Co., Ltd., the director and secretary of the board of directors of Hangzhou Robam Appliances Co., Ltd., the director of Dize Home Appliances Trading (Shanghai) Co., Ltd., the director of Hangzhou Fortune Gas Cryogenic Group Co.,Ltd., the director of De Dietrich Trade (Shanghai) Co., Ltd., the director of Hangzhou Guoguang Touring Commodity Co., Ltd, the supervisor of Hangzhou Robam Fuchuang Investment Management Co., Ltd., the director of Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., the supervisor of Shanghai MXCHIP Information Technology Co., Ltd., the director of Versolsolar Hangzhou Co., Ltd., the independent director of Hangzhou Great Star Industrial Co., Ltd., the independent director of Hanjia Design Group Co., Ltd., the independent director of Hangzhou XZB Tech Co., Ltd., and the legal representative and secretary general of association of listed companies of Linping District, Hangzhou City.

Mr. Chen Yuanzhi, Han nationality, born in November 1977, Chinese, member of Communist Party of China, doctor degree in management, is now the independent director of the Company, a professor of China Executive Leadership Academy Pudong, an adjunct professor of East China Normal University, an adjunct researcher in the Research Center of Technological Innovation, Tsinghua University, the executive director of China Soft Science Research Society, a managing director of the Chinese Institute of Business Administration, and an expert of Shanghai Science and Technology Expert Database.

Mr. Yu Lieming, born in December 1977, Han nationality, Chinese, without permanent residency abroad; master degree. He began to work in 1994 and successively served as the deputy director of the Administration Committee of Yuhang Economic and Technological Development Zone of Hangzhou, the vice president of Chunfeng Holdings Group Co., Ltd., chairman of the board of supervisors of Zhejiang CFMOTO Power Co., Ltd., and the executive vice president and secretary of the board of directors of Hamaton Automotive Technology Co., Ltd. At present, he is an independent director of the Company and the executive director of Hangzhou Xinlan Energy Engineering Co., Ltd.

Mr. Cheng Zhiyong, born in March 1980, Han nationality, a member of the Communist Party of China, Chinese, without residency abroad; bachelor degree. He served as senior manager of BDO China Shu Lun Pan CPAs from July 2004 to September 2010, and then served as deputy general manager, secretary of the board of directors and chief financial officer of Zhejiang Kaier New Materials Co., Ltd. from October 2010 to March 2017. At present, he is the independent director of the Company, the general manager of Zhejiang Tenghua Assets Management Co., Ltd., the executive director and general manager of Hangzhou Weifengheng Enterprise Management Consulting Co., Ltd., the independent director of Jiangsu Zeyu Intelligent Electric Power Co., Ltd., the independent director of Zhejiang Debao Communication Technologies Co., Ltd., and the independent director of Everich and Tomic Housewares Co., Ltd.

2) Resume of current supervisors

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

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

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

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

Ms. Wang Fang, born in July 1989, Han nationality, Chinese, without permanent residency abroad; college degree, junior accountant. She began to work in 2012 and successively served as cashier and tax manager of Hangzhou ROBAM Appliances Co., Ltd. At present, she is the employee representative supervisor of the Company.

3) Resume of current senior management

Mr. Ren Fujia, who is currently the general manager of the Company. Please refer to the resume of the directors of the Company for the introduction.

Mr. Xia Zhiming, who is currently the deputy general manager of the Company. Please refer to the resume of the directors of the Company for the introduction.

Mr. He Yadong, who is currently the deputy general manager of the Company. Please refer to the resume of the directors of the Company for the introduction.

Mr. Zhou Haixin, Han nationality, born in February 1975, Chinese, without permanent residency abroad; doctor degree, senior engineer. He began to work in 2001 and successively served as the researcher of Agilent Technologies Software Co. Ltd., the project manager of Sony Ericsson Mobile Communication Products Co., Ltd., the project director of Qingdao Haier Telecom Co., Ltd., the R&D director of Guangbao Mobile Electronic and Telecommunication Components Co., Ltd., and the senior R&D director of the Company. At present, he is the deputy general manager of the Company.

Mr. Wang Gang, who is currently the secretary of the board of directors of the Company. Please refer to the resume of the directors of the Company for the introduction.

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

Service status in the shareholder unit

Applicable  Not applicable

Name of staff	Shareholder unit name	Position held in shareholder unit	Whether to receive remuneration or allowance in the shareholder unit
Ren Jianhua	Hangzhou ROBAM Industrial Group Co., Ltd.	Chairman	No
Ren Jianhua	Hangzhou Jinchuang Investment Co., Ltd.	Executive director	No
Ren Luozhong	Hangzhou ROBAM Industrial Group Co., Ltd.	Deputy chairman	No
Zhao Jihong	Hangzhou ROBAM Industrial Group Co., Ltd.	Director, general manager	No
Shen Guoliang	Hangzhou ROBAM Industrial Group Co., Ltd.	Director	No
Zhang Linyong	Hangzhou ROBAM Industrial Group Co., Ltd.	Director	No
Tang Genquan	Hangzhou ROBAM Industrial Group Co., Ltd.	Director	No

Service status in other unit

Applicable  Not applicable

Name of staff	Other unit name	Position held in other unit
Ren Jianhua	Hangzhou Amblem Kitchenware Co., Ltd.	Chairman
Ren Jianhua	Garden Hotel Hangzhou	Deputy chairman
Ren Jianhua	Hangzhou Dongming Forest Park Co., Ltd.	Director
Ren Jianhua	Hangzhou Nbond Nonwoven Co., Ltd.	Chairman
Ren Jianhua	Zhejiang Hangzhou Yuhang Rural Commercial Bank Company Limited	Director
Ren Jianhua	Hangzhou ROBAM Gas Station Co., Ltd.	Chairman
Ren Jianhua	Hangzhou Jinnuochang Investment Management Partnership (Limited Partnership)	Executive partner
Ren Jianhua	Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Executive director
Ren Jianhua	Hangzhou ROBAM Fuchuang Investment Management Co., Ltd.	Executive director and general manager
Ren Jianhua	Hangzhou Mingqi Electric Co., Ltd.	Executive director and general manager
Ren Fujia	De Dietrich Trade (Shanghai) Co., Ltd.	Deputy chairman
Ren Fujia	Hangzhou Amblem Kitchenware Co., Ltd.	Director
Ren Fujia	Hangzhou Nbond Nonwoven Co., Ltd.	Director
Zhao Jihong	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Chairman
Zhao Jihong	uTransHub Technologies Co., Ltd.	Director
Zhao Jihong	Zhejiang Cooking Future Technology Co., Ltd.	Chairman
Wang Gang	Hangzhou Nbond Nonwoven Co., Ltd.	Director
Wang Gang	Dize Home Appliances Trading (Shanghai) Co., Ltd.	Director
Wang Gang	Hangzhou Fortune Gas Cryogenic Group Co., Ltd.	Director
Wang Gang	De Dietrich Trade (Shanghai) Co., Ltd.	Director
Wang Gang	Hangzhou Guoguang Touring Commodity Co., Ltd.	Director
Wang Gang	Hangzhou ROBAM Fuchuang Investment Management Co., Ltd.	Supervisor
Wang Gang	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Director
Wang Gang	Shanghai MXCHIP Information Technology Co., Ltd.	Supervisor
Wang Gang	Versolsolar Hangzhou Co., Ltd.	Director
Wang Gang	Hangzhou Great Star Industrial Co., Ltd.	Independent director

Wang Gang	Hanjia Design Group Co., Ltd.	Independent director
Wang Gang	Hangzhou XZB Tech Co., Ltd.	Independent director
Chen Yuanzhi	China Executive Leadership Academy Pudong	Professor
Chen Yuanzhi	Research Center of Technological Innovation, Tsinghua University	Researcher
Yu Lieming	Hangzhou Xinlan Energy Engineering Co., Ltd.	Executive director
Cheng Zhiyong	Zhejiang Tenghua Assets Management Co., Ltd.	General Manager
Cheng Zhiyong	Hangzhou Weifengheng Enterprise Management Consulting Co., Ltd.	Executive director and general manager
Cheng Zhiyong	Jiangsu Zeyu Intelligent Electric Power Co., Ltd.	Independent director
Cheng Zhiyong	Zhejiang Debao Communication Technologies Co., Ltd.	Independent director
Cheng Zhiyong	Everich and Tomic Housewares Co., Ltd.	Independent director
Ren Luo Zhong	Hangzhou Amblem Kitchenware Co., Ltd.	Director
Shen Guoliang	Hangzhou Amblem Kitchenware Co., Ltd.	Supervisor
Shen Guoliang	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Deputy chairman
Shen Guoliang	Beijing ROBAM Electric Appliance Sales Co., Ltd.	Supervisor
Shen Guoliang	Zhejiang Cooking Future Technology Co., Ltd.	Director
Zhang Guofu	De Dietrich Trade (Shanghai) Co., Ltd.	Director
Zhang Guofu	Hangzhou Mingqi Electric Co., Ltd.	Supervisor
Zhang Guofu	Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	Director
Tang Genquan	Hangzhou ROBAM Gas Station Co., Ltd.	Supervisor

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

Applicable  Not applicable

### 3. Remuneration of Directors, Supervisors and Senior Management

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

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

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

Unit: 10,000 yuan

Name	Gender	Age	Position	Status of service	Total pretax remuneration received from the Company	Whether to get remuneration from related parties of the Company
Ren Jianhua	Male	67	Chairman	Incumbent	86.91	No
Ren Fujia	Male	40	Deputy chairman, general manager	Incumbent	130.65	No
Xia Zhiming	Male	48	Director and deputy general manager	Incumbent	139.92	No
He Yadong	Male	49	Director and deputy general manager	Incumbent	161.31	No
Zhao Jihong	Male	61	Director	Incumbent	84.11	No
Wang Gang	Male	48	Director, secretary to the board of directors	Incumbent	102.97	No
Ren Luo Zhong	Male	61	Chairman of the	Incumbent	81.31	No

Name	Gender	Age	Position	Status of service	Total pretax remuneration received from the Company	Whether to get remuneration from related parties of the Company
			board of supervisors			
Zhang Linyong	Male	58	Supervisor	Incumbent	65.61	No
Shen Guoliang	Male	58	Supervisor	Incumbent	72.14	No
Tang Genquan	Male	63	Employee representative supervisor	Incumbent	82.99	No
Wang Fang	Female	34	Employee representative supervisor	Incumbent	12.38	No
Zhang Songnian	Male	57	Supervisor	Leaving office	54.06	No
Shen Yueming	Male	64	Supervisor	Leaving office	20.81	No
Zhang Huifen	Female	45	Employee representative supervisor	Leaving office	9.75	No
Chen Yuanzhi	Male	46	Independent director	Incumbent	9.52	No
Yu Lieming	Male	46	Independent director	Incumbent	9.52	No
Cheng Zhiyong	Male	44	Independent director	Incumbent	3.97	No
He Yuanfu	Male	68	Independent director	Leaving office	5.56	No
Zhou Haixin	Male	48	Deputy general manager	Incumbent	328.73	No
Zhang Guofu	Male	54	Chief financial officer	Incumbent	118.61	No
Total	--	--	--	--	1,580.83	--

Other information

Applicable  Not applicable

## VI. Performance of Duties by Directors During the Reporting Period

### 1. Board of Directors during this reporting period

Meeting session	Convening date	Date of disclosure	Meeting resolution
The 14th Meeting of the Fifth Board of Directors	April 05, 2023	April 26, 2024	<i>Announcement of the Resolution of ROBAM's 14th Meeting of the Fifth Board of Directors</i>
The 15th Meeting of the Fifth Board of Directors	June 20, 2023	June 21, 2023	<i>Announcement of the Resolution of ROBAM's 15th Meeting of the Fifth Board of Directors</i>
The 16th Meeting of the Fifth Board of Directors	August 01, 2023	August 02, 2023	<i>Announcement of the Resolution of ROBAM's 16th Meeting of the Fifth Board of Directors</i>
The 1st Meeting of the Sixth Board of Directors	August 18, 2023	August 19, 2023	<i>Announcement of the Resolution of ROBAM's 1st Meeting of the Sixth Board of Directors</i>
The 2nd Meeting of the Sixth Board of Directors	August 23, 2023	August 24, 2023	<i>Announcement of the Resolution of ROBAM's 2nd Meeting of the Sixth Board of Directors</i>
The 3rd Meeting of the Sixth Board of Directors	October 25, 2023	October 26, 2023	<i>Announcement of the Resolution of ROBAM's 3rd Meeting of the Sixth Board of Directors</i>

The 4th Meeting of the Sixth Board of Directors	December 13, 2023	December 14, 2023	<i>Announcement of the Resolution of ROBAM's 4th Meeting of the Sixth Board of Directors</i>
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## 2. Attendance of directors at the board meetings and the general meeting of shareholders

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of director	Number of board meetings to be attended during this reporting period	Number of board meetings attended on site	Number of board meetings attended by correspondence	Number of board meetings delegated to attend	Number of board meetings absent	Whether not to personally attend the board meeting for two consecutive times	Number of shareholders' meetings attended
Ren Jianhua	7	6	1	0	0	No	3
Ren Fujia	7	6	1	0	0	No	3
Xia Zhiming	4	4	0	0	0	No	2
He Yadong	4	4	0	0	0	No	2
Zhao Jihong	7	6	1	0	0	No	3
Wang Gang	7	6	1	0	0	No	3
Ren Luozhong	3	2	1	0	0	No	1
Shen Guoliang	3	2	1	0	0	No	1
Chen Yuanzhi	7	5	2	0	0	No	3
Yu Lieming	7	6	1	0	0	No	3
Cheng Zhiyong	4	3	1	0	0	No	2
He Yuanfu	3	2	1	0	0	No	1

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

## 3. Objections made by directors on relevant matters

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

Yes  No

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

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

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

Yes  No

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

N/A

## VII. Special Committees Under the Board of Directors During the Reporting Period

Name of committee	Member	Number of meetings held	Convening date	Meeting content
Audit committee	He Yuanfu, Chen Yuanzhi, Ren Luozhong	1	January 16, 2023	1. Review the <i>2022 Audit Work Plan of the Company</i>
Audit committee	He Yuanfu, Chen Yuanzhi, Ren Luozhong	1	April 24, 2023	1. Review the <i>2022 Audit Report of the Company</i> ; 2. Review the <i>2022 Internal Control Evaluation Report</i> ; 3. Review the <i>Proposal on Renewing the Appointment of the Company's Audit Institution</i>

				for 2023; 4. Review the <i>Full Text of First Quarter Report of the Company in 2023</i> .
Audit committee	Cheng Zhiyong, Chen Yuanzhi, Wang Gang	1	August 23, 2023	1. Review the <i>Semiannual Report of the Company in 2023</i>
Audit committee	Cheng Zhiyong, Chen Yuanzhi, Wang Gang	1	October 25, 2023	1. Review the <i>Third Quarter Report of the Company in 2023</i>
Nomination committee	Chen Yuanzhi, He Yuanfu, Ren Jianhua	1	August 01, 2023	1. Review the <i>Proposal on Nominating the Members of Sixth Board of Directors of the Company</i>
Remuneration and assessment committee	Yu Lieming, Chen Yuanzhi, Ren Fujia	1	April 25, 2023	1. Review <i>The 2023 Stock Option Incentive Plan (draft) of Hangzhou ROBAM Appliances Co., Ltd. and its Abstract</i> ; 2. Review the <i>Implementation, Assessment and Management Measures for the 2023 Stock Option Incentive Plan of Hangzhou ROBAM Appliances Co., Ltd.</i> ;
Strategic committee	Ren Jianhua, Ren Fujia, Yu Lieming	1	August 21, 2023	1. Review the <i>Proposal on the Company's New Three-Year Strategic Plan</i>

### VIII. Work of Board of Supervisors

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

Yes  No

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

### IX. Company Employees

#### 1. Number of employees, professional composition and education background

Number of employees in the parent company at the end of the reporting period (person)	3,913
Number of employees in major subsidiaries at the end of the reporting period (person)	1,569
Total number of employees at the end of the reporting period (person)	5,482
Total number of employees receiving salary in the current period (person)	5,466
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	98
<b>Professional composition</b>	
<b>Professional composition categories</b>	<b>Number of professionals (person)</b>
Production personnel	1,850
Sales personnel	1,758
Technical personnel	881
Financial personnel	178
Administrative personnel	815
Total	5,482
<b>Education background</b>	
<b>Education background categories</b>	<b>Number (person)</b>
Doctor	8
Master	244
Bachelor	1,618
College	1,040
Other	2,572
Total	5,482



## 2. Pay policy

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

## 3. Training plan

In 2023, the Company carried out various trainings, including Lemon, Blue Whale, Sunflower, Ivy League and other projects as well as the Elite Plan; As the Company's own mobile learning online platform, Chestnut School played an important role in the achievement transformation of the development course of internal trainer, and the Company's employees' participation in learning has been greatly improved.

## 4. Labor outsourcing

Applicable  Not applicable

Total hours of labor outsourcing (hours)	3,527,583.64
Total remuneration paid for labor outsourcing (yuan)	141,340,202.94

## X. Profit Distribution and Share Capital Increase from Capital Surplus

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

Applicable  Not applicable

After deliberation and approval at the 5th meeting of the sixth Board of Directors, by taking 944,094,916 shares as the radix (the existing total share capital of 949,024,050 shares, excluding 4,929,134 shares repurchased), the Company proposed to distribute cash dividends of RMB 5 (tax inclusive) for every 10 shares to all shareholders, amounting up to a total of RMB 472,047,458.00.

Description for cash dividend policy	
Whether it meet the requirements of the Company's articles of association and of the resolutions of shareholders' meeting:	Yes
Whether the dividend distribution standard and proportion are specific and clear:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and fulfilled their due roles:	Yes
If the Company has not distributed cash dividends, the specific reasons should be disclosed, and as well as the measures to be taken next to enhance investor returns:	Not applicable
Whether the minor shareholders have the chance to fully express their opinions and demands, and whether their legal rights and interests have been fully protected:	Yes
Whether the conditions and procedures are normative and transparent in case of adjustments or changes of the cash dividend policy:	Yes

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

Applicable  Not applicable

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

Applicable  Not applicable

Bonus shares per 10 shares (shares)	0
Dividend per 10 shares (yuan) (tax inclusive)	5
Equity base of distribution plan (shares)	944,094,916
Amount of cash dividend (yuan) (tax inclusive)	472,047,458.00
Amount of cash dividend in other forms (e.g. share repurchase) (yuan)	0.00

Amount of cash dividend (including other forms) (yuan)	472,047,458.00
Distributable profit (yuan)	9,038,684,224.97
Ratio of total amount of cash dividend (including other forms) to total amount of distributable profit	100%
Cash dividend distribution in this period	
Should the Company be in a growing stage and have major capital expenditure arrangements, the cash dividend should account for a minimum of 20% of the profit distribution when the profit is distributed.	
Description for details of profit distribution or share capital increase from capital surplus plan	
<p>According to the standard unqualified audit report issued by ShineWing Certified Public Accountants, the Company's net profit attributable to the parent company owner in 2023 was RMB 1,826,289,990.48 (number of parent company), plus the undistributed profit (parent company) of RMB 8,156,489,150.49 at the beginning of the year, minus the cash dividend of profit distribution of 2022, i.e., RMB 472,047,458.00, minus the cash dividend of special dividend distribution of 2023, i.e., RMB 472,047,458.00, the Company's profit available to shareholders at the end of 2023 was RMB 9,038,684,224.97.</p> <p>Taking 944,094,916 shares as the radix (the existing total share capital of 949,024,050 shares, excluding 4,929,134 shares repurchased), the Company distributed cash dividends of RMB 5 (tax inclusive) for every 10 shares to all shareholders, amounting up to a total of RMB 472,047,458.00.</p> <p>In case of any change due to the listing of new shares, the exercising of equity incentive, the conversion of convertible bonds into shares, share repurchase, etc. during the period from the disclosure of the distribution plan to the equity registration date when the profit distribution is implemented, the distribution proportion will be adjusted accordingly according to the principle that the total amount of cash dividends will remain unchanged.</p>	

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

Applicable  Not applicable

### 1. Equity incentive

2021 stock option plan:

- On April 14, 2021, the Company held the 4th meeting of the fifth board of directors, deliberated and adopted the *Proposal on 2021 Stock Option Incentive Plan (Draft) of the Company and its Abstract* and other relevant proposals, and the independent directors expressed their agreed independent opinions on the matters related to the Company's stock option incentive plan. The 4th meeting of the fifth Board of Supervisors of the Company deliberated and adopted the above-mentioned relevant proposals and expressed their consent. The Company disclosed the above matters on April 15, 2021.
- From April 15, 2021 to April 24, 2021, the Company publicized the names and positions of the incentive objects of the stock option incentive plan through internal posting. On April 27, 2021, the board of supervisors of the Company issued the *Review Opinions and Announcement of the Board of Supervisors on the List of Incentive Objects of the 2021 Stock Option Incentive Plan*. On the same day, the Company disclosed the *Self-inspection Report on Insiders' and Incentive Objects' Trading of Company Stock with Inside Information of 2021 Restricted Stock Incentive Plan*.
- On April 30, 2021, the Company held the first extraordinary general meeting of shareholders in 2021, deliberated and adopted the *Proposal on 2021 Stock Option Incentive Plan (draft) of the Company and its Abstract* and other relevant proposals. The plan was approved by the first extraordinary general meeting of shareholders in 2021, and the board of directors was authorized to determine the grant date of stock option, grant stock option to incentive objects when they meet the conditions and handle all matters necessary for granting equity.
- On May 10, 2021, the Company's 6th meeting of the fifth Board of Directors and the 6th meeting of the fifth Board of Supervisors reviewed and adopted the *Proposal on Granting Stock Options to Incentive Objects*. The board of supervisors once again verified the list of incentive objects granted and expressed their consent. The independent directors of the Company expressed their independent opinions on this.
- On April 19, 2022, the Company held the 10th meeting of the fifth Board of Directors and the 10th meeting of the fifth Board of Supervisors, deliberated and adopted the *Proposal on the Cancellation of Partial Stock Options in the 2021 Stock Option Incentive Plan* and the *Proposal on Cancellation of the 2021 Stock Option Incentive Plan for Failure to Meet the Exercise Conditions during the First Exercise Period*. The board of supervisors verified and expressed their consent. The independent directors of the Company expressed their independent opinions thereon.
- On April 25, 2023, the Company held the 14th meeting of the fifth Board of Directors and the 14th meeting of the fifth Board of Supervisors, deliberated and adopted the *Proposal on the Cancellation of Partial Stock Options in the 2021 Stock Option Incentive Plan* and the *Proposal on Cancellation of the 2021 Stock Option Incentive Plan for Failure to Meet the Exercise Conditions during the Second Exercise Period*. The board of supervisors verified and expressed their consent. The independent directors of the Company expressed their independent opinions thereon.

2022 stock option plan:

1. On March 31, 2022, the Company held the 9th meeting of the fifth Board of Directors, deliberated and adopted the *Proposal on 2022 Stock Option Incentive Plan (draft) of the Company and its Abstract* and other relevant proposals, and the independent directors expressed their independent consent on the matters related to the Company's stock option incentive plan. The 9th meeting of the fifth Board of Supervisors of the Company deliberated and adopted the above-mentioned relevant proposals and issued the consent. The Company disclosed the above matters on April 01, 2022.
2. From April 1, 2022 to April 10, 2022, the Company publicized the names and positions of the incentive objects of the stock option incentive plan through internal posting. On April 13, 2022, the board of supervisors of the Company issued the *Review Opinions and Announcement of the Board of Supervisors on the List of Incentive Objects of the 2022 Stock Option Incentive Plan*. On the same day, the Company disclosed the *Self-inspection Report on Insiders' and Incentive Objects' Trading of Company Stock with Inside Information of 2022 Restricted Stock Incentive Plan*.
3. On April 21, 2022, the Company held the first extraordinary general meeting of shareholders in 2022, deliberated and adopted the *Proposal on 2022 Stock Option Incentive Plan (draft) of the Company and its Abstract* and other relevant proposals. The plan was approved by the first extraordinary general meeting of shareholders in 2022, and the board of directors was authorized to determine the grant date of stock option, grant stock option to incentive objects when they meet the conditions and handle all matters necessary for granting equity.
4. On May 10, 2022, the Company's 11th meeting of the fifth Board of Directors and the 11th meeting of the fifth Board of Supervisors deliberated and adopted the *Proposal on Granting Stock Options to Incentive Objects*. The board of supervisors once again verified the list of incentive objects granted and expressed their consent. The independent directors of the Company expressed their independent opinions on this.
5. On April 25, 2023, the Company held the 14th meeting of the fifth Board of Directors and the 14th meeting of the fifth Board of Supervisors, deliberated and adopted the *Proposal on the Cancellation of Partial Stock Options in the 2022 Stock Option Incentive Plan* and the *Proposal on Cancellation of the 2022 Stock Option Incentive Plan for Failure to Meet the Exercise Conditions during the Second Exercise Period*. The board of supervisors verified and expressed their consent. The independent directors of the Company expressed their independent opinions thereon.

#### 2023 stock option plan:

1. On April 25, 2023, the Company held the 14th meeting of the fifth board of directors, deliberated and adopted the *Proposal on 2023 Stock Option Incentive Plan (draft) of the Company and its Abstract* and other relevant proposals, and the independent directors expressed their independent consent on the matters related to the Company's stock option incentive plan. The 14th meeting of the fifth Board of Supervisors of the Company deliberated and adopted the above-mentioned relevant proposals and expressed their consent. The Company disclosed the above matters on April 26, 2023.
2. From April 26, 2023 to May 08, 2023, the Company publicized the names and positions of the incentive objects of the stock option incentive plan through internal posting. On May 09, 2023, the board of supervisors of the Company issued the *Review Opinions and Announcement of the Board of Supervisors on the List of Incentive Objects of the 2023 Stock Option Incentive Plan*. On the same day, the Company disclosed the *Self-inspection Report on Insiders' and Incentive Objects' Trading of Company Stock with Inside Information of 2023 Restricted Stock Incentive Plan*.
3. On May 18, 2023, the Company held the first extraordinary general meeting of shareholders in 2022, deliberated and adopted the *Proposal on 2023 Stock Option Incentive Plan (draft) of the Company and its Abstract* and other relevant proposals. The plan was approved by the first extraordinary general meeting of shareholders in 2022, and the board of directors was authorized to determine the grant date of stock option, grant stock option to incentive objects when they meet the conditions and handle all matters necessary for granting equity.
4. On June 20, 2023, the Company's 15th meeting of the fifth Board of Directors and the 15th meeting of the fifth Board of Supervisors deliberated and adopted the *Proposal on Granting Stock Options to Incentive Objects*. The board of supervisors once again verified the list of incentive objects granted and expressed their consent. The independent directors of the Company expressed their independent opinions on this.

Equity incentive obtained by directors and senior management of the Company

Applicable  Not applicable

Evaluation mechanism and incentive of senior managers

1. On April 14, 2021, the Company held the 4th meeting of the fifth board of directors, deliberated and adopted the *Proposal on Business Partner Shareholding Plan (draft) of the Company and its Abstract* and other relevant proposals, and the independent directors expressed their independent consent on the matters related to the Company's business partner shareholding plan. The 4th meeting of the fifth Board of Supervisors of the Company deliberated and adopted the above-mentioned relevant proposals and expressed their consent. The Company disclosed the above matters on April 15, 2021.
2. On April 30, 2021, the Company held the 1st extraordinary general meeting of shareholders in 2021, deliberated and adopted the *Proposal on Business Partner Shareholding Plan (Draft) of the Company and its Abstract* and other relevant proposals. The plan was approved by the first extraordinary general meeting of shareholders in 2021, and the board of directors was authorized to determine and handle all matters related to the plan.

3. On April 20, 2022, the Company disclosed the *Announcement on the Failure to Meet the 2021 Assessment Conditions for the Business Partner Shareholding Plan*. According to relevant provisions of the shareholding plan, in case of a failure of meeting the 2021 assessment conditions for the business partner shareholding plan, the Company will not withdraw the special funds for the shareholding plan this year.
4. On April 25, 2023, the Company disclosed the *Announcement on the Failure to Meet the 2022 Assessment Conditions for the Business Partner Shareholding Plan*. According to relevant provisions of the shareholding plan, in case of a failure of meeting the 2022 assessment conditions for the business partner shareholding plan, the Company will not withdraw the special funds for the shareholding plan this year.

## 2. Implementation of the employee stock ownership plan

Applicable  Not applicable

## 3. Other employee incentives

Applicable  Not applicable

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

### 1. Construction and implementation of internal control

See the *2023 Internal Control Self-evaluation Report* disclosed by the Company on the designated information disclosure website <http://www.cninfo.com.cn> for details.

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

Yes  No

## XIII. Management and Control of Subsidiaries during the Reporting Period

Company name	Integration plan	Integration progress	Problems encountered in integration	Measures taken to resolve the problem	Resolution progress	Follow-up resolution plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

## XIV. Internal Control Evaluation Report or Internal Control Audit Report

### 1. Internal control evaluation report

Full disclosure date of internal control self-evaluation report	April 25, 2024	
Index of full disclosure of internal control evaluation report	Cninfo: Full text of 2023 internal control self-evaluation report of ROBAM	
Proportion of the total assets of the unit included in the evaluation scope to the total assets of the consolidated financial statement of the Company	100.00%	
Proportion of operating income of the unit included in the evaluation scope to the operating income of the consolidated financial statement of the Company	100.00%	
<b>Defect identification standard</b>		
Category	Financial report	Non-financial report
Qualitative standard	Signs of major defects in the financial report include: <ol style="list-style-type: none"> <li>1) Corrupt practice of directors, supervisors and senior management;</li> <li>2) Misstatement correction of material errors in financial reports that have been announced by the Company;</li> <li>3) Material misstatement in the current financial report, which is not found by the internal control in the process of operation;</li> </ol>	Signs of major defects in the non-financial report include: <ol style="list-style-type: none"> <li>1) The defects in non-financial reports are mainly determined according to the influence of the defects on the business process effectiveness and the possibility of occurrence;</li> <li>2) The defects with high possibility that will seriously reduce the work efficiency or effect, or seriously increase the uncertainty of the effect,</li> </ol>

	<p>4) Ineffective control and supervision of the Company's external and internal financial reports by the audit committee and audit department.</p> <p>Signs of important defects in the financial report include:</p> <ol style="list-style-type: none"> <li>1) Failure to select and apply accounting policies in accordance with generally accepted accounting principles;</li> <li>2) No anti-fraud procedures and control measures have been established;</li> <li>3) There is no corresponding control mechanism established or no implementation of and no corresponding compensatory control for the accounting treatment of non-routine or special transactions;</li> <li>4) One or more defects in the control of the final financial reporting process and no reasonable assurance that the financial statements will achieve the objective of authenticity and completeness.</li> </ol> <p>Common defects in financial reports refer to control defects other than the major defects and important defects mentioned above.</p>	<p>or make it seriously deviate from the expected goal are major defects.</p> <p>Signs of important defects in the non-financial report include:</p> <ol style="list-style-type: none"> <li>1) The defects in non-financial reports are mainly determined according to the influence of the defects on the business process effectiveness and the possibility of occurrence;</li> <li>2) The defects with high possibility that will significantly reduce the work efficiency or effect, or significantly increase the uncertainty of the effect, or make it significantly deviate from the expected goal are important defects.</li> </ol> <p>Signs of common defects in the non-financial report include:</p> <ol style="list-style-type: none"> <li>1) The defects in non-financial reports are mainly determined according to the influence of the defects on the business process effectiveness and the possibility of occurrence;</li> <li>2) The defects with low possibility that will reduce the work efficiency or effect, or increase the uncertainty of the effect, or make it deviate from the expected goal are common defects.</li> </ol>
<p>Quantitation standard</p>	<p>The quantitative standard takes the operating income and the total assets as the measurement index.</p> <ol style="list-style-type: none"> <li>1) The internal control defects that may cause losses or whose losses are related to the income statement are measured on the basis of operating income: Major defect: misstatement amount &gt; 2% of operating income;</li> <li>2) The internal control defects that may cause losses or whose losses are related to the assets management are measured on the basis of total assets: Major defect: misstatement amount &gt; 1% of total assets;</li> </ol> <p>The quantitative standard takes the operating income and the total assets as the measurement index.</p> <ol style="list-style-type: none"> <li>1) The internal control defects that may cause losses or whose losses are related to the income statement are measured on the basis of operating income: Important defect: 1% of operating income &lt; misstatement amount &lt; 2% of operating income;</li> <li>2) The internal control defects that may cause losses or whose losses are related to the assets management are measured on the basis of total assets: Important defect: 0.5% of total assets &lt; misstatement amount &lt; 1% of total assets;</li> </ol> <p>The quantitative standard takes the operating income and the total assets as the</p>	<p>Major defect: direct property loss &gt; RMB 20 million;</p> <p>Important defect: RMB 5 million &lt; direct property loss &lt; RMB 20 million;</p> <p>Common defect: direct property loss &lt; RMB 5 million;</p>

	<p>measurement index.</p> <p>1) The internal control defects that may cause losses or whose losses are related to the income statement are measured on the basis of operating income: Common defect: misstatement amount &lt; 1% of operating income;</p> <p>2) The internal control defects that may cause losses or whose losses are related to the assets management are measured on the basis of total assets: Common defect: misstatement amount &lt; 0.5% of total assets;</p>	
Number of major defects in financial reports		0
Number of major defects in non-financial reports		0
Number of important defects in financial reports		0
Number of important defects in non-financial reports		0

## 2. Internal control audit report

Applicable  Not applicable

Deliberations in the internal control audit report	
On December 31, 2023, ROBAM maintained effective internal control over financial reporting in all major aspects in accordance with the <i>Basic Standards for Enterprise Internal Control</i> and relevant regulations.	
Disclosure of internal control audit report	Disclosure
Disclosure date of the full text of internal control audit report	April 25, 2024
Disclosure index of the full text of internal control audit report	Cninfo: Full text of 2023 internal control audit report of ROBAM
Type of the opinions on internal control audit report	Standard unqualified opinions
Whether there are significant defects in non-financial reports	No

Whether the accounting firm issues an internal control audit report with non-standard opinions

Yes  No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes  No

## Section 5 Environmental and Social Responsibility

### I. Major Environmental Issues

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

Yes  No

Administrative punishment for environmental problems during the reporting period

Company or subsidiary name	Cause of punishment	Violation details	Punishment results	Impact on production and operation of listed companies	Rectification measures of the Company
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information disclosed by reference to key pollutant discharging units

N/A

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

Applicable  Not applicable

Reasons for non-disclosure of other environmental information

N/A

### II. Social Responsibility

See the *2023 Environmental, Social and Corporate Governance Report* disclosed by the Company on the designated information disclosure media <http://www.cninfo.com.cn> for details.

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

See the *2023 Environmental, Social and Corporate Governance Report* disclosed by the Company on the designated information disclosure media <http://www.cninfo.com.cn> for details.

## Section 6 Important Matters

### I. Performance in Fulfilling Commitments

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

Applicable  Not applicable

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

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

Applicable  Not applicable



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

Applicable  Not applicable

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

## III. Illegal External Guarantee

Applicable  Not applicable

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

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

There is no change in accounting policy, accounting estimate or significant accounting error correction in the reporting period.

## VII. Description of Changes in the Scope of Combined Financial Statements as Compared to Financial Statements of the Previous Fiscal Year

Applicable  Not applicable

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

## VIII. Appointment of and Dismissal of Accounting Firms

Accounting firm currently appointed

Name of Chinese accounting firm	Shinewing Certified Public Accountants (special general partnership)
Remuneration (10,000 yuan)	145
Term of audit services	5
CPAs	Lei Yongxin, Wang Qing
Term of auditing services of CPAs	5

Has the accounting firm been changed within the reporting period?

Yes  No

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

Applicable  Not applicable

ShineWing Certified Public Accountants (Special general partnership) served as the internal control audit agency of the Company in 2023, with an audit fee of RMB 1,450,000, including: RMB 1,150,000 for financial statement audit and RMB 300,000 for internal control audit.

## IX. Delisting Confronted upon Disclosure of the Annual Report

Applicable  Not applicable

## **X. Bankruptcy Reorganization**

Applicable  Not applicable

No bankruptcy reorganization of the Company during the reporting period.

## **XI. Major Litigation, Arbitration Matters**

Applicable  Not applicable

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

## **XII. Punishment and Rectification**

Applicable  Not applicable

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

## **XIII. Credit Conditions of the Company, its Controlling Shareholders and Actual Controllers**

Applicable  Not applicable

## **XIV. Major Related Transactions**

### **1. Related transactions related to daily operation**

Applicable  Not applicable

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

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

Applicable  Not applicable

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

### **3. Related transactions of joint foreign investment**

Applicable  Not applicable

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

### **4. Related claims and debts**

Applicable  Not applicable

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

### **5. Transactions with related financial companies**

Applicable  Not applicable

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

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

Applicable  Not applicable

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

### **7. Other major related transactions**

Applicable  Not applicable

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

## XV. Major Contracts and Their Performance

### 1. Trusteeship, contracting and lease

#### (1) Trusteeship

Applicable  Not applicable

No trusteeship of the Company during the reporting period.

#### (2) Contracting

Applicable  Not applicable

No contracting of the Company during the reporting period.

#### (3) Lease

Applicable  Not applicable

No lease of the Company during the reporting period.

### 2. Major guarantee

Applicable  Not applicable

No major guarantee of the Company during the reporting period.

### 3. Entrusted cash asset management

#### (1) Entrusted financing

Applicable  Not applicable

Entrusted financing during the reporting period

Unit: 10,000 yuan

Specific type	Source of funds for entrusted financing	Amount incurred in entrusted financing	Outstanding balance	Overdue amount not recovered	Overdue amount of impairment accrued for financial management not recovered
Bank financial products	Owned fund	301,000	321,000	0	0
<b>Total</b>		<b>301,000</b>	<b>321,000</b>	<b>0</b>	<b>0</b>

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

Applicable  Not applicable

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

Applicable  Not applicable

#### (2) Entrusted loans

Applicable  Not applicable

No entrusted loans of the Company during the reporting period.

### 4. Other major contracts

Applicable  Not applicable

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

## XVI. Description of Other Important Events

Applicable  Not applicable

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

## **XVII. Major Events of Subsidiaries**

Applicable  Not applicable

## Section 7 Changes in Shares and Shareholders

### I. Change in Shares

#### 1. Change in shares

Unit: share

	Before this change		Increase/decrease (+, -)				After this change		
	Quantity	Proportion	New issue of shares	Share do nation	Share capital increase from reserved funds	Other	Subtotal	Quantity	Proportion
I. Restricted shares	12,053,269	1.27%				208,578	208,578	12,261,847	1.29%
1. State shareholding									
2. State legal person shareholding									
3. Other domestic shareholding	12,053,269	1.27%				208,578	208,578	12,261,847	1.29%
Wherein: domestic legal person shareholding									
Domestic natural person shareholding	12,053,269	1.27%				208,578	208,578	12,261,847	1.29%
4. Foreign shareholding									
Wherein: foreign legal person shareholding									
Foreign natural person shareholding									
II. Unrestricted shares	936,970,781	98.73%				-208,578	-208,578	936,762,203	98.71%
1. RMB common share	936,970,781	98.73%				-208,578	-208,578	936,762,203	98.71%
2. Foreign shares listed in China									
3. Foreign shares listed abroad									
4. Other									
III. Total amount of shares	949,024,050	100.00%				0	0	949,024,050	100.00%

Causes for change in shares

Applicable  Not applicable

Approval of changes in shares

Applicable  Not applicable

Transfer of share changes

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Changes in restricted shares

Applicable  Not applicable

Unit: share

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares increased in current period	Number of shares released from restricted sale in current period	Number of restricted shares at the end of the period	Reasons for restricted sale	Date of lifting the restricted sale
Zhang Songnian	625,734	208,578	0	834,312	Resigned from the board of supervisors at the end of term of office	6 months after expiration of term of office
Total	625,734	208,578	0	834,312	--	--

## II. Securities Issuance and Listing

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

Applicable  Not applicable

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

Applicable  Not applicable

### 3. Existing internal employee shares

Applicable  Not applicable

## III. Shareholders and Actual Controllers

### 1. Number and shareholding of the Company's shareholders

Unit: share

Total number of common shareholders at the end of the reporting period (household)	63,957	Total number of common shareholders at the end of the previous month before the disclosure date of the annual report (household)	51,077	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders with voting rights restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	0	
Shareholdings of the shareholders holding more than 5% shares or the top 10 shareholders (excluding shares lent through refinancing)								
Shareholder's name	Shareholder nature	Shareholding ratio	Number of shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of shares held with limited sales conditions	Number of shares held with unlimited sales conditions	Pledge, mark or freeze	
							Status of shares	Quantity

Hangzhou Robam Industrial Group Co., Ltd.	Domestic non-state legal person	49.68%	471,510,000	0.00		471,510,000		
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	7.23%	68,586,135	20,510,396.00		68,586,135		
TEMASEK FULLERTON ALPHA PTE LTD	Overseas legal person	1.82%	17,265,617	535,556.00		17,265,617		
Shen Guoying	Domestic natural person	1.29%	12,240,000	0.00		12,240,000		
National Social Security Fund 413 Portfolio	Other	1.28%	12,115,200	12,115,200.00		12,115,200		
Hangzhou Jinchuang Investment Co., Ltd.	Domestic non-state legal person	0.70%	6,640,085	0.00		6,640,085		
Hangzhou Yinchuang Investment Co., Ltd.	Domestic non-state legal person	0.67%	6,318,000	0.00		6,318,000		
Ren Jianhua	Domestic natural person	0.62%	5,923,150	0.00	4,442,362	1,480,788		
Industrial and Commercial Bank of China Limited—Penghua selects hybrid securities investment funds with ingenuity	Other	0.61%	5,787,141	0.00		5,787,141		
China Pacific Life Insurance Co., Ltd - Traditional - General Insurance Products	Other	0.61%	5,762,400	2,358,557.00		5,762,400		
Situation of strategic investors or general legal persons becoming the top 10 shareholders due to the allotment of new shares (if any) (see note 3)	N/A							
Description of the above-mentioned shareholder association or concerted action	The actual controller of the Company's controlling shareholder Hangzhou ROBAM Industrial Group Co., Ltd. and the shareholder Hangzhou Jinchuang Investment Co., Ltd. is Mr. Ren Jianhua, and the natural person shareholder Shen Guoying is the wife of Ren Jianhua. The above shareholders have the possibility of acting in unison.							
Description of the above shareholders involved in entrusting / entrusted voting right and waiver of voting right	N/A							
Special note on the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 10)	N/A							
Shareholding of top 10 shareholders with unlimited sales conditions								
Shareholder's name	Number of shares with unlimited sales conditions held at the end of the reporting period	Share type						
		Share type	Quantity					
Hangzhou Robam Industrial Group Co., Ltd.	471,510,000	RMB common share	471,510,000					
Hong Kong Securities Clearing Company Ltd.	68,586,135	RMB common share	68,586,135					
TEMASEK FULLERTON ALPHA PTE LTD	17,265,617	RMB common share	17,265,617					
Shen Guoying	12,240,000	RMB common	12,240,000					

		n share	
National Social Security Fund 413 Portfolio	12,115,200	RMB common share	12,115,200
Hangzhou Jinchuang Investment Co., Ltd.	6,640,085	RMB common share	6,640,085
Hangzhou Yinchuang Investment Co., Ltd.	6,318,000	RMB common share	6,318,000
Industrial and Commercial Bank of China Limited – Penghua selects hybrid securities investment funds with ingenuity	5,787,141	RMB common share	5,787,141
China Pacific Life Insurance Co., Ltd - Traditional - General Insurance Products	5,762,400	RMB common share	5,762,400
CITIC Securities Company Limited - Social Security Fund 1106 Portfolio	5,565,600	RMB common share	5,565,600
Description of the association or concerted action between top 10 public shareholders with unlimited sales conditions, and between top 10 public shareholders with unlimited sales conditions and top 10 shareholders	The actual controller of the Company's controlling shareholder Hangzhou ROBAM Industrial Group Co., Ltd. and the shareholder Hangzhou Jinchuang Investment Co., Ltd. is Mr. Ren Jianhua, and the natural person shareholder Shen Guoying is the wife of Ren Jianhua. The above shareholders have the possibility of acting in unison.		
Securities margin trading business attended by top 10 common shareholders (if any) (see note 4)	N/A		

Lending of shares by the top ten shareholders in the refinancing business

Applicable  Not applicable

Change in the top ten shareholders from the previous period

Applicable  Not applicable

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

Yes  No

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

## 2. Controlling shareholders of the Company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: legal person

Controlling shareholder's name	Legal Representative / Head of Unit	Date of establishment	Organization code	Main business
Hangzhou Robam Industrial Group Co., Ltd.	Ren Jianhua	March 22, 1995	913301101438402503	Industrial investment, import and export of goods
Equity of other domestic and foreign listed companies controlled and participated by controlling shareholders during the reporting period	The controlling shareholder of Hangzhou Nbond Nonwoven Co., Ltd., and the participating shareholder of Zhejiang CFMOTO Power Co., Ltd., Hangzhou Fortune Gas Cryogenic Group Co., Ltd. and Hangzhou SFR Chain Technology Co., Ltd.			

Change of controlling shareholders during the reporting period



Applicable  Not applicable

No change in controlling shareholders during the reporting period.

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

Nature of actual controller: domestic natural person

Type of actual controller: natural person

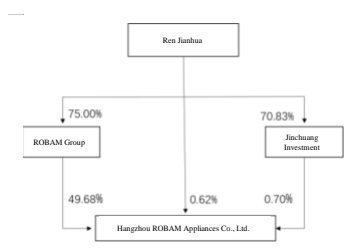
Actual controller's name	Relationship with actual controller	Nationality	Whether to obtain the right of residence in other countries or regions
Ren Jianhua	Self	Chinese	No
Main occupations and positions	Please refer to the resume of the Company's directors for details		
Domestic and foreign listed companies that have held shares in the past 10 years	Actual controller of Hangzhou ROBAM Appliances Co., Ltd. and Hangzhou Nbond Nonwoven Co., Ltd.		

Changes in actual controller during the reporting period

Applicable  Not applicable

No change in actual controller during the reporting period.

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



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

Applicable  Not applicable

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

Applicable  Not applicable

### 5. Other legal person shareholders holding more than 10%

Applicable  Not applicable

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

Applicable  Not applicable

## IV. Specific Implementation of Share Repurchase in the Reporting Period

Implementation progress of share repurchase

Applicable  Not applicable

Implementation progress of reducing repurchased shares by centralized competitive bidding trading

Applicable  Not applicable

## **Section 8 Information Related to Preferred Shares**

Applicable  Not applicable

No preferred shares of the Company during the reporting period.

## **Section 9 Bond-related Information**

Applicable  Not applicable

## Section 10 Financial Report

### I. Audit Report

Type of audit opinion	Standard unqualified opinion
Date of signing of audit report	April 24, 2024
Name of audit institution	Shinewing Certified Public Accountants (special general partnership)
Audit Report No.	XYZH/2024BJAA10B0229
Name of Certified Public Accountant	Lei Yongxin, Wang Qing

Main body of audit report

### Audit Report

XYZH/2024BJAA10B0229

Hangzhou ROBAM Appliances Co., Ltd.

#### To all shareholders of Hangzhou ROBAM Appliances Co., Ltd.:

- **Audit opinion**

We have audited the accompanying financial statements of Hangzhou ROBAM Appliances Co., Ltd. (hereinafter referred to as ROBAM), including the consolidated balance sheet and the balance sheet of parent company as of December 31, 2023, consolidated income statement and income statement of parent company, consolidated cash flow statement and cash flow statement of parent company, consolidated statement of change in equity and statement of change in equity of parent company for the year 2023 and notes to relevant financial statements.

In our opinion, the attached financial statements of your company have been prepared in accordance with the provisions of the Accounting Standards for Business Enterprises and give a true and fair view of the consolidated financial position and financial position of parent company of ROBAM as of December 31, 2023 and of the financial performance and cash flows for the year 2023 in all significant terms.

- **Basis for audit opinion**

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

- **Key audit items**

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

1. Revenue recognition - agency model and engineering channels	
Key audit items	Response in audit
Refer to Notes to financial statements IV. 34 and VI. 39 Operating income and operating cost.	For the income recognition of the agency mode and engineering channels, the audit procedures we implemented mainly include: 1. Understand key internal controls related to income recognition,

<p>In 2023, the operating income of ROBAM was RMB 1,120,189.58, representing an increase of RMB 930,395,200 as compared to 2022, including the agency mode income of RMB 2,922,898,600 and the engineering channel income of RMB 2,075,246,500, totally accounting for 44.62% of revenue of the period.</p> <p>Since the agency mode income and engineering channel income account for large proportion in the operating income and are one of the key performance indicators of ROBAM, there may be an inherent risk that the management may recognize the income in the wrong way to reach the specific goal or expected goal. Therefore, we regard income recognition as a key audit issue.</p>	<p>evaluate and test the effectiveness of internal control design and implementation;</p> <ol style="list-style-type: none"> <li>2. Check the information of the shareholders and main personnel of the agency company and evaluate whether there is any correlation;</li> <li>3. Evaluate whether the income recognition method and recognition time point comply with the relevant provisions of the Accounting Standards for Business Enterprises in combination with the contract terms and business nature and the terms related to the time point of commodity control transfer;</li> <li>4. Carry out substantive analysis procedures on operating income and gross margin ratio by channels, customers, products, etc., identify whether there are significant or abnormal fluctuations, and analyze the causes of fluctuations;</li> <li>5. Check the original documents of the income recognition for major customers according to the income recognition policy and settlement process and evaluate the authenticity and accuracy of operating income recognition;</li> <li>6. Confirm current sales to main customers by sampling combined with the confirmation of accounts receivable;</li> <li>7. Carry out the cut-off test procedure of income, check the supporting documents such as outbound delivery order and acceptance certificate for the operating income recognized before and after the balance sheet date, and evaluate whether the operating income is recognized within an appropriate period;</li> <li>8. Check whether the information relating to operating income has been properly presented and disclosed in the financial statements.</li> </ol>
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<b>2. Impairment of accounts receivable</b>	
<b>Key audit items</b>	<b>Response in audit</b>
<p>Refer to Notes to financial statements IV. 13, and VI. 4 Accounts receivable.</p> <p>As of December 31, 2023, the balance of accounts receivable was RMB 3,034,197,200, and the provision for bad debt was RMB 1,224,181,600.</p> <p>Due to the large amount of accounts receivable at the end of the period, the management needs to use material accounting estimate and judgment when determining the recoverable amount, so we regard the impairment of accounts receivable as the key audit items.</p>	<p>For the impairment of accounts receivable, the audit procedures we implemented mainly include:</p> <ol style="list-style-type: none"> <li>1. Understand key internal controls for accounts receivable of Robam, evaluate and test the effectiveness of internal control design and implementation;</li> <li>2. Check the contracts of main customers according to the income status, understand the settlement terms, pay attention to the customers who have not made payment after the settlement credit period, and analyze the reasons. Judge the solvency of customers by understanding their operating and financial conditions;</li> <li>3. Analyze the implementation of the new financial instrument standards for receivables, including the rationality of determination and estimation of the expected credit loss model for the receivables of Robam, calculate the expected credit loss amount on the balance sheet date, and analyze whether the credit loss is fully accounted for in the receivables period;</li> <li>4. Verify the rationality of expected credit loss of receivables combined with the receivables confirmation procedure and post-dated collection by analyzing the aging of accounts receivable;</li> <li>5. Check the post-dated recovery status of accounts receivable from main customers, record the amount of accounts receivable</li> </ol>

- |  |   |
|--|---|
|  | <p>collected after the post-dated period, and check the supporting documents, such as bank receipt and other vouchers, for those with large amounts of notes receivable;</p> <p>6. Check whether the information relating to accounts receivable has been properly presented and disclosed in the financial statements.</p> |
|--|---|

- **Other information**

The management of ROBAM (hereinafter referred to as the management) is responsible for other information, including the information covered in ROBAM annual report for 2023, but excluding the financial statements and our audit report.

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

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

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

- **Responsibility of management and government for the financial statements**

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

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

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

- **Responsibility of certified public accountants for audit of financial statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for audit opinion. Since the fraud may involve collusion, forge, intentional omission, false statement or above internal control, the risk of material misstatement caused by fraud is higher than that caused by error.
2. Understand internal control related to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and relevant disclosure.

4. Draw a conclusion about the appropriateness of the going-concern assumption used by the management. Meanwhile, draw a conclusion about the major uncertainty of the matters or circumstances possibly resulting in major concerns about the going-concern ability of ROBAM according to the audit evidence obtained. If we draw a conclusion that major uncertainty exists, the auditing standards require us to request the statement user to notice relevant disclosure in the financial statements in the audit report; in case of insufficient disclosure, we should issue a modified audit report. Our conclusion is made on the basis of the information available as of the audit report date. However, the future matters or circumstances may result in going concern failure of Robam.
5. Evaluate the overall presentation, structure and content of the financial statements and evaluate whether the financial statements give a true and fair view of relevant transactions and matters.
6. Obtain adequate and appropriate audit evidence for the financial information of ROBAM entity or business activities to express an opinion on the financial statements. We are responsible for guiding, supervising and implementing the group audit and take full responsibility for the audit opinions.

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

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

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

## II. Financial Statements

Unit of statements in financial notes: CNY

### 1. Consolidated Balance Sheet

Unit: Hangzhou ROBAM Appliances Co., Ltd.

December 31, 2023

Unit: yuan

Item	December 31, 2023	January 01, 2023
Current assets:		
Monetary capital	1,985,050,745.11	5,292,762,670.94
Deposit reservation for balance		
Lending funds		
Trading financial assets	2,730,000,000.00	2,511,844,508.00
Derivative financial assets		
Notes receivable	696,284,931.64	881,773,341.71
Accounts receivable	1,810,015,596.33	1,689,606,828.94
Receivables financing		
Advances to suppliers	139,713,471.58	177,500,353.37
Premiums receivables		
Reinsurance accounts receivable		
Provision of cession receivable		

Item	December 31, 2023	January 01, 2023
Other receivables	53,368,667.34	80,429,057.84
Including: Interest receivable		
Dividends receivable		
Redemptory monetary capital for sale		
Inventory	1,524,274,720.24	1,610,110,798.10
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	2,647,808,620.70	334,348.76
Total current assets	11,586,516,752.94	12,244,361,907.66
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	8,427,450.24	8,718,505.62
Other equity instrument investments	2,116,023.22	2,116,023.22
Other non-current financial assets	480,000,000.00	
Investment properties	91,136,832.31	55,887,198.54
Fixed assets	1,720,724,257.46	1,622,235,227.74
Construction in progress	359,768,699.68	406,258,146.69
Productive biological assets		
Oil and gas assets		
Right-of-use assets	13,802,458.98	22,220,144.13
Intangible assets	214,553,739.31	221,356,558.38
Development expenditure		
Goodwill	12,223,271.67	60,573,832.56
Long-term unamortized expenses	5,034,659.37	5,852,899.90
Deferred income tax assets	362,897,841.89	340,811,345.96
Other non-current assets	1,922,329,328.65	49,433,497.13
Total non-current assets	5,193,014,562.78	2,795,463,379.87
Total assets	16,779,531,315.72	15,039,825,287.53
Current liabilities:		
Short-term borrowing	95,003,320.70	51,723,429.99
Borrowings from central bank		
Borrowing funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,098,720,000.58	872,550,306.86
Accounts payable	2,548,743,762.06	2,418,755,167.31
Advance from customers		
Contract liabilities	1,019,942,923.58	959,915,567.03
Financial assets sold for repurchase		
Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	177,923,042.01	153,942,329.88
Tax payable	154,365,676.80	152,351,620.58
Other payables	755,964,919.76	281,878,208.25
Including: Interest payable		



Item	December 31, 2023	January 01, 2023
Dividends payable	472,047,458.00	
Fees and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sales		
Non-current liabilities due within a year	4,522,658.42	5,720,175.21
Other current liabilities	118,041,351.23	120,126,501.73
Total current liabilities	5,973,227,655.14	5,016,963,306.84
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term borrowing		
Bonds payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	10,750,792.90	18,588,966.67
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	136,538,254.74	123,912,110.43
Deferred income tax liabilities	28,418,565.01	22,107,934.58
Other non-current liabilities		
Total non-current liabilities	175,707,612.65	164,609,011.68
Total liabilities	6,148,935,267.79	5,181,572,318.52
Owner's equity:		
Share capital	949,024,050.00	949,024,050.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserve	411,778,214.22	409,997,665.58
Minus: treasury stock	199,995,742.59	199,995,742.59
Other comprehensive income	-100,157,634.16	-100,157,634.16
Special reserve		
Surplus reserves	474,516,412.50	474,516,412.50
General risk preparation		
Undistributed profit	8,987,773,431.71	8,199,079,015.58
Total owners' equities attributable to the owners of parent company	10,522,938,731.68	9,732,463,766.91
Minority equity	107,657,316.25	125,789,202.10
Total owners' equities	10,630,596,047.93	9,858,252,969.01
Total liabilities and owners' equities	16,779,531,315.72	15,039,825,287.53

Legal representative: Ren Jianhua

Head of accounting work: Zhang Guofu

Head of accounting body: Zhang Guofu

## 2. Balance sheet of parent company

Unit: yuan

Item	December 31, 2023	January 01, 2023
Current assets:		
Monetary capital	1,810,087,936.08	5,054,810,287.04
Trading financial assets	2,730,000,000.00	2,500,000,000.00
Derivative financial assets		
Notes receivable	662,718,295.18	879,223,549.33
Accounts receivable	1,755,848,590.56	1,620,543,528.97
Receivables financing		

Advances to suppliers	127,173,134.27	167,724,048.79
Other receivables	46,761,052.06	83,900,676.77
Including: Interest receivable		
Dividends receivable		10,200,000.00
Inventory	1,404,838,448.75	1,499,780,747.70
Contract assets		
Assets held for sales		
Non-current assets due within a year		
Other current assets	2,644,890,957.65	
Total current assets	11,182,318,414.55	11,805,982,838.60
Non-current assets:		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	255,471,029.63	251,769,849.44
Other equity instrument investments	2,116,023.22	2,116,023.22
Other non-current financial assets	480,000,000.00	
Investment properties	8,735,897.94	4,426,211.90
Fixed assets	1,528,320,306.82	1,396,227,874.68
Construction in progress	359,768,699.68	406,258,146.69
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	148,054,087.98	149,864,689.61
Development expenditure		
Goodwill		
Long-term unamortized expenses	2,703,497.73	1,486,622.90
Deferred income tax assets	346,004,342.16	323,776,879.25
Other non-current assets	1,922,135,328.65	49,433,497.13
Total non-current assets	5,053,309,213.81	2,585,359,794.82
Total assets	16,235,627,628.36	14,391,342,633.42
Current liabilities:		
Short-term borrowing	14,003,320.70	573,429.99
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,042,067,981.92	810,820,603.91
Accounts payable	2,416,687,934.76	2,282,866,624.07
Advance from customers		
Contract liabilities	947,538,425.82	890,640,445.28
Payroll payable	145,416,052.40	121,417,848.03
Tax payable	140,518,721.35	130,548,651.54
Other payables	725,701,383.40	254,460,632.28
Including: Interest payable		
Dividends payable	472,047,458.00	
Liabilities held for sales		
Non-current liabilities due within a year		
Other current liabilities	107,860,993.92	109,801,716.95
Total current liabilities	5,539,794,814.27	4,601,129,952.05
Non-current liabilities:		
Long-term borrowing		
Bonds payable		

Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	101,473,668.84	86,923,728.32
Deferred income tax liabilities	20,898,710.27	13,804,141.19
Other non-current liabilities		
Total non-current liabilities	122,372,379.11	100,727,869.51
Total liabilities	5,662,167,193.38	4,701,857,821.56
Owner's equity:		
Share capital	949,024,050.00	949,024,050.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserve	411,389,124.26	409,608,575.62
Minus: treasury stock	199,995,742.59	199,995,742.59
Other comprehensive income	-100,157,634.16	-100,157,634.16
Special reserve		
Surplus reserves	474,516,412.50	474,516,412.50
Undistributed profit	9,038,684,224.97	8,156,489,150.49
Total owners' equities	10,573,460,434.98	9,689,484,811.86
Total liabilities and owners' equities	16,235,627,628.36	14,391,342,633.42

### 3. Consolidated Statement of Income

Unit: yuan

Item	Year 2023	Year 2022
I. Total operating income	11,201,895,774.27	10,271,500,571.04
Including: Operating income	11,201,895,774.27	10,271,500,571.04
Interest revenue		
Premium earned		
Fee and commission income		
II. Total operating costs	9,296,781,893.88	8,494,920,336.60
Including: Operating costs	5,527,648,706.29	5,137,368,758.15
Interest expenditure		
Fee and commission expense		
Surrender value		
Net payments for insurance claims		
Net reserve fund extracted for insurance contracts		
Bond insurance expense		
Reinsurance costs		
Taxes and surcharges	98,651,608.07	78,564,584.05
Selling expenses	3,002,418,651.54	2,613,626,073.89
Management costs	469,622,072.60	430,968,403.74
Research and development expenses	387,368,591.97	391,614,805.38
Financial expenses	-188,927,736.59	-157,222,288.61
Including: interest expenditure	8,773,638.31	10,249,057.76
Interest revenue	198,559,145.09	162,232,029.99

Plus: other incomes	173,912,473.94	148,475,570.29
Income from investment (loss expressed with "-")	82,963,414.69	98,961,069.15
Including: Income from investment of joint venture and cooperative enterprise	-291,055.38	-826,624.29
Income from derecognition of financial assets measured at amortized cost		
Exchange gain (loss expressed with "-")		
Net exposure hedging gain (loss expressed with "-")		
Income from fair value changes (loss expressed with "-")		
Credit impairment losses (loss expressed with "-")	-102,136,793.39	-224,114,601.65
Assets impairment losses (loss expressed with "-")	-70,692,389.97	-24,998,305.92
Income from disposal of assets (loss expressed with "-")	-1,211,854.70	143,437.75
III. Operating profits (loss expressed with "-")	1,987,948,730.96	1,775,047,404.06
Plus: Non-operating income	4,742,209.59	3,268,479.05
Minus: non-operating expenditure	6,580,896.29	5,343,278.82
IV. Total profits (total loss expressed with "-")	1,986,110,044.26	1,772,972,604.29
Minus: Income tax expenses	271,452,597.98	214,666,153.99
V. Net profits (net loss expressed with "-")	1,714,657,446.28	1,558,306,450.30
(I) Classified by business continuity		
1. Net profits from going concern (net loss expressed with "-")	1,714,657,446.28	1,558,306,450.30
2. Net profits from discontinuing operation (net loss expressed with "-")		
(II) Classified by ownership		
1. Net profits attributable to shareholders of parent company	1,732,789,332.13	1,572,404,918.21
2. * Minority interest income	-18,131,885.85	-14,098,467.91
VI. Net of tax of other comprehensive income		
Net amount of other comprehensive income after tax attributed to parent company owners		
(I) Other comprehensive income that can't be reclassified into profit and loss		
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan		
2. Other comprehensive income that can't be reclassified into profit and loss in the invested enterprise under equity method		
3. Fair value change of other equity instrument investments		
4. Fair value change of enterprise credit risks		
5. Other		
(II) Other comprehensive income that will		

be reclassified into profit and loss		
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Fair value change of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Balance arising from the translation of foreign currency financial statements		
7. Other		
Net amount of other comprehensive income after tax attributed to minority shareholders		
VII. Total comprehensive income	1,714,657,446.28	1,558,306,450.30
Total comprehensive income attributed to parent company owners	1,732,789,332.13	1,572,404,918.21
Total comprehensive income belonging to minority shareholders	-18,131,885.85	-14,098,467.91
VIII. Earnings Per Share		
(I) Basic EPS	1.83	1.67
(II) Diluted EPS	1.83	1.67

In case of business combination involving enterprises under common control in current period, the net profits achieved by the merged party before combination were RMB 0.00 and achieved by the merged party in previous period were RMB 0.00.

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

#### 4. Income statement of parent company

Unit: yuan

Item	Year 2023	Year 2022
I. I. Operating income	10,193,069,154.46	9,524,550,185.59
Minus: Operating costs	5,238,879,913.20	4,901,492,041.67
Taxes and surcharges	85,142,081.03	69,828,676.76
Selling expenses	2,383,042,375.37	2,218,801,283.55
Management costs	343,719,928.86	304,689,831.15
Research and development expenses	378,521,686.25	376,891,023.54
Financial expenses	-191,174,106.65	-156,113,652.92
Including: interest expenditure	4,712,177.65	8,322,009.99
Interest revenue	195,758,915.10	158,191,509.22
Plus: other incomes	162,403,507.36	131,366,920.67
Income from investment (loss expressed with "-")	83,122,617.59	107,771,898.15
Including: Income from investment of joint venture and cooperative enterprise	71,218.69	-514,676.57
Income from derecognition of financial assets measured at amortized cost (loss expressed with "-")		
Net exposure hedging gain (loss expressed with "-")		
Income from fair value changes (loss		

Item	Year 2023	Year 2022
expressed with "-")		
Credit impairment losses (loss expressed with "-")	-81,329,927.58	-165,304,249.28
Assets impairment losses (loss expressed with "-")	-22,002,511.90	-4,982,572.64
Income from disposal of assets (loss expressed with "-")	-1,303,213.39	-157,339.21
II. Operating profits (loss expressed with "-")	2,095,827,748.48	1,877,655,639.53
Plus: Non-operating income	3,523,977.82	3,023,087.48
Minus: non-operating expenditure	5,908,300.05	4,201,871.53
III. Total profits (total loss expressed with "-")	2,093,443,426.25	1,876,476,855.48
Minus: Income tax expenses	267,153,435.77	219,250,083.01
IV. Net profits (net loss expressed with "-")	1,826,289,990.48	1,657,226,772.47
(I) Net profits from going concern (net loss expressed with "-")	1,826,289,990.48	1,657,226,772.47
(II) Net profits from discontinuing operation (net loss expressed with "-")		
V. Net of tax of other comprehensive income		
(I) Other comprehensive income that can't be reclassified into profit and loss		
1. Remeasure the variation of net indebtedness or net asset of defined benefit plan		
2. Other comprehensive income that can't be reclassified into profit and loss in the invested enterprise under equity method		
3. Fair value change of other equity instrument investments		
4. Fair value change of enterprise credit risks		
5. Other		
(II) Other comprehensive income that will be reclassified into profit and loss		
1. Other comprehensive income that will be reclassified into profit and loss in the invested enterprise under equity method		
2. Fair value change of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Balance arising from the translation of foreign currency financial statements		
7. Other		
VI. Total comprehensive income	1,826,289,990.48	1,657,226,772.47
VII. Earnings Per Share		
(I) Basic EPS		
(II) Diluted EPS		

## 5. Consolidated Statement of Cash Flow

Unit: yuan

Item	Year 2023	Year 2022
<b>I. Cash flow from operating activities:</b>		
Cash from selling commodities or offering labor	12,266,993,968.64	11,217,554,991.80
Net increase of customer deposit and deposit from other banks		
Net increase of borrowings from central bank		
Net increase of borrowing funds from other financial institutions		
Cash from obtaining original insurance contract premium		
Cash received from insurance premium of original insurance contract		
Net increase of deposit and investment of insured		
Cash from interest, handling charges and commissions		
Net increase of borrowing funds		
Net increase of repurchase of business funds		
Net cash from acting trading securities		
Refund of tax and levies	46,868,485.73	52,622,361.53
Other cash received related to operating activities	272,254,801.18	302,574,783.30
Subtotal cash inflows from operating activities	12,586,117,255.55	11,572,752,136.63
Cash paid for selling commodities or offering labor	5,268,131,276.52	5,130,311,485.16
Net increase of customer loans and advances		
Net increase of amount due from central bank and interbank		
Cash paid for original insurance contract claims payment		
Net increase of lending funds		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	1,048,926,471.94	1,014,928,118.78
Taxes and fees paid	971,661,528.13	924,067,905.31
Other cash paid related to operating activities	2,905,476,166.25	2,558,658,323.36
Subtotal cash outflows from operating activities	10,194,195,442.84	9,627,965,832.61
Net cash flow from operating activities	2,391,921,812.71	1,944,786,304.02
<b>II. Cash flow from investment activities:</b>		
Cash from investment withdrawal	2,314,144,508.00	2,935,774,392.00
Cash from investment income	83,300,616.60	101,112,262.32
Net cash from disposal of fixed assets, intangible assets and other long-term assets	830,542.67	1,144,292.90
Net cash received from the disposal of subsidiaries and other business entities		

Item	Year 2023	Year 2022
Other cash received related to investment activities		
Subtotal cash inflows from investment activities	2,398,275,667.27	3,038,030,947.22
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	327,437,806.87	502,585,886.40
Cash paid for investment	3,012,300,000.00	2,579,500,000.00
Net cash received from reinsurance business		
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities	4,333,744,300.00	
Subtotal cash outflows from investment activities	7,673,482,106.87	3,082,085,886.40
Net cash flow from investment activities	-5,275,206,439.60	-44,054,939.18
III. Cash flow from financing activities:		
Receipts from equity securities	2,750,000.00	11,000,000.00
Including: Cash received from subsidiaries' absorption of minority shareholders' investment	2,750,000.00	11,000,000.00
Cash received from borrowings	76,000,000.00	54,650,000.00
Other cash received related to financing activities	13,510,296.65	1,012,732.06
Subtotal cash inflows from financing activities	92,260,296.65	66,662,732.06
Cash repayments of amounts borrowed	46,150,000.00	3,500,000.00
Cash paid for distribution of dividends or profits and for interest expenses	474,928,024.93	482,408,349.01
Including: Dividends and profits paid by subsidiaries to minority shareholders		9,800,000.00
Other cash paid related to financing activities	7,123,465.99	10,759,837.34
Subtotal cash outflows from financing activities	528,201,490.92	496,668,186.35
Net cash flow from financing activities	-435,941,194.27	-430,005,454.29
IV. Impact of exchange rate movements on cash and cash equivalents	977,837.51	5,699,610.84
V. Net increase of cash and cash equivalents	-3,318,247,983.65	1,476,425,521.39
Plus: Balance of cash and cash equivalents at the beginning of the period	5,196,414,341.74	3,719,988,820.35
VI. Balance of cash and cash equivalents at the beginning of the period	1,878,166,358.09	5,196,414,341.74

## 6. Cash flow statement of parent company

Unit: yuan

Item	Year 2023	Year 2022
I. Cash flow from operating activities:		
Cash from selling commodities or offering labor	11,177,115,048.54	10,511,492,286.98
Refund of tax and levies	45,894,461.03	45,959,892.74
Other cash received related to operating activities	243,673,487.58	244,654,467.09



Item	Year 2023	Year 2022
Subtotal cash inflows from operating activities	11,466,682,997.15	10,802,106,646.81
Cash paid for selling commodities or offering labor	4,964,239,535.47	4,928,332,766.89
Cash paid to and for employees	773,324,582.87	741,560,434.55
Taxes and fees paid	873,573,314.72	851,796,665.44
Other cash paid related to operating activities	2,411,772,941.62	2,277,803,150.69
Subtotal cash outflows from operating activities	9,022,910,374.68	8,799,493,017.57
Net cash flow from operating activities	2,443,772,622.47	2,002,613,629.24
<b>II. Cash flow from investment activities:</b>		
Cash from investment withdrawal	2,300,000,000.00	2,800,000,000.00
Cash from investment income	93,285,361.16	99,306,676.81
Net cash from disposal of fixed assets, intangible assets and other long-term assets	612,252.00	620,992.90
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Subtotal cash inflows from investment activities	2,393,897,613.16	2,899,927,669.71
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets	284,465,179.85	448,805,021.56
Cash paid for investment	3,013,588,900.00	2,510,000,000.00
Net cash paid for obtaining subsidiaries and other business units		
Other cash paid related to investment activities	4,333,744,300.00	
Subtotal cash outflows from investment activities	7,631,798,379.85	2,958,805,021.56
Net cash flow from investment activities	-5,237,900,766.69	-58,877,351.85
<b>III. Cash flow from financing activities:</b>		
Receipts from equity securities		
Cash received from borrowings		
Other cash received related to financing activities	13,510,296.65	1,012,732.06
Subtotal cash inflows from financing activities	13,510,296.65	1,012,732.06
Cash repayments of amounts borrowed		
Cash paid for distribution of dividends or profits and for interest expenses	472,047,458.00	472,047,458.00
Other cash paid related to financing activities		4,030,091.57
Subtotal cash outflows from financing activities	472,047,458.00	476,077,549.57
Net cash flow from financing activities	-458,537,161.35	-475,064,817.51
IV. Impact of exchange rate movements on cash and cash equivalents	977,837.51	5,699,610.84
V. Net increase of cash and cash equivalents	-3,251,687,468.06	1,474,371,070.72
Plus: Balance of cash and cash equivalents at the beginning of the period	4,978,704,981.15	3,504,333,910.43

Item	Year 2023	Year 2022
VI. Balance of cash and cash equivalents at the beginning of the period	1,727,017,513.09	4,978,704,981.15

## 7. Consolidated statement of change in equity

Current amount

Unit: yuan

Item	Year 2023													
	Share capital	Owners' equities attributable to the owners of parent company											Minority equity	Total owners' equities
		Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk preparation	Undistributed profit	Other		
Preferr ed stock	Perpetu al bond	Other												
I. Ending balance in previous 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
Plus: Changes in accounting policies														
Prior period error correction														
Other														
II. Beginning balance in current 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. Increase/decrease in the current period (less to be filled out with the minus sign "-")					1,780,548.64						788,694,416.13	790,474,964.77	-18,131,885.85	772,343,078.92
(I) Total comprehensive income											1,732,789,332.13	1,732,789,332.13	-18,131,885.85	1,714,657,446.28
(II) Owner's invested and decreased capital					1,780,548.64							1,780,548.64		1,780,548.64
1. Common share invested by the owner														
2. Capital invested by other equity instrument holders														
3. Amount of share-based payment included in the owner's equity					1,780,548.64							1,780,548.64		1,780,548.64
4. Other														
(III) Profit distribution											-944,094,916.00	-944,094,916.00		-944,094,916.00
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk preparation														
3. Distribution of owners (or shareholders)											-944,094,916.00	-944,094,916.00		-944,094,916.00
4. Other														
(IV) Internal transfer of owner's equity														
1. Capital surplus transfer to paid-in capital (or share capital)														
2. Earned surplus transfer to paid-in capital (or														

Item	Year 2023														Minority equity	Total owners' equities
	Owners' equities attributable to the owners of parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk preparation	Undistributed profit	Other				
	Preferred stock	Perpetual bond	Other													
share capital)																
3. Earned surplus covering the deficit																
4. Carryforward retained earnings in variation of defined benefit plan																
5. Carryforward retained earnings of other comprehensive income																
6. Other																
(V) Special reserve																
1. Draw in this current																
2. Use in this current																
(VI) Other																
IV. Balance at the end of current period	949,024,050.00				411,778,214.22	199,995,742.59	100,157,634.16		474,516,412.50		8,987,773,431.71		10,522,938,731.68	107,657,316.25		10,630,596,047.93

Last term amount

Unit: yuan

Item	Year 2022														Minority equity	Total owners' equities
	Owners' equities attributable to the owners of parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk preparation	Undistributed profit	Other				
	Preferred stock	Perpetual bond	Other													
I. Ending balance in previous year	949,024,050.00				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
Plus: Changes in accounting policies																
Prior period error correction																
Other																
II. Beginning balance in current 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. Increase/decrease in the current period (less to be filled out with the minus sign "-")					5,079,567.43						1,100,357,460.21		1,105,437,027.64	-13,242,574.86		1,092,194,452.78
(I) Total comprehensive income											1,572,404,918.21		1,572,404,918.21	-14,098,467.91		1,558,306,450.30
(II) Owner's invested and decreased capital					5,079,567.43								5,079,567.43	10,655,893.05		15,735,460.48
1. Common share invested by the owner					344,106.95								344,106.95	10,655,893.05		11,000,000.00
2. Capital invested by other equity instrument holders																
3. Amount of share-based					4,735,460.48								4,735,460.48			4,735,460.48

Item	Year 2022														
	Owners' equities attributable to the owners of parent company												Minority equity	Total owners' equities	
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk preparation	Undistributed profit	Other			Subtotal
	Preferred stock	Perpetual bond	Other												
payment included in the owner's equity															
4. Other															
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk preparation															
3. Distribution of owners (or shareholders)															
4. Other															
(IV) Internal transfer of owner's equity															
1. Capital surplus transfer to paid-in capital (or share capital)															
2. Earned surplus transfer to paid-in capital (or share capital)															
3. Earned surplus covering the deficit															
4. Carryforward retained earnings in variation of defined benefit plan															
5. Carryforward retained earnings of other comprehensive income															
6. Other															
(V) Special reserve															
1. Draw in this current															
2. Use in this current															
(VI) Other															
IV. Balance at the end of current period	949,024,050.00				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

## 8. Statement of change in equity of parent company

Current amount

Unit: yuan

Item	Year 2023												
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	Total owners' equities	
		Preferred stock	Perpetual bond	Other									
I. Ending balance in previous year	949,024,050.00				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
Plus: Changes in accounting policies													

Hangzhou ROBAM Appliances Co., Ltd.  
2023 Full Annual Report

Item	Year 2023											
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	Total owners' equities
		Preferred stock	Perpetual bond	Other								
Prior period error correction												
Other												
II. Beginning balance in current 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
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")					1,780,548.64					882,195,074.48		883,975,623.12
(I) Total comprehensive income										1,826,289,990.48		1,826,289,990.48
(II) Owner's invested and decreased capital					1,780,548.64							1,780,548.64
1. Common share invested by the owner												
2. Capital invested by other equity instrument holders												
3. Amount of share-based payment included in the owner's equity					1,780,548.64							1,780,548.64
4. Other												
(III) Profit distribution										944,094,916.00		-944,094,916.00
1. Withdrawal of surplus reserves												
2. Distribution of owners (or shareholders)										944,094,916.00		-944,094,916.00
3. Other												
(IV) Internal transfer of owner's equity												
1. Capital surplus transfer to paid-in capital (or share capital)												
2. Earned surplus transfer to paid-in capital (or share capital)												
3. Earned surplus covering the deficit												
4. Carryforward retained earnings in variation of defined benefit plan												
5. Carryforward retained earnings of other comprehensive income												
6. Other												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Other												
IV. Balance at the end of current period	949,024,050.00				411,389,124.26	199,995,742.59	100,157,634.16		474,516,412.50	9,038,684,224.97		10,573,460,434.98

Last term amount

Unit: yuan

Item	Year 2022											
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	Total owners' equities
		Preferred stock	Perpetual bond	Other								
I. Ending balance in previous year	949,024,050.00				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												

Item	Year 2022											
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profit	Other	Total owners' equities
		Preferred stock	Perpetual bond	Other								
Prior period error correction												
Other												
II. Beginning balance in current 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
III. Increase/decrease in the current period (less to be filled out with the minus sign "-")					4,735,460.48				1,185,179,314.47			1,189,914,774.95
(I) Total comprehensive income									1,657,226,772.47			1,657,226,772.47
(II) Owner's invested and decreased capital					4,735,460.48							4,735,460.48
1. Common share invested by the owner												
2. Capital invested by other equity instrument holders												
3. Amount of share-based payment included in the owner's equity					4,735,460.48							4,735,460.48
4. Other												
(III) Profit distribution									-472,047,458.00			-472,047,458.00
1. Withdrawal of surplus reserves												
2. Distribution of owners (or shareholders)									-472,047,458.00			-472,047,458.00
3. Other												
(IV) Internal transfer of owner's equity												
1. Capital surplus transfer to paid-in capital (or share capital)												
2. Earned surplus transfer to paid-in capital (or share capital)												
3. Earned surplus covering the deficit												
4. Carryforward retained earnings in variation of defined benefit plan												
5. Carryforward retained earnings of other comprehensive income												
6. Other												
(V) Special reserve												
1. Draw in this current												
2. Use in this current												
(VI) Other												
IV. Balance at the end of current period	949,024,050.00				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

### III. Basic status of company

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

As of December 31, 2023, the total share capital of the Company was 949,024,050 shares, and the registered capital was RMB 949,024,050. Unified social credit code: 91330000725252053F, legal representative: Ren Jianhua; registered address: No.592,

Liping Av., Yuhang Economic Development Zone, Yuhang District, Hangzhou City; headquarters office address: No.592, Linping Av., Yuhang Economic Development Zone, Yuhang District, Hangzhou City. RMB-denominated common shares (A shares) issued by the Company have been listed in the Shenzhen Stock Exchange.

Business scope: general items: Home appliance manufacturing; 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 home appliances; Home appliance installation services; Research and development of home appliances; Sales of household supplies; Sales of daily necessities; Manufacturing of daily wooden products; Retail of household appliances; Repair of home appliances; Sales of electric heating food processing equipment; Wholesale of daily necessities; Technical services, development, consultation, exchange, transfer, and promotion; Sales of non-electric home appliances; Manufacturing of non-electric home 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 home consumer equipment; Sales of artificial intelligence hardware; Manufacturing of special equipment for business, catering and services; Sales of special equipment for business, catering and services; Import and export of goods; Manufacturing of special equipment for environmental protection; Sales of special equipment for environmental protection (except for items subject to approval according to law, subject to activities shall be carried out independently with the business license according to law). License items: production of disinfection equipment; production of electric heating food processing equipment (Items subject to approval according to the law can only be carried out after getting the approval of relevant departments. Specific operating projects are subject to the approval results of relevant departments).

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

The scope of the Company's consolidated financial statements includes 10 subsidiaries: Beijing ROBAM Electric Appliance Sales Co., Ltd., Shanghai ROBAM Electric Appliance Sales Co., Ltd., Hangzhou Mingqi Electric Co., Ltd., Dize Home Appliances Trading (Shanghai) Co., Ltd., Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd., Hangzhou ROBAM Fuchuang Investment Management Co., Ltd., Zhejiang Cooking Future Technology Co., Ltd., Hangzhou Jinhe Electric Appliances Co., Ltd., ROBAM Appliances (Hong Kong) Holdings Limited and ROBAM International (Hong Kong) Trading Co., Ltd. Compared with the previous year, the consolidation scope of the Company was expanded due to the establishment of ROBAM Appliances (Hong Kong) Holdings Limited and ROBAM International (Hong Kong) Trading Co., Ltd.

## IV. Preparation Basis of Financial Statements

### 1. Preparation basis

The Company's financial statement is prepared based on actual transactions and matters, according to relevant regulations of the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), the *No.15 of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public - General Provisions of Financial Reports* (revised in 2023) issued by China Securities Regulatory Commission, and the accounting policies and accounting estimates set forth in Note "IV. Significant accounting policy and accounting estimate".

### 2. Going concern

The Company has evaluated its ability to continue as a going concern for the 12 months from December 31, 2023, and has not found any matters and circumstances that may raise significant doubt on its ability to continue as a going concern. These financial statements are presented on the basis of going concern assumption.

## V. Significant Accounting Policy and Accounting Estimate

Specific accounting policy and accounting estimate:

The specific accounting policies and accounting estimates formulated by the Company according to the actual production and operation characteristics include the operating cycle, the recognition and measurement of bad debt provision of receivables, the measurement of issued inventory, the classification and depreciation of fixed assets, the amortization of intangible assets, the capitalization conditions of R&D expenses, the income recognition and measurement, etc.

### 1. Statement on complying with Accounting Standards for Business Enterprises

The Company's financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truly, accurately and completely reflect the Company's financial position as of December 31, 2023, the business performance, cash flows and other relevant information for the year 2023.

### 2. Accounting period

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

### 3. Operating cycle

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

### 4. Accounting standard money

The bookkeeping currency of the Company is RMB.

### 5. Importance criteria determination method and selection basis

Applicable  Not applicable

Item	Importance criteria
Important receivables for which provision for bad debts have been separately made	The amount of a single item exceeds RMB 10 million
The important items with amount of bad debt provision for receivables recovered or transferred back	The amount of a single item exceeds RMB 5 million
Important accounts receivable write off/debt investment write off/other debt investment write off in the current period	The amount of a single item exceeds RMB 5 million
Important accounts payable with the aging more than 1 year	The amount of a single item exceeds RMB 5 million
Important contract liabilities with the aging more than 1 year	The amount of a single item exceeds RMB 10 million
Important other payables with the aging more than 1 year	The amount of a single item exceeds RMB 5 million
Important projects under construction	Increase or decrease in a single item during the year or the closing book value exceeds RMB 20 million
Important investment activities	The amount of a single investment exceeds RMB 50 million
Important non-wholly-owned subsidiaries/cooperative enterprises and joint ventures, and important overseas business entities included in the scope of merger	The cost of investment in a single company is more than RMB 50 million; The income, net profit, net assets and total assets of a single entity account for more than 5% of the related items in the consolidated statements.

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

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

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

### 7. Criteria for determining a control and methods for preparing consolidated financial statements

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

The scope of consolidation in the consolidated financial statements of the Company is determined on the basis of control, and includes the Company and all subsidiaries controlled by the Company. The Group believes that control means that the Company has the power over the invested entity, enjoys variable returns by participating in the relevant activities of the invested entity, and has the ability to use the power to influence the amount of returns.

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

All significant internal transactions, current balances and unrealized profits in the consolidation scope shall be set off when the consolidated statements are prepared. The share of the owner's equity of the subsidiaries not attributable to the parent company and



current net profits and losses, other comprehensive income, and the share of other comprehensive income attributable to the minority interests shall be presented in the consolidated financial statements under "minority equity, minority interest income, other comprehensive income attributed to minority shareholders and total comprehensive income attributed to minority shareholders".

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

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

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

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

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

## **8. Joint venture arrangements classification and Co-operation accounting treatment**

The Company's joint venture arrangements include cooperative enterprises. Joint venture means the joint venture arrangement in which the joint venture party has rights only to the net assets of the arrangement.

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

## **9. Determining standards of cash and cash equivalents**

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

## **10. Foreign currency transaction and foreign currency statement translation**

Foreign currency transaction:

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

Conversion of financial statements denominated in foreign currencies:

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

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

## 11. Financial instruments

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

### 1. Financial assets

Classification, recognition basis and measurement method for financial assets

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

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

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

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

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

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

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

#### 1. Recognition basis and measurement method for transfer of financial assets

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

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

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

#### Financial liabilities

##### 1. Classification, recognition basis and measurement method for financial liabilities

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

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

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

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

##### 2. Derecognition of financial liabilities

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

##### 3. Fair value determination method of financial assets and financial liabilities

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

lowest level of the input value that is of great significance to the measurement of fair value as a whole.

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

#### 4. Offset of financial assets and financial liabilities

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

#### 5. Distinction between financial liabilities and equity instruments and relevant treatment method

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

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

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

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

#### Impairment of financial instruments

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

The expected credit loss refers to the weighted average credit loss of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows discounted by the Company at the original effective interest rate and receivable according to the contract and all expected cash flows received, that is, the present value of all cash shortage. The financial assets purchased or originated that have suffered from credit impairment shall be discounted at the effective interest rate of the financial assets through credit adjustment.

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

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

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

1. If the credit risk of the financial instrument has not increased significantly upon initial recognition and is in the first stage, its

provision for loss is measured according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months, and the interest income is calculated according to the book balance and the effective interest rate.

- 1) If the credit risk of the financial instrument has significantly increased without credit impairment upon initial recognition and is in the second stage, its provision for loss is measured according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration, and the interest income is calculated according to the book balance and the effective interest rate.
- 2) If the financial instrument has suffered from credit impairment upon initial recognition and is in the third stage, its provision for loss is measured according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration, and the interest income is calculated according to the amortized cost and the effective interest rate.

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

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

#### ① Significant increase in credit risk

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

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

#### ② Financial assets that have suffered from credit impairment

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

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

#### ③ Determination of expected credit loss

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

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

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

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

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

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

## 12. Notes receivable

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

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

## 13. Accounts receivable

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

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

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

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

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

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

Aging	Expected credit loss rate
Within 1 year	5.00%
1~2 years	10.00%
2~3 years	20.00%
3~4 years	50.00%
4~5 years	80.00%
More than 5 years	100.00%

The Company shall calculate the expected credit loss of the accounts receivable on the balance sheet date. If the expected credit loss is greater than the book amount of the provision for impairment of current accounts receivable, the Company recognizes the difference as the provision for impairment of accounts receivable, debits the "credit impairment loss" and credits the "provision for

bad debt". On the contrary, the Company recognizes the difference as an impairment gain and records the opposite.

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

#### **14. Receivables financing**

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

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

#### **15. Other receivables**

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

- The credit risks has not increased significantly upon initial recognition (first stage).

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

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

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

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

- Credit impairment upon initial recognition (third stage)

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

#### **16. Contract assets**

Methods and standards for the recognition of contract assets

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

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

For the recognition method of expected credit loss of contract assets, refer to the above 10. Financial assets and financial liabilities, 12. Notes receivable and 13. Accounts receivable.

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

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

#### **17. Inventory**

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

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

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

For the merchandise inventory, work in process, materials for sale and other merchandise inventories directly used for sale, the net realizable value is recognized by the amount of the estimated sale price of the inventories subtracted by the estimated selling expenses and related taxes; for the material inventory possessed for production, the net realizable value is recognized by the amount of the estimated sale price of the finished products subtracted by the estimated cost about to occur in completion, estimated selling expenses and related taxes.

## 18. Assets held for sales

If the Company recovers the book value of an asset mainly through the sale (including the non-monetary assets exchange of commercial nature, the same hereinafter) rather than continuous use of a non-current asset or disposal group, such asset is classified as an asset held for sales

1. The Company classifies non-current assets or disposal groups as held for sale if they meet the following conditions simultaneously: (1) immediately available for sale under current conditions in accordance with the usual practice of selling such type of assets or disposal groups in similar transactions; (2) the sale is highly likely, that is, the Company has resolved a sale plan and obtained a firm purchase commitment, and the sale is expected to be completed within one year. Where relevant provisions require the approval of relevant authority or regulatory before the sale, such approval should be indispensable. Before the Company classifies non-current asset or disposal group as held for sale for the first time, it measures the book value of non-current asset or each asset and liability in the disposal group in accordance with relevant accounting standards. Upon initial measurement or remeasurement of the non-current asset and disposal group held for sale on the balance sheet date, if the book value is higher than the net amount of the fair value minus the selling expense, the book value is written down to the net amount of the fair value minus the selling expense, the amount written down is recognized as the assets impairment loss and included in the current profit and loss. The provision for impairment of available for sale assets is withdrawn.
2. The non-current assets or disposal groups acquired by the Company exclusively for resale are classified as held for sale at the date of acquisition if, at the date of acquisition, they meet the specified conditions of "sale is expected to be completed within one year" and are likely to meet other conditions for classification as held for sale within a short period of time (usually three months). At initial measurement, the lower of the initial measurement amount and the net amount after deducting selling expenses from fair value, assuming it is not classified as held for sale, is measured. Except for non-current assets or disposal groups acquired in a business combination, the difference arising from the initial measurement amount of a non-current asset or disposal group at fair value less selling expenses is recognized in profit or loss.
3. If the Company loses control over the subsidiary due to the sale of its investment in the subsidiary or other reasons, no matter whether the Company retains part of the equity investment after the sale, when the investment in the subsidiary to be sold meets the conditions for classification of held for sale, the overall investment in the subsidiary is classified as held for sale in the individual financial statements of the parent company, and all assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements.
4. If on the subsequent balance sheet date, the net amount of non-current assets held for sale after deducting the selling expenses increases, the previously written-down amount shall be restored and reversed in the amount of assets impairment loss recognized after classification as held for sale, with the reversed amount included in current profit and loss. The assets impairment losses recognized before classification as held for sale shall not be reversed.
5. The amount of asset impairment loss recognized for disposal groups held for sale is offset against the book value of goodwill in the disposal group, and then against the book value of each non-current asset on a pro rata basis according to its proportionate of the book value.

If on the subsequent balance sheet date, the net amount of assets in disposal group held for sale after deducting the selling expenses increases, the previously written-down amount shall be restored and reversed in the amount of the assets impairment loss recognized for non-current assets applicable to relevant measurement regulations after classification as held for sale, with the reversed amount included in current profit and loss. The book value of the goodwill written down, and the assets impairment loss recognized for the non-current assets before classification as held for sale shall not be reversed.

The amount of subsequent reversal of impairment losses recognized for assets in disposal groups held for sale is increased proportionately to the book value of each non-current asset in the disposal group, other than goodwill, based on its proportionate share of the carrying amount of the asset.



The depreciation or amortization is not withdrawn for the non-current assets held for sale or for those in the disposal group, and the interest and other expenses on liabilities held for sale in the disposal group continue to be recognized.

When the non-current assets or disposal group held for sale are no longer classified as held for sale because they no longer meet the classification conditions of held for sale, or the non-current assets are removed from the disposal group held for sale, they will be measured at the lower of the following:

(1) the amount after adjustment according to the depreciation, amortization, or impairment that would have been recognized if it had not been classified as held for sale category, as for the book value before classified as held for sale category; (2) recoverable amount. When the non-current assets or disposal groups held for sale are derecognized, the unrecognized gains or losses shall be included in the current profit and loss.

## **19. Debt investment**

N/A

## **20. Other debt investments**

N/A

## **21. Long-term receivables**

N/A

## **22. Long-term equity investment**

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

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

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

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

If the Company acquires the equity of the investee under common control by steps through several deals, finally forms business combination and such deals belong to package deal, the deals shall be subject to accounting treatment as a deal to obtain the control right. If the deals do not belong to the package deal, the share of the book value of the net assets of the combined party in the consolidated financial statements of the final controlling party, on the combination date, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the combination plus the book value of the new consideration for shares on the combination date is adjusted against capital reserve; if the capital reserve is not sufficient to absorb the difference, the retained earnings shall be written down.

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

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

Except for the long-term equity investment acquired through business combination, for the long-term equity investment made by paying cash, the investment cost shall be the purchase price actually paid; for the long-term equity investment acquired by issuing

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

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

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

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

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

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

### 23. Investment properties

Measurement mode of investment properties

Cost method

Method of depreciation or amortization

The Company's investment properties refer to the properties held for rent gain or capital gain or the both thereof, which are measured by cost model.

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

Category	Depreciation life (year)	Expected residual rate (%)	Yearly depreciation (%)
Houses and buildings	20	5.00	4.75
Land use right	50	0.00	2.00

### 24. Fixed assets

#### (1) Recognition conditions

The Company's fixed assets refer to the tangible assets with a service life of more than one year and a unit value of more than RMB 5,000, and are held for production of goods, provision of labor, lease (excluding lease of buildings or molds) or operating management.

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

## (2) Depreciation method

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

## 25. Construction in progress

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

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

The construction in progress is carried forward to the fixed assets when it reaches the intended serviceable condition, based on the following criteria:

Item	Criteria for carrying forward fixed assets
Houses and building	If (1) the physical construction, including installation, has been fully completed or substantially completed; (2) the amount of money spent on the purchased and constructed houses and buildings is very small or almost no longer occurs; (3) the purchased and constructed houses and buildings have met the design or contract requirements, or are basically in line with the design or contract requirements; (4) the construction work has reached the predetermined usable state but has not yet completed the final settlement, it will be carried forward as fixed asset at its estimated value based on the actual cost of the construction from the date of reaching the intended serviceable condition.
Machinery equipment	The equipment management department and the equipment manufacturer are jointly responsible for equipment installation and debugging, including equipment hardware debugging, process condition debugging, etc. When the debugging is completed to reach the intended serviceable condition, the equipment will be carried forward as fixed asset after approval according to the process.
Transportation means	When it reaches the intended serviceable condition, it will be carried forward as fixed asset after approval according to the process
Other equipment	When it reaches the intended serviceable condition, it will be carried forward as fixed asset after approval according to the process

## 26. Borrowing costs

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

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

Calculation method for capitalized amount of borrowing costs: when special borrowings are borrowed for construction or production of the assets meeting the capitalization conditions, the difference between the interest incurred in the period of special borrowings and the interest income from the unused borrowing fund in the bank or the investment income of temporary

investment is deemed as the capitalized amount of the interest on the special borrowings. When general borrowings are occupied for construction or production of assets meeting the capitalized conditions, the weighted average of the expenditure to acquire exceeding the special borrowings in the cumulative expenditure to acquire is multiplied by the weighted average interest rate of the general borrowings occupied to calculate and determine the amount of interest to be capitalized on the general borrowings.

## 27. Biological assets

N/A

## 28. Oil and gas assets

N/A

## 29. Intangible assets

### (1) Service life and its determination basis, estimation, amortization method or review procedure

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

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

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

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

### (2) Collection scope of R&D expenditure and related accounting treatment methods

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

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

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

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

If the expenditure at the research stage and the expenditure at the development stage cannot be distinguished, the R&D

expenditure incurred is fully charged to the current profit and loss. The cost of intangible assets formed by internal development activities consists only of the total expenditure incurred between the point at which the conditions for capitalization are met and the time at which the intangible assets reach their intended use. The expenditure that has been expensed and included in the profit and loss for the same intangible asset before reaching the capitalization conditions in the development process is no longer adjusted.

### **30. Long-term assets impairment**

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

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

The market price of assets has fallen sharply in the current period, and its decline is significantly higher than the expected decline due to the passage of time or normal use;

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

### **31. Long-term unamortized expenses**

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

### **32. Contract liabilities**

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

### **33. Employee compensation**

#### **(1) Short-term compensation accounting method**

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

#### **(2) Post-employment benefits accounting method**

Post-employment benefits mainly include basic endowment insurance, unemployment insurance and enterprise annuity payment

and are classified as defined contribution plans according to the risks and obligations undertaken by the Company. The sinking funds made to a separate entity on the balance sheet date in exchange for services rendered by the employee during the accounting period shall be recognized as liabilities and included in the current gains and losses or relevant assets cost by the beneficiary object.

### **(3) Termination benefits accounting method**

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

### **(4) Other long-term employee benefits accounting method**

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

## **34. Estimated liabilities**

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

The estimated liabilities are initially recognized according to the best estimate number of the expenditure required to perform relevant current obligations with consideration to the contingency related risks, uncertainty, time value of money and other factors. The Company reviews the current best estimate on the balance sheet date, and adjust the book value of estimated liabilities.

Contingent liabilities of the acquiree acquired in a business combination not under the same control are measured at fair value at the time of initial recognition, and subsequently measured at the higher of the amount expected to be recognized for the liability and the amount initially recognized less the accumulated amortization determined in accordance with the principles of revenue recognition.

## **35. Share-based payment**

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

The equity-settled share-based payment in return for employee services is measured at the fair value of the equity instruments granted to the employees. The amount of fair value shall be recognized as relevant costs or expenses and capital reserves on each balance sheet date during the waiting period, based on the best estimate of the number of equity instruments with exercisable rights, at the fair value of equity instrument on the grant date, provided that the services obtained during the waiting period are completed or the prescribed performance conditions are met. The Company shall include the service obtained at the current period into relevant costs or expenses, and increase the capital reserve accordingly.

If the equity-settled share-based payment is cancelled, it will be treated as an accelerated exercise on the cancellation date, and the unconfirmed amount will be recognized immediately. If the employee or other party can choose to satisfy the non-exercisable condition but failed to do so in the waiting period, it will be treated as a cancellation of equity-settled share-based payment. However, if a new equity instrument is granted and the new equity instrument granted is deemed to be a replacement for the cancelled equity instrument on the grant date, the granted replacement equity instrument will be handled in the same manner as any amendment to the terms and conditions of the original equity instrument.

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

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

## **36. Preferred shares, perpetual bonds and other financial instruments**

N/A

### 37. Income

Accounting policies for disclosure of income recognition and measurement based on business types

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

Income recognition principle

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

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

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

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

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

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

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

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

Income measurement principle

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

### Specific methods of revenue recognition

#### 1) Revenue recognized on time

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

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

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

#### 2) Revenue recognized according to performance progress

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

The situation where different business models are used for similar businesses and involve different revenue recognition methods and measurement methods

### 38. Contract cost

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

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

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

The contract acquisition cost, that is, the incremental cost incurred by the Company to acquire the contract, which is expected to be recovered, is recognized as an asset as the contract acquisition cost; If the amortization period of such asset does not exceed one year, it shall be recorded into the current profit and loss when it occurs. Incremental cost refers to the cost that will not occur if the Company does not acquire the contract (such as sales commission, etc.). Other expenses incurred by the Company to acquire the contract other than the expected recoverable incremental costs (such as travel expenses incurred regardless of whether the contract is acquired or not) shall be recorded into the current profit and loss when it occurs, except those clearly borne by the customer.

#### (2) Amortization of assets related to contract cost

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

#### (3) Impairment of assets related to contract cost

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

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

### 39. Government subsidies

Government subsidies will be recognized when the conditions attached to them are met and received. The Company's government subsidies include financial allocations. The asset related government subsidies refer to the government subsidies obtained by the Company and used for acquisition or construction or for formation of long-term assets in other ways; the income related government subsidies refer to the government subsidies other than the asset related government subsidies. The government subsidies without subsidy objects specified in government documents shall be judged by the Company according to the above



principle, or classified into income related government subsidies as a whole if it is difficult to judge.

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

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

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

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

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

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

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

- 1) The book value of related assets is adjusted if it is offset upon initial recognition.
- 2) For those with related deferred income, the book balance of related deferred income is written down and the excess is accounted into the current profits and losses.
- 3) In the other cases, they are directly accounted into the current profits and losses.

#### **40. Deferred income tax assets / deferred income tax liabilities**

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

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

#### **41. Lease**

##### **(1) Accounting treatment method of lease as lessee**

- 1) Lease recognition

On the beginning date of the lease term, the Company recognizes the right-of-use assets and lease liabilities. See Note IV "24. Right-of-use assets" and "31. Lease liabilities" for the recognition and measurement of right-of-use assets and lease liabilities.

- 2) Lease change

Lease change refers to the change of lease scope, lease consideration and lease term beyond the terms of the original contract, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the

contract, etc. The effective date of the lease change refers to the date when both parties reach an agreement on the lease change.

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

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

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

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

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

## (2) Accounting treatment method of lease as lessor

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

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

For a lease under one or more of the following circumstances, the Company usually classifies it as a finance lease: ① when the lease term expires, the ownership of the leased asset is transferred to the lessee; ② The lessee has the option to purchase the leased asset, and the purchase price is low enough compared with fair value of the leased asset when the option is expected to be exercised, so it can be reasonably determined that the lessee will exercise the option on the commencement date of the lease; ③ Although the ownership of the asset is not transferred, the lease term accounts for most of the service life of the leased asset (no less than 75% of the service life of the leased asset); ④ On the commencement date of the lease, the present value of the lease receipts is almost equal to fair value of the leased asset (no less than 90% of the fair value of the leased asset); ⑤ The property of the leased asset is special. If no major transformation is made, only the lessee can use it. In case of one or more of the following signs in a lease, the Company may also classify it as a finance lease: ① if the lessee cancels the lease, and the loss to the lessor caused by the thereby is borne by the lessee; ② The gains or losses arising from the fluctuation of the fair value of the residual value of assets belong to the lessee; ③ The lessee has the ability to continue the lease for the next period at a rent far below the market level.

### 1) Finance lease accounting treatment

#### Initial measurement

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

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

#### Subsequent measurement

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

#### Accounting treatment of lease change

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

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

#### 2) Accounting treatment of operating lease

##### Treatment of rent

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

##### Incentives provided

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

##### Initial direct costs

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

##### Depreciation

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

##### Variable lease payments

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

##### Change of operating lease

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

## 42. Other significant accounting policy and accounting estimate

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

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

#### (1) Financial assets impairment

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

environment, technical environment, changes in customer conditions and other factors.

(2) Provision for inventory impairment

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

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

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

(3) Accounting estimates of provision for impairment of goodwill

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

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

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

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

(4) Accounting estimates of impairment provisions for fixed assets

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

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

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

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

(5) Accounting estimates for deferred income tax asset recognition

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

(6) Useful life of fixed assets and intangible assets

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

### 43. Significant accounting policy and accounting estimate change

#### (1) Changes in significant accounting policies

Applicable  Not applicable

Unit: yuan

Content and reasons of changes in accounting policies	Name item significantly affected	Amount affected
On December 13, 2022, the Ministry of Finance issued the <i>Notice on Issuance of Interpretation of Accounting Standards for Business Enterprises No.16</i> (C.K. [2022] No. 31), in which: "the deferred income tax related to assets and liabilities arising from individual transactions shall not be applicable to the accounting treatment of initial recognition exemption" takes effect on January 1, 2023; The contents of "accounting treatment for the income tax impact of dividends related to financial instruments classified by the issuer as equity instruments" and "accounting treatment on the modification of cash-settled share-based payments to equity-settled share-based payments" come into force from the date of promulgation. The Company has implemented the Standard Interpretation No.16 since January 01, 2023.	Deferred income tax assets, deferred income tax liabilities	0

#### (2) Significant accounting estimate change

Applicable  Not applicable

#### (3) Adjustment of relevant items in financial statements at the beginning of first implementation year as a result of first implementation of new accounting standards from 2023

Applicable  Not applicable

### 44. Other

## VI. Tax

### 1. Main tax categories and tax rates

Tax category	Taxation basis	Tax rate
Added value tax	Income from selling commodities, technical service income, and income from house lease	13%, 16%, 15%
Urban maintenance and construction tax	Turnover tax payable	7%
Corporate income tax	Income tax payable	15%, 25%, 20%
Education surcharge	Turnover tax payable	3%
Surcharge for local education	Turnover tax payable	2%
Housing property tax	70% of original value of the property, rental income	1.2%, 12%
Land use tax	Total land area	5-10 yuan/m <sup>2</sup>

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

Name of taxpayer	Income tax rate
Hangzhou ROBAM Appliances Co., Ltd.	15%
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	15%
Zhejiang Cooking Future Technology Co., Ltd.	15%
Beijing ROBAM Electric Appliance Sales Co., Ltd.	25%
Shanghai ROBAM Electric Appliance Sales Co., Ltd.	25%
Hangzhou Mingqi Electric Co., Ltd.	25%
Dize Home Appliances Trading (Shanghai) Co., Ltd.	25%
Hangzhou ROBAM Fuchuang Investment Management Co., Ltd.	20%
Hangzhou Jinhe Electric Appliances Co., Ltd	25%

ROBAM Appliances (Hong Kong) Holdings Limited*1	Two-tier tax system
ROBAM International (Hong Kong) Trading Co., Ltd. *1	Two-tier tax system

\*1: ROBAM Appliances (Hong Kong) Holdings Limited and ROBAM International (Hong Kong) Trading Co., Ltd., the subsidiaries of the Company, are subject to the profit tax policy in Hong Kong, China, and are subject to a two-tier system of profit tax. That is, the taxable profits not exceeding HKD 2,000,000 are subject to a profit tax rate of 8.25%, and the portion of taxable profits exceeding HKD 2,000,000 is subject to a profit tax rate of 16.50%.

## 2. Tax preference

### Preferential policies for income tax

On December 08, 2023, the Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service of State Taxation Administration and Zhejiang Taxation Bureau jointly issued a high-tech enterprise certificate (No. GR202333003384) and the Company passed the high-tech enterprise identification for 3 years. According to relevant regulations, after passing the high-tech enterprise identification, the Company can enjoy the relevant preferential policies of the state on high-tech enterprises for three consecutive years (i.e., the income tax preference period from January 01, 2023 to December 31, 2025), and the enterprise income tax shall be levied at the rate of 15%.

Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd. (hereinafter referred to as Shengzhou Kinde), a subsidiary of the Company, obtained the high-tech enterprise certificate (No. GR202233010421) jointly issued by the Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service of State Taxation Administration on December 24, 2022 and passed the high-tech enterprise identification. The Company can enjoy the relevant preferential policies of the state on high-tech enterprises for three consecutive years (i.e., the income tax preference period from January 1, 2022 to December 31, 2024), and the enterprise income tax shall be levied at the rate of 15%.

Hangzhou ROBAM Fuchuang Investment Management Co., Ltd., a subsidiary of the Company, reduced the taxable income of small and micro enterprises by 25% according to the *Announcement on Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Business Owners* (Announcement [2023] No.12) issued by of the Ministry of Finance and the State Administration of Taxation, and continued to pay corporate income tax at a rate of 20% until December 31, 2027.

### Preferential policies for added-value tax

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

According to the *Announcement on VAT Credit Policy for Advanced Manufacturing Enterprises* (Announcement [2023] No.43) issued by of the Ministry of Finance and the State Administration of Taxation, from January 1, 2023 to December 31, 2027, the Company will be entitled to an additional credit policy for advanced manufacturing enterprises to offset the VAT payable by adding 5% to the deductible input tax in the current period.

## 3. Other

## VII. Notes to Items in Consolidated Financial Statements

### 1. Monetary capital

Unit: yuan

Item	Ending balance	Beginning balance
Cash on hand	62,267.64	85,806.05
Bank deposit	1,877,703,911.46	5,194,887,841.18
Other monetary capital	107,284,566.01	97,789,023.71
<b>Total</b>	<b>1,985,050,745.11</b>	<b>5,292,762,670.94</b>
Including: Total amount deposited abroad	3,588,900.00	

Other description:

Note: Other monetary capital is RMB 107,284,566.01, of which the L/C deposit of RMB 83,153,343.90, bill acceptance deposit of RMB 23,717,043.12 and ETC deposit of RMB 14,000.00 are limited funds, Alipay balance and Wechat balance of RMB 400,178.99 are non-limited funds that can be withdrawn at any time.

Use of restricted monetary funds

Item	Year-end balance	Year-beginning balance
Guarantee deposit	83,153,343.90	76,092,305.89
Bill deposit	23,717,043.12	20,243,023.31
ETC deposit	14,000.00	13,000.00
Total	106,884,387.02	96,348,329.20

## 2. Trading financial assets

Unit: yuan

Item	Ending balance	Beginning balance
Financial assets measured with fair value and with the changes included in current profit and loss	2,730,000,000.00	2,511,844,508.00
Where:		
Financial products	2,730,000,000.00	2,511,844,508.00
Where:		
Total	2,730,000,000.00	2,511,844,508.00

## 3. Notes receivable

### (1) Classified presentation of notes receivable

Unit: yuan

Item	Ending balance	Beginning balance
Bank acceptance bill	690,184,154.22	609,791,571.72
Trade acceptance	6,100,777.42	271,981,769.99
Total	696,284,931.64	881,773,341.71

### (2) Classified disclosure by bad debt provision method

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Notes receivable of provision for bad debt by single item						12,553,205.80	1.39%	6,659,943.22	53.05%	5,893,262.58
Where:										
Notes receivable of provision for bad debt by combination	696,606,025.20	100.00%	321,093.56	0.05%	696,284,931.64	889,884,737.69	98.61%	14,004,658.56	1.57%	875,880,079.13
Where:										
Bank acceptance bill	690,184,154.22	99.08%			690,184,154.22	609,791,571.72	67.57%			609,791,571.72
Trade acceptance	6,421,870.98	0.92%	321,093.56	5.00%	6,100,777.42	280,093,165.97	31.04%	14,004,658.56	5.00%	266,088,507.41
Total	696,606,025.20	100.00%	321,093.56	0.05%	696,284,931.64	902,437,943.49	100.00%	20,664,601.78	2.29%	881,773,341.71

Provision for bad debt by single item: Notes receivable are provided for bad debts by single item

Unit: yuan

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Unit 1	9,336,504.18	4,668,252.09				
Unit 2	1,300,000.00	650,000.00				
Unit 3	1,042,901.00	730,030.70				
Unit 4	750,731.20	525,511.84				
Unit 5	123,069.42	86,148.59				
<b>Total</b>	<b>12,553,205.80</b>	<b>6,659,943.22</b>				

Provision for bad debt by combination: Notes receivable are provided for bad debts by combination

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Banker's acceptance bill combination	690,184,154.22		
Commercial acceptance bill combination	6,421,870.98	321,093.56	5.00%
<b>Total</b>	<b>696,606,025.20</b>	<b>321,093.56</b>	

Description of the basis for determining the combination:

If the bad debt provision of notes receivable is withdrawn according to the general model of expected credit loss:

Applicable  Not applicable

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

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Commercial acceptance bill	20,664,601.78	-20,343,508.22				321,093.56
<b>Total</b>	<b>20,664,601.78</b>	<b>-20,343,508.22</b>				<b>321,093.56</b>

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

Applicable  Not applicable

## 4. Accounts receivable

### (1) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	1,557,020,494.66	1,414,611,796.19
1 to 2 years	541,557,234.61	1,310,592,988.91
2 to 3 years	886,738,162.41	52,140,042.25
More than 3 years	48,881,334.70	15,604,054.43
3 to 4 years	35,197,495.87	8,167,899.77
4 to 5 years	6,690,817.20	5,260,654.01
More than 5 years	6,993,021.63	2,175,500.65
<b>Total</b>	<b>3,034,197,226.38</b>	<b>2,792,948,881.78</b>



(2) Classified disclosure by bad debt provision method

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Accounts receivable of provision for bad debt by single item	1,645,394,906.63	54.23%	1,131,734,880.57	68.78%	513,660,026.06	1,639,679,315.79	58.71%	1,030,780,696.17	62.86%	608,898,619.62
Where:										
Accounts receivable of provision for bad debt by combination	1,388,802,319.75	45.77%	92,446,749.48	6.66%	1,296,355,570.27	1,153,269,565.99	41.29%	72,561,356.67	6.29%	1,080,708,209.32
Where:										
Aging combination	1,388,802,319.75	45.77%	92,446,749.48	6.66%	1,296,355,570.27	1,153,269,565.99	41.29%	72,561,356.67	6.29%	1,080,708,209.32
Total	3,034,197,226.38	100.00%	1,224,181,630.05	40.35%	1,810,015,596.33	2,792,948,881.78	100.00%	1,103,342,052.84	39.50%	1,689,606,828.94

Provision for bad debt by single item: Accounts receivable are provided for bad debts by single item

Unit: yuan

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Unit 1	657,344,204.78	657,344,204.78	660,039,726.23	660,039,726.23	100.00%	Expected to be difficult to recover
Unit 2	607,891,265.65	182,367,379.68	388,093,418.16	116,428,025.44	30.00%	Expected to be difficult to fully recover
Unit 3			201,626,455.66	86,259,958.01	42.78%	Expected to be difficult to fully recover
Unit 4	112,811,043.19	42,342,003.78	103,644,563.87	62,549,255.29	60.35%	Expected to be difficult to fully recover
Unit 5	80,690,330.78	56,483,231.55	78,105,963.23	78,105,963.23	100.00%	Expected to be difficult to recover
Unit 6	26,306,236.78	5,261,247.36	29,833,027.36	20,883,119.15	70.00%	Expected to be difficult to fully recover
Unit 7	20,263,294.09	5,751,727.45	28,796,628.81	12,808,177.77	44.48%	Expected to be difficult to fully recover
Unit 8	27,754,259.57	18,956,340.20	25,826,189.64	17,748,183.70	68.72%	Expected to be difficult to fully recover
Unit 9	21,370,090.54	14,959,063.38	22,983,529.61	15,004,193.26	65.28%	Expected to be difficult to fully recover
Unit 10			15,100,611.29	8,471,506.90	56.10%	Expected to be difficult to fully recover
Unit 11	14,139,851.56	8,965,986.59	13,643,117.43	7,265,607.25	53.25%	Expected to be difficult to fully recover
Unit 12	16,210,905.78	11,325,134.05	11,403,482.66	6,897,017.86	60.48%	Expected to be difficult to fully recover
Unit 13	10,185,685.90	2,157,682.25	9,391,156.30	4,698,425.06	50.03%	Expected to be difficult to fully recover
Unit 14	8,009,318.82	2,345,903.11	8,175,007.62	3,440,071.29	42.08%	Expected to be difficult to fully recover

Name	Beginning balance		Ending balance			Reasons for provision
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	
Unit 15	9,475,265.17	6,632,685.62	7,305,800.75	5,114,060.53	70.00%	Expected to be difficult to fully recover
Unit 16	4,025,730.93	2,818,011.65	3,921,670.93	2,745,169.65	70.00%	Expected to be difficult to fully recover
Unit 17			3,616,362.19	2,531,453.53	70.00%	Expected to be difficult to fully recover
Unit 18			3,317,253.79	1,554,840.55	46.87%	Expected to be difficult to fully recover
Unit 19			3,310,609.08	1,715,551.82	51.82%	Expected to be difficult to fully recover
Unit 20			3,056,422.32	1,145,907.85	37.49%	Expected to be difficult to fully recover
Unit 21	23,201,832.25	13,070,094.72	24,203,909.70	16,328,666.20	67.46%	Expected to be difficult to fully recover
<b>Total</b>	<b>1,639,679,315.79</b>	<b>1,030,780,696.17</b>	<b>1,645,394,906.63</b>	<b>1,131,734,880.57</b>		

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

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	1,194,156,033.42	59,707,801.66	5.00%
1~2 years	134,766,796.33	13,476,679.63	10.00%
2~3 years	43,529,531.79	8,705,906.36	20.00%
3~4 years	10,346,739.51	5,173,369.76	50.00%
4~5 years	3,101,133.17	2,480,906.54	80.00%
More than 5 years	2,902,085.53	2,902,085.53	100.00%
<b>Total</b>	<b>1,388,802,319.75</b>	<b>92,446,749.48</b>	

Description of the basis for determining the combination:

If the bad debt provision of accounts receivable is withdrawn according to the general model of expected credit loss:

Applicable  Not applicable

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

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad debt of accounts receivable	1,103,342,052.84	220,247,079.47	98,986,397.46	421,104.80		1,224,181,630.05
<b>Total</b>	<b>1,103,342,052.84</b>	<b>220,247,079.47</b>	<b>98,986,397.46</b>	<b>421,104.80</b>		<b>1,224,181,630.05</b>

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

Unit: yuan

Unit name	Recovered or reversed amount	Reason for reversal	Recovery mode	The basis and rationality for determining the proportion of the original bad debt provision
Unit 1	221,825,902.65		Bank transfer, deduction of fees	
Unit 2	15,782,678.82		Bank transfer, house mortgage	
Unit 3	7,084,588.48		Bank transfer, house mortgage	
Unit 4	6,187,078.87		Bank transfer, house mortgage	
Unit 5	6,076,928.75		Bank transfer, house mortgage	
Unit 6	3,888,813.74		Bank transfer, house mortgage	
Unit 7	3,883,348.75		Bank transfer, house mortgage	
Unit 8	2,483,437.46		Bank transfer, house mortgage	
Unit 9	1,849,551.00		Bank transfer, house mortgage	
Unit 10	1,773,645.05		Bank transfer, house mortgage	
Unit 11	1,392,336.16		Bank transfer, house mortgage	
Unit 12	891,142.34		Bank transfer, house mortgage	
Unit 13	848,351.74		Bank transfer, house mortgage	
Unit 14	1,709,927.91		Bank transfer, house mortgage	
<b>Total</b>	<b>275,677,731.72</b>			

**(4) Accounts receivable actually written off at the current period**

Unit: yuan

Item	Write-off amount
Accounts receivable written off actually	421,104.80

Write-off of important accounts receivable:

Unit: yuan

Name of creditor	Nature of accounts receivable	Write-off amount	Cause for write-off	Write-off procedures	Arising from related transactions
Unit 1	payment for goods	115,502.00	Expected irrecoverable	Approval by management	No
Unit 2	payment for goods	92,977.60	Expected irrecoverable	Approval by management	No
Unit 3	payment for goods	87,416.37	Expected irrecoverable	Approval by management	No
Unit 4	payment for goods	41,159.00	Expected irrecoverable	Approval by management	No

Unit 5	payment for goods	27,800.00	Expected irrecoverable	Approval by management	No
Subtotal of other accounts receivable	payment for goods	56,249.83	Expected irrecoverable	Approval by management	No
Total	--	421,104.80	--	--	--

**(5) Account receivable and contract assets with top 5 ending balances by debtor**

Unit: yuan

Unit name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in total ending balance of accounts receivable and contract assets	Ending balance of bad debt provision of accounts receivable and impairment provisions of contract assets
Unit 1	452,376,997.98		452,376,997.98	14.91%	452,376,997.98
Unit 2	388,093,418.16		388,093,418.16	12.79%	116,428,025.45
Unit 3	193,644,110.23		193,644,110.23	6.38%	9,682,205.51
Unit 4	171,043,456.25		171,043,456.25	5.64%	8,552,172.81
Unit 5	140,791,195.62		140,791,195.62	4.64%	72,571,251.10
Total	1,345,949,178.24		1,345,949,178.24	44.36%	659,610,652.85

**5. Other receivables**

Unit: yuan

Item	Ending balance	Beginning balance
Other receivables	53,368,667.34	80,429,057.84
Total	53,368,667.34	80,429,057.84

**1) Other receivables classified by nature**

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Deposit and margin	35,077,788.86	38,184,552.92
Collection by third party	26,915,796.30	50,695,825.81
Withheld amount	4,274,188.53	4,898,268.76
Imprest	2,365,967.91	2,601,040.33
Project mortgage property	2,094,110.00	
Other	330,098.34	519,033.02
Total	71,057,949.94	96,898,720.84

**2) Disclosure by aging**

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	42,909,446.18	70,253,063.08
1 to 2 years	6,665,944.46	9,080,735.82
2 to 3 years	6,322,210.28	4,279,573.74
More than 3 years	15,160,349.02	13,285,348.20
3 to 4 years	3,591,477.42	2,965,976.80
4 to 5 years	2,146,271.80	3,046,691.50
More than 5 years	9,422,599.80	7,272,679.90
Total	71,057,949.94	96,898,720.84

**3) Classified disclosure by bad debt provision plan**

Category	Ending balance			Beginning balance		
	Book balance	Provision	Book value	Book balance	Provision for	Book value

			for bad debt					bad debt		
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Provision for bad debt by single item	2,362,320.00	3.32%	945,141.50	40.01%	1,417,178.50					
Where:										
Provision for bad debt by combination	68,695,629.94	96.68%	16,744,141.10	24.37%	51,951,488.84	96,898,720.84	100.00%	16,469,663.00	17.00%	80,429,057.84
Where:										
Aging combination	68,695,629.94	96.68%	16,744,141.10	24.37%	51,951,488.84	96,898,720.84	100.00%	16,469,663.00	17.00%	80,429,057.84
Total	71,057,949.94	100.00%	17,689,282.60	24.89%	53,368,667.34	96,898,720.84	100.00%	16,469,663.00	17.00%	80,429,057.84

**4) Other receivables of which bad debt provision are made in accordance with the general model of expected credit loss**

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (without credit impairment)	Expected credit losses over the entire duration (with credit impairment)	
Balance on January 1, 2023	16,469,663.00			16,469,663.00
Balance on January 1, 2023 in current period				
-- Transferred to stage 2				
-- Transferred to stage 3				
-- Reserved to stage 2				
-- Reserved to stage 1				
Withdrawn in current period	274,478.10	756,941.50	188,200.00	1,219,619.60
Reversal in current period				
Writing-off in current period				
Canceled after verification in current period				
Other alterations				
Balance on December 31, 2023	16,744,141.10	756,941.50	188,200.00	17,689,282.60

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

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Write-off or verification	Other	
Provision for bad debt of other receivables	16,469,663.00	1,219,619.60				17,689,282.60
Total	16,469,663.00	1,219,619.60				17,689,282.60

**6) Other receivables with top 5 ending balances by debtor**

Unit: yuan

Unit name	Nature of payment	Ending balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
Unit 1	Third party Collections	16,946,133.99	Within 1 year	23.85%	847,306.70
Unit 2	Deposit	4,928,000.00	More than 5 years	6.94%	4,928,000.00
Unit 3	Withheld amount	3,442,166.31	Within 1 year	4.84%	172,108.32
Unit 4	Third party Collections	2,228,080.41	Within 1 year	3.14%	111,404.02
Unit 5	Third party Collections/cash deposit	1,899,454.80	0~2 years	2.67%	100,572.74
Total		29,443,835.51		41.44%	6,159,391.78

**6. Advances to suppliers**

**(1) Presentation of advances to suppliers by aging**

Unit: yuan

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	136,637,538.73	97.80%	176,828,710.59	99.62%
1 to 2 years	3,055,581.83	2.19%	331,685.80	0.19%
2 to 3 years	15,823.01	0.01%	309,887.50	0.17%
More than 3 years	4,528.01		30,069.48	0.02%
Total	139,713,471.58		177,500,353.37	

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

The total amount of advances to suppliers with top 5 ending balances by prepayment object in the current year was RMB 73,292,748.68, accounting for 52.46% of total number of ending balance of advances to suppliers.

**7. Inventory**

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

No

**(1) Inventory classification**

Unit: yuan

Item	Book balance	Ending balance		Book balance	Beginning balance	
		Inventory falling price reserves or provision for impairment of contract	Book value		Inventory falling price reserves or provision for impairment of contract	Book value

		performance costs			performance costs	
Raw materials	81,308,915.01		81,308,915.01	124,228,344.80		124,228,344.80
Work in process	98,820,705.86		98,820,705.86	110,725,274.36		110,725,274.36
Merchandise inventory	434,195,084.18	33,339,505.13	400,855,579.05	433,960,199.87	38,422,564.56	395,537,635.31
Contract performance cost	35,371,916.75		35,371,916.75	44,135,708.88		44,135,708.88
Semi-finished products shipped in transit	891,904,804.32	30,351,019.85	861,553,784.47	946,934,786.68	34,166,612.43	912,768,174.25
Low priced and easily worn articles and wrappage	46,363,819.10		46,363,819.10	22,715,660.50		22,715,660.50
<b>Total</b>	<b>1,587,965,245.22</b>	<b>63,690,524.98</b>	<b>1,524,274,720.24</b>	<b>1,682,699,975.09</b>	<b>72,589,176.99</b>	<b>1,610,110,798.10</b>

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

Unit: yuan

Item	Beginning balance	Amount increased in current period		Amount decreased in current period		Ending balance
		Provision	Other	Reversed or written off	Other	
Merchandise inventory	38,422,564.56	585,473.49		5,668,532.92		33,339,505.13
Semi-finished products shipped in transit	34,166,612.43	5,351,784.20		9,167,376.78		30,351,019.85
<b>Total</b>	<b>72,589,176.99</b>	<b>5,937,257.69</b>		<b>14,835,909.70</b>		<b>63,690,524.98</b>

**(3) Other debt investment due within one year**

**8. Other current assets**

Unit: yuan

Item	Ending balance	Beginning balance
Time deposit within one year	2,563,744,300.00	
Accrued interest on time deposits	81,146,657.65	
Prepaid tax	2,917,663.05	1,334.25
Pending deduct VAT on purchase		333,014.51
<b>Total</b>	<b>2,647,808,620.70</b>	<b>334,348.76</b>

**9. Other equity instrument investments**

Unit: yuan

Item name	Ending balance	Beginning balance	Gains included in other comprehensive income in current period	Losses included in other comprehensive income in current period	Gains accumulated in other comprehensive income at the end of current period	Losses accumulated in other comprehensive income at the end of current period	Dividend income recognized in current period	Cause for designation to measure at fair value of which changes are recorded into other comprehensive income
Suzhou Industrial Park Ruican Investment						100,000,000.00		

Enterprise (limited partnership)									
Shanghai MXCHIP Information Technology Co., Ltd.	2,116,023.22	2,116,023.22						17,832,510.78	
<b>Total</b>	<b>2,116,023.22</b>	<b>2,116,023.22</b>						<b>117,832,510.78</b>	

## 10. Long-term equity investment

Unit: yuan

Invested unit	Beginning balance (book value)	Beginning balance of impairment provision	Increase or decrease in current period							Ending balance (book value)	Balance of impairment provision at the end of period	
			Further investment	Capital reduction	Investment gains and losses recognized by the equity method	Adjustment of other comprehensive income	Changes in other equity	Declared payment of cash dividends or profits	Provision for impairment			Other
<b>I. Cooperative enterprise</b>												
De Dietrich Trade (Shanghai) Co., Ltd.	3,824,460.03				497,269.36						4,321,729.39	
<b>Subtotal</b>	<b>3,824,460.03</b>				<b>497,269.36</b>						<b>4,321,729.39</b>	
<b>II. Joint venture</b>												
Zhejiang Tingshuo Brand Operation Management Co., Ltd.	1,065,993.31				-426,050.67						639,942.64	
Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.	3,828,052.28				-362,274.07						3,465,778.21	
<b>Subtotal</b>	<b>4,894,045.59</b>				<b>-788,324.74</b>						<b>4,105,720.85</b>	
<b>Total</b>	<b>8,718,505.62</b>				<b>-291,055.38</b>						<b>8,427,450.24</b>	

The recoverable amount is determined by the net of fair value less disposal costs

Applicable  Not applicable

The recoverable amount is determined by the present value of expected future cash flow.

Applicable  Not applicable

Reasons for significant discrepancies between the above information and the information used for impairment tests in previous years or external information

Reasons for significant discrepancies between the information used for Company's impairment tests in the previous years and the actual situation in current year

## 11. Other non-current financial assets

Unit: yuan

Item	Ending balance	Beginning balance
Financial assets measured with fair value	480,000,000.00	



and with the changes included in current profit and loss		
Total	480,000,000.00	

## 12. Investment properties

### (1) Investment properties using cost measurement mode

Applicable  Not applicable

Unit: yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
<b>I. Original book value</b>				
1. Beginning balance	61,641,757.01	1,062,744.00		62,704,501.01
2. Amount increased in current period	41,510,951.28			41,510,951.28
(1) Purchased				
(2) Transfer from inventory/fixed assets/construction in progress	41,510,951.28			41,510,951.28
(3) Increase by business combination				
3. Amount decreased in current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	103,152,708.29	1,062,744.00		104,215,452.29
<b>II. Accumulated depreciation and amortization</b>				
1. Beginning balance	6,480,766.87	336,535.60		6,817,302.47
2. Amount increased in current period	6,245,376.35	15,941.16		6,261,317.51
(1) Accrual or amortization	4,791,280.96	15,941.16		4,807,222.12
(2) Other transfer-in	1,454,095.39			1,454,095.39
3. Amount decreased in current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	12,726,143.22	352,476.76		13,078,619.98
<b>III. Provision for impairment</b>				
1. Beginning balance				
2. Amount increased in current period				
(1) Provision				
3. Amount decreased in current period				
(1) Disposal				
(2) Other transfer-out				

Item	Houses and buildings	Land use right	Construction in progress	Total
4. Ending balance				
IV. Book value				
1. Ending book value	90,426,565.07	710,267.24		91,136,832.31
2. Beginning book value	55,160,990.14	726,208.40		55,887,198.54

The recoverable amount is determined by the net of fair value less disposal costs

Applicable  Not applicable

The recoverable amount is determined by the present value of expected future cash flow.

Applicable  Not applicable

Reasons for significant discrepancies between the above information and the information used for impairment tests in previous years or external information

Reasons for significant discrepancies between the information used for Company's impairment tests in the previous years and the actual situation in current year

Other description: The increase in investment properties was mainly due to the further expansion of new plant leasing of Shengzhou Kinde, a subsidiary of the Company.

## (2) Investment properties using fair value measurement mode

Applicable  Not applicable

## 13. Fixed assets

Unit: yuan

Item	Ending balance	Beginning balance
Fixed assets	1,720,724,257.46	1,622,235,227.74
Liquidation of fixed assets		
Total	1,720,724,257.46	1,622,235,227.74

### (1) Fixed assets

Unit: yuan

Item	Houses and building	Machinery 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. Amount increased in current period	171,644,314.46	78,302,805.96	3,361,392.98	38,515,056.66	291,823,570.06
(1) Purchase	26,518,379.39	4,773,128.55	3,361,392.98	6,146,062.35	40,798,963.27
(2) Transfer from construction in progress	145,125,935.07	73,529,677.41		32,368,994.31	251,024,606.79
(3) Increase by business combination					
3. Amount decreased in current period	41,510,951.28	3,966,698.25	2,682,647.57	884,947.74	49,045,244.84
(1) Disposal or scrap		3,966,698.25	2,682,647.57	884,947.74	7,534,293.56
(2) Other decreases	41,510,951.28				41,510,951.28
4. Ending balance	1,653,353,641.45	846,881,737.33	23,053,141.13	137,921,680.50	2,661,210,200.41

Item	Houses and building	Machinery equipment	Transportation equipment	Other equipment	Total
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. Amount increased in current period	73,041,059.80	62,760,024.37	2,187,833.83	12,975,612.72	150,964,530.72
(1) Provision	73,041,059.80	62,760,024.37	2,187,833.83	12,975,612.72	150,964,530.72
3. Amount decreased in current period	1,454,095.39	1,885,170.57	1,835,890.73	1,500,078.53	6,675,235.22
(1) Disposal or scrap		1,885,170.57	1,835,890.73	1,500,078.53	5,221,139.83
(2) Other decreases	1,454,095.39				1,454,095.39
4. Ending balance	392,725,389.84	456,059,295.64	15,068,321.38	76,632,936.09	940,485,942.95
III. Provision for impairment					
1. Beginning balance					
2. Amount increased in current period					
(1) Provision					
3. Amount decreased in current period					
(1) Disposal or scrap					
4. Ending balance					
IV. Book value					
1. Ending book value	1,260,628,251.61	390,822,441.69	7,984,819.75	61,288,744.41	1,720,724,257.46
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) Impairment test of fixed assets

Applicable  Not applicable

## 14. Construction in progress

Unit: yuan

Item	Ending balance	Beginning balance
Construction in progress	359,768,699.68	406,258,146.69
Total	359,768,699.68	406,258,146.69

### (1) Construction in progress

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
ROBAM Building project	336,704,853.10		336,704,853.10	192,286,508.04		192,286,508.04

Maoshan intelligent manufacturing base infrastructure project				192,769,369.56		192,769,369.56
Project of production department 4	14,080,754.69		14,080,754.69			
Customized management software	3,182,235.79		3,182,235.79	5,505,845.75		5,505,845.75
Project of production department 1	941,946.89		941,946.89	5,941,592.92		5,941,592.92
Project of production department 3	761,150.44		761,150.44	3,855,078.16		3,855,078.16
Project of production department 2	130,973.44		130,973.44	1,387,610.64		1,387,610.64
Other sporadic projects	3,966,785.33		3,966,785.33	4,512,141.62		4,512,141.62
<b>Total</b>	<b>359,768,699.68</b>		<b>359,768,699.68</b>	<b>406,258,146.69</b>		<b>406,258,146.69</b>

## (2) Current changes in major projects under construction

Unit: yuan

Item name	Budget number	Beginning balance	Amount increased in current period	Amount carried forward to fixed assets in current period	Other decreases in current period	Ending balance	Proportion of total project input to the budget	Progress of works	Source of funds
ROBAM Building project	724,750,000.00	192,286,508.04	144,418,345.06			336,704,853.10	46.46%	46.46	Owned fund
Maoshan intelligent manufacturing	954,238,416.50	192,769,369.56	17,206,715.24	209,976,084.80			100.00%	100.00	Owned fund
<b>Total</b>	<b>1,678,988,416.50</b>	<b>385,055,877.60</b>	<b>161,625,060.30</b>	<b>209,976,084.80</b>		<b>336,704,853.10</b>			

## (3) Impairment test of construction in progress

Applicable  Not applicable

## 15. Right-of-use assets

### (1) Right-of-use assets

Unit: yuan

Item	Houses and buildings	Total
I. Original book value		
1. Beginning balance	33,078,049.02	33,078,049.02
2. Amount increased in current period		
3. Amount decreased in current period	3,620,141.00	3,620,141.00

Item	Houses and buildings	Total
Disposal	3,620,141.00	3,620,141.00
4. Ending balance	29,457,908.02	29,457,908.02
II. Accumulated depreciation		
1. Beginning balance	10,857,904.89	10,857,904.89
2. Amount increased in current period	4,975,042.57	4,975,042.57
(1) Provision	4,975,042.57	4,975,042.57
3. Amount decreased in current period	177,498.42	177,498.42
(1) Disposal	177,498.42	177,498.42
4. Ending balance	15,655,449.04	15,655,449.04
III. Provision for impairment		
1. Beginning balance		
2. Amount increased in current period		
(1) Provision		
3. Amount decreased in current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Ending book value	13,802,458.98	13,802,458.98
2. Beginning book value	22,220,144.13	22,220,144.13

## (2) Impairment test of right-of-use assets

Applicable  Not applicable

## 16. Intangible assets

### (1) Intangible assets

Unit: yuan

Item	Land use right	Patent right	Nonpatented technology	Software	Trademark	Patent	Total
I. Original book value							
1. Beginning balance	224,593,935.95			66,054,963.42	24,624,622.64	7,300,000.00	322,573,522.01
2. Amount increased in current period				7,153,296.11			7,153,296.11
(1) Purchase				1,411,820.03			1,411,820.03
(2) Internal R&D							
(3) Increase by business combination							
(4) Transfer from construction in progress				5,741,476.08			5,741,476.08
3. Amount decreased in current period							
(1) Disposal							
4. Ending balance	224,593,935.95			73,208,259.53	24,624,622.64	7,300,000.00	329,726,818.12
II. Accumulated amortization							

1. Beginning balance	34,355,786.06			50,741,829.14	11,065,502.28	5,053,846.15	101,216,963.63
2. Amount increased in current period	4,497,696.17			5,872,879.84	2,462,462.24	1,123,076.93	13,956,115.18
(1) Provision	4,497,696.17			5,872,879.84	2,462,462.24	1,123,076.93	13,956,115.18
3. Amount decreased in current period							
(1) Disposal							
4. Ending balance	38,853,482.23			56,614,708.98	13,527,964.52	6,176,923.08	115,173,078.81
III. Provision for impairment							
1. Beginning balance							
2. Amount increased in current period							
(1) Provision							
3. Amount decreased in current period							
(1) Disposal							
4. Ending balance							
IV. Book value							
1. Ending book value	185,740,453.72			16,593,550.55	11,096,658.12	1,123,076.92	214,553,739.31
2. Beginning book value	190,238,149.89			15,313,134.28	13,559,120.36	2,246,153.85	221,356,558.38

The proportion of intangible assets formed through internal research and development of the Company to the balance of intangible assets at the end of this period.

## (2) Impairment test of intangible assets

Applicable  Not applicable

## 17. Goodwill

### (1) Original book value of goodwill

Unit: yuan

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

### (2) Provision for impairment of goodwill

Unit: yuan

Investee name or goodwill forming matter	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision		Disposal		
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	20,015,733.28	48,350,560.89				68,366,294.17
Total	20,015,733.28	48,350,560.89				68,366,294.17

## 18. Long-term unamortized expenses

Unit: yuan

Item	Beginning balance	Amount increased in current period	Amortization amount in current period	Other decreases	Ending balance
Office decoration fee	4,975,535.19		2,644,373.55		2,331,161.64
Service charge	568,331.27	5,272,541.46	3,757,582.94		2,083,289.77
Consulting fee	78,916.67	537,431.46	348,615.03		267,733.10
Advertising and promotion expenses	184,204.48	3,911,850.12	3,966,838.47		129,216.10
Other	45,912.29	6,280,310.56	6,102,964.14		223,258.76
<b>Total</b>	<b>5,852,899.90</b>	<b>16,002,133.60</b>	<b>16,820,374.13</b>		<b>5,034,659.37</b>

Other description:

## 19. Deferred income tax assets / deferred income tax liabilities

### (1) Unoffset deferred income tax assets

Unit: yuan

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for credit impairment	1,228,253,675.11	191,913,813.81	1,140,080,421.22	177,937,345.82
Recognition for provisional estimate cost	744,083,389.27	111,612,508.39	775,373,813.20	116,306,071.98
Fair value change of other equity instrument investments	117,832,510.80	17,674,876.62	117,832,510.80	17,674,876.62
Recognition for deferred income	101,473,668.87	15,221,050.33	86,923,728.33	13,038,559.25
Provision for impairment of assets	97,315,669.06	14,597,350.36	75,904,924.33	11,385,738.65
Unrealized profit of internal transaction			9,265,235.74	2,316,308.94
Recognition for equity incentive	9,730,756.23	1,510,663.99	7,950,207.60	1,239,475.54
Income that should be recognized according to tax laws but not yet recognized by the accountant	60,810,075.93	9,121,511.39		
Lease liabilities	4,984,267.98	1,246,067.00	3,651,876.63	912,969.16
<b>Total</b>	<b>2,364,484,013.25</b>	<b>362,897,841.89</b>	<b>2,216,982,717.85</b>	<b>340,811,345.96</b>

### (2) Unoffset deferred income tax liabilities

Unit: yuan

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appreciation of assets appraisal for business combination not under common control	17,528,191.69	2,629,228.75	21,533,616.61	3,230,042.49
Right-of-use assets	3,260,199.24	815,049.81		
Taxable temporary differences due to the pretax deduction of fixed	112,448,544.27	16,867,281.64	125,852,613.90	18,877,892.09

assets				
Accrued interest on time deposits	54,046,698.73	8,107,004.81		
<b>Total</b>	<b>187,283,633.93</b>	<b>28,418,565.01</b>	<b>147,386,230.51</b>	<b>22,107,934.58</b>

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

Unit: yuan

Item	Ending offset amount of deferred income tax assets and liabilities	Ending balance of deferred income tax assets and liabilities after offset	Beginning offset amount of deferred income tax assets and liabilities	Beginning balance of deferred income tax assets and liabilities after offset
Deferred income tax assets		362,897,841.89		340,811,345.96
Deferred income tax liabilities		28,418,565.01		22,107,934.58

**(4) Details of unrecognized deferred income tax assets**

Unit: yuan

Item	Ending balance	Beginning balance
Deductible temporary differences	13,929,952.65	
Deductible loss	102,787,541.49	44,298,409.84
<b>Total</b>	<b>116,717,494.14</b>	<b>44,298,409.84</b>

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

Unit: yuan

Year	Ending amount	Beginning amount	Remark
2023		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	58,495,845.99		
<b>Total</b>	<b>102,787,541.49</b>	<b>44,298,409.84</b>	

Other description:

**20. Other non-current assets**

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Time deposit over one year	1,770,000,000.00		1,770,000,000.00			
Project mortgage property *1 Note 1	97,041,317.94	33,964,461.28	63,076,856.66	48,666,572.69	3,315,747.32	45,350,825.37
Advance payment for house purchase	76,602,510.25		76,602,510.25			
Advance payment for equipment	12,455,961.74		12,455,961.74	4,082,671.76		4,082,671.76
Advance payment for engineering	194,000.00		194,000.00			
<b>Total</b>	<b>1,956,293,789.93</b>	<b>33,964,461.28</b>	<b>1,922,329,328.65</b>	<b>52,749,244.45</b>	<b>3,315,747.32</b>	<b>49,433,497.13</b>

Other description:

\*1. At the end of the year, the Company signed the debt restructuring agreement and completed the real estate transfer procedures for the purchase of project mortgage property and parking space with a total price of RMB 97,041,300, and the impairment



provision of RMB 33,964,500. See "XVIII. Other important matters 1. Debt restructuring matters" in this report for details.

## 21. Assets with ownership or use rights restricted

Unit: yuan

Item	At the end of the period				At the beginning of the period			
	Book balance	Book value	Type of restriction	Restriction details	Book balance	Book value	Type of restriction	Restriction details
Monetary capital	83,153,343.90	83,153,343.90	Guarantee deposit		76,092,305.89	76,092,305.89	Guarantee deposit	
Fixed assets	108,455,603.60	99,401,869.39	Mortgage loan					
Intangible assets	28,181,534.50	25,884,399.80	Mortgage loan					
Monetary capital	23,717,043.12	23,717,043.12	Bill deposit		20,243,023.31	20,243,023.31	Bill deposit	
Monetary capital	14,000.00	14,000.00	ETC deposit		13,000.00	13,000.00	ETC deposit	
<b>Total</b>	<b>243,521,525.12</b>	<b>232,170,656.21</b>			<b>96,348,329.20</b>	<b>96,348,329.20</b>		

## 22. Short-term borrowing

### (1) Classification of short-term borrowing

Unit: yuan

Item	Ending balance	Beginning balance
Mortgage loan	49,500,000.00	
Credit loan	31,500,000.00	51,150,000.00
Accounts receivable factoring	14,003,320.70	573,429.99
<b>Total</b>	<b>95,003,320.70</b>	<b>51,723,429.99</b>

Description of classification of short-term borrowing

Credit loan: It is the working capital loan of Shengzhou Kinde (a subsidiary of the Company) and Cooking Future (a subsidiary of Shengzhou Kinde) from Shaoxing Shengzhou Sub-branch of Bank of Communications Co., Ltd., Shaoxing Shengzhou Sub-branch of China Construction Bank Co., Ltd., Shaoxing Shengzhou Sub-branch of China Minsheng Banking Corporation Limited and Shaoxing Shengzhou Small and Micro Enterprise Specialized Sub-branch of Zhejiang Tailong Commercial Bank Co., Ltd. The loan term is 1 year, and the interest rate range is 3.25%-6.18%.

Mortgage loan: Shengzhou Kinde, a subsidiary of the Company, signed a mortgage loan contract with Shaoxing Shengzhou Sub-branch of Bank of Communications Co., Ltd. on June 1, 2023, and obtained a loan credit line of RMB 160 million from Bank of Communications, which was utilized in the current year to the extent of RMB 49.5 million, with the loan interest rate of 3.25%-3.35%. The collateral is the house and land of Plant No. 1 located at No. 888 Ruanpeng Road, Shengzhou City, with a total net value of RMB 125 million.

## 23. Notes payable

Unit: yuan

Type	Ending balance	Beginning balance
Banker's acceptance bill	1,098,720,000.58	872,550,306.86
<b>Total</b>	<b>1,098,720,000.58</b>	<b>872,550,306.86</b>

## 24. Accounts payable

### (1) Presentation of accounts payable

Unit: yuan

Item	Ending balance	Beginning balance
Payment for materials	1,267,081,255.68	1,179,804,339.04
Costs	1,107,539,973.00	1,004,448,565.06
Project payment	164,258,188.72	202,679,315.68
Payment for equipment	9,864,344.66	31,822,947.53
Total	2,548,743,762.06	2,418,755,167.31

### (2) Important accounts payable with the aging over 1 year or overdue

Note: As of December 31, 2023, the Company's balance of important accounts payable with an age over one year were RMB 68,156,576.35, mainly for the outstanding project funds and fees.

## 25. Other payables

Unit: yuan

Item	Ending balance	Beginning balance
Dividends payable	472,047,458.00	
Other payables	283,917,461.76	281,878,208.25
Total	755,964,919.76	281,878,208.25

### (1) Dividends payable

Unit: yuan

Item	Ending balance	Beginning balance
Common stock dividends	472,047,458.00	
Total	472,047,458.00	

### (2) Other payables

#### 1) Other payables listed by nature

Unit: yuan

Item	Ending balance	Beginning balance
Margin payable	266,137,376.14	265,582,978.77
Collections for others	4,941,205.70	7,285,543.45
Deposit payable	6,600,507.19	6,122,832.30
Other	6,238,372.73	2,886,853.73
Total	283,917,461.76	281,878,208.25

#### 2) Important other payables with the aging over 1 year

Unit: yuan

Item	Ending balance	Reasons for failure of payment or carryover
Sales deposit	68,156,576.35	
Total	68,156,576.35	

## 26. Contract liabilities

Unit: yuan

Item	Ending balance	Beginning balance
Advances from customers	1,019,942,923.58	959,915,567.03
Total	1,019,942,923.58	959,915,567.03

**(1) Presentation of payroll payable**

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
I. Short-term compensation	150,070,271.37	994,720,896.44	975,802,464.20	168,988,703.61
II. Welfare after dismission - defined contribution plan	3,696,456.80	76,510,989.51	71,385,186.08	8,822,260.23
III. Dismission welfare	175,601.71	1,675,298.12	1,738,821.66	112,078.17
Total	153,942,329.88	1,072,907,184.07	1,048,926,471.94	177,923,042.01

**(2) Presentation of short-term compensation**

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Wages, bonuses, allowances and subsidies	144,681,781.61	843,221,721.35	825,487,750.12	162,415,752.84
2. Employee welfare expenses		37,954,488.12	37,954,488.12	
3. Social insurance premium	4,319,168.44	51,052,801.81	49,564,928.90	5,807,041.35
Including: medical insurance premium	4,212,988.20	48,489,005.68	47,209,079.68	5,492,914.20
Industrial injury insurance premium	106,180.24	2,563,796.13	2,355,849.22	314,127.15
4. Housing fund	664,905.00	46,150,383.55	46,468,148.55	347,140.00
5. Labor union expenditure and personnel education fund	404,416.32	16,341,501.61	16,327,148.51	418,769.42
Total	150,070,271.37	994,720,896.44	975,802,464.20	168,988,703.61

**(3) Presentation of defined contribution plans**

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
1. Basic endowment insurance	3,571,259.19	73,962,963.40	69,009,336.27	8,524,886.32
2. Unemployment insurance premium	125,197.61	2,548,026.11	2,375,849.81	297,373.91
Total	3,696,456.80	76,510,989.51	71,385,186.08	8,822,260.23

**27. Tax payable**

Unit: yuan

Item	Ending balance	Beginning balance
Added value tax	61,072,058.37	56,957,133.24
Corporate income tax	61,750,915.22	70,376,526.39
Individual income tax	3,100,246.18	2,226,988.94
Urban maintenance and construction tax	4,330,476.87	3,805,759.15
Housing property tax	13,625,288.12	10,345,173.49
Land use tax	5,696,022.16	4,382,947.50
Education surcharge	1,855,918.59	1,631,039.59

Item	Ending balance	Beginning balance
Stamp duty	1,697,472.12	1,538,692.42
Surcharge for local education	1,237,279.17	1,087,359.86
<b>Total</b>	<b>154,365,676.80</b>	<b>152,351,620.58</b>

## 28. Non-current liabilities due within a year

Unit: yuan

Item	Ending balance	Beginning balance
Lease liabilities due within one year	4,522,658.42	5,720,175.21
<b>Total</b>	<b>4,522,658.42</b>	<b>5,720,175.21</b>

Other description:

## 29. Other current liabilities

Unit: yuan

Item	Ending balance	Beginning balance
Output tax to be carried forward	118,041,351.23	120,126,501.73
<b>Total</b>	<b>118,041,351.23</b>	<b>120,126,501.73</b>

## 30. Lease liabilities

Unit: yuan

Item	Ending balance	Beginning balance
Lease payments	17,643,054.87	28,173,738.18
Unrecognized financing expenses	-2,369,603.55	-3,864,596.28
Non-current liabilities reclassified to due within a year	-4,522,658.42	-5,720,175.23
<b>Total</b>	<b>10,750,792.90</b>	<b>18,588,966.67</b>

## 31. Deferred income

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance	Causes
Government subsidies	123,912,110.43	32,914,193.20	20,288,048.89	136,538,254.74	Government grant
<b>Total</b>	<b>123,912,110.43</b>	<b>32,914,193.20</b>	<b>20,288,048.89</b>	<b>136,538,254.74</b>	<b>--</b>

## 32. Share capital

Unit: yuan

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

## 33. Capital reserve

Unit: yuan

Item	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Capital premium (capital stock premium)	401,799,332.67			401,799,332.67
Other capital surplus	8,198,332.91	1,780,548.64		9,978,881.55
<b>Total</b>	<b>409,997,665.58</b>	<b>1,780,548.64</b>		<b>411,778,214.22</b>

### 34. Treasury stock

Unit: yuan

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

### 35. Other comprehensive income

Unit: yuan

Item	Beginning balance	Amount incurred in current period						Ending balance
		Amount before current income tax	Minus: amount included in other comprehensive income in previous period and carried forward to profit and loss in current period	Minus: amount included in other comprehensive income in previous period and included in carried forward to retained earnings in current period	Minus: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that can't be reclassified into profit and loss	-100,157,634.16							-100,157,634.16
Fair value change of other equity instrument investments	-100,157,634.16							-100,157,634.16
Total other comprehensive income	-100,157,634.16							-100,157,634.16

### 36. Surplus reserves

Unit: yuan

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

### 37. Undistributed profit

Unit: yuan

Item	Current period	Prior period
Undistributed profit at the end of previous period before adjustment	8,199,079,015.58	7,098,721,555.37
Undistributed profits at the beginning of the period after adjustment	8,199,079,015.58	7,098,721,555.37
Plus: Net profits attributable to the owners of parent company in the current period	1,732,789,332.13	1,572,404,918.21
Common stock dividends payable	944,094,916.00*1	472,047,458.00
Undistributed profits at the end of the period	8,987,773,431.71	8,199,079,015.58

\*1. According to the *Proposal on the Profit Distribution Plan for 2022* passed at the Company's 14th meeting of the fifth Board of Directors on April 25, 2023, based on the total share capital of 944,094,916.00 as at December 31, 2022, the Company intends to pay a cash dividend of RMB 5.00 (tax inclusive) per 10 shares to all shareholders, totaling RMB 472,047,458.00. On May 18, 2023, the Profit Distribution Plan for 2022 was approved at the Company's 2022 Annual General Meeting, and the profit distribution was made on May 30, 2023.

According to the Proposal on the *Special Dividend Plan for Returning Shareholders* passed at the Company's 4th meeting of the sixth Board of Directors on December 14, 2023, based on the existing 944,094,916 shares of the Company, the Company intends to pay a cash dividend of RMB 5.00 (tax inclusive) per 10 shares to all shareholders, totaling RMB 472,047,458.00. On December 29, 2023, at the second extraordinary general meeting of shareholders of the Company, the *Special Dividend Plan for Returning Shareholders* was adopted.

### 38. Operating income and operating cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	10,897,226,245.68	5,369,816,850.21	9,981,652,062.48	5,021,006,447.26
Other businesses	304,669,528.59	157,831,856.08	289,848,508.56	116,362,310.89
Total	11,201,895,774.27	5,527,648,706.29	10,271,500,571.04	5,137,368,758.15

### 39. Taxes and surcharges

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Urban maintenance and construction tax	44,475,351.96	36,866,764.88
Education surcharge	31,768,105.78	26,333,403.43
Housing property tax	15,227,067.94	10,952,011.11
Land use tax	1,342,982.99	
Vehicle and vessel use tax	24,240.12	31,382.80
Stamp duty	5,801,185.42	4,372,007.14
Other	12,673.86	9,014.69
Total	98,651,608.07	78,564,584.05

### 40. Management costs

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	256,829,379.16	232,915,393.30
Depreciation and amortization	79,272,827.17	57,769,379.05
Consulting service charge	36,819,646.61	30,328,558.67
Office allowance	22,833,298.74	19,173,287.07
Rental and property fees	10,388,619.24	16,857,502.46
Business entertainment expenses	10,338,970.38	9,589,758.62
Maintenance expense	7,741,520.94	20,325,200.99
Traveling expense	7,407,518.81	8,655,474.80
Material consumption	6,869,407.96	2,329,956.33
Communication expense	6,067,385.51	5,882,277.89
Car fare	3,940,649.91	3,990,965.03
Equity incentive fee	1,780,548.64	4,735,460.49
Other	19,332,299.53	18,415,189.04
Total	469,622,072.60	430,968,403.74

### 41. Selling expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
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Item	Amount incurred in current period	Amount incurred in previous period
Sales and service fees	1,198,898,829.94	1,025,589,168.39
Advertising and promotion expenses	777,479,186.47	742,763,089.08
Employee compensation	406,543,689.72	377,046,127.44
Booth decoration fee	277,267,106.80	193,012,956.27
Promotion fees	111,160,033.93	101,079,371.35
Material consumption	82,469,966.99	67,685,473.69
Traveling expense	34,611,784.09	27,632,789.17
Intermediary service charge	33,461,629.22	21,405,980.86
Office allowance	29,564,756.90	14,226,573.69
Business entertainment expenses	19,119,295.57	16,132,300.29
Rental fees	17,937,109.93	16,347,878.64
Other	13,905,261.98	10,704,365.02
<b>Total</b>	<b>3,002,418,651.54</b>	<b>2,613,626,073.89</b>

#### 42. Research and development expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	231,392,266.56	200,367,321.67
Direct investment	118,236,087.05	153,846,595.26
Depreciation and amortization	14,079,387.74	15,626,975.33
Design fee	4,601,868.90	6,949,423.09
Other expenses	19,058,981.72	14,824,490.03
<b>Total</b>	<b>387,368,591.97</b>	<b>391,614,805.38</b>

#### 43. Financial expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenditure	8,773,638.31	10,249,057.76
Minus: Interest income	198,559,145.09	162,232,029.99
Plus: Exchange gain or loss	-1,275,825.96	-7,158,057.38
Plus: Other income	2,133,596.15	1,918,741.00
<b>Total</b>	<b>-188,927,736.59</b>	<b>-157,222,288.61</b>

#### 44. Other income

Unit: yuan

Other sources of income	Amount incurred in current period	Amount incurred in previous period
Embedded software tax rebate	45,894,461.03	45,959,892.74
VAT and surcharges exemption or reduction	44,786,595.84	10,643.41
Financial support funds for enterprise cultivation	39,208,547.00	52,042,148.00
Amortization of deferred income	20,288,048.89	18,704,207.99
Special financial funds	11,173,750.00	10,005,040.00
Performance award of Shanghai Hongkou District Finance Bureau	4,730,000.00	3,010,000.00
Special fund for industrial development	2,587,200.00	3,626,125.00
Job subsidies and social insurance subsidies	2,499,238.39	3,508,713.85
Service charge refund	684,354.91	541,758.65
Training allowance	360,600.00	706,097.00
Intelligent manufacturing, integrated standardization and new mode application		6,497,000.00

project		
Patent reward fund	141,278.00	367,040.00
Subsidies for R&D investment	138,500.00	2,788,200.00
Other subsidies	1,419,899.88	708,703.65
Total	173,912,473.94	148,475,570.29

#### 45. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
long-term equity investment gains measured by employing the equity method	-291,055.38	-826,624.29
Investment income from trading financial assets during the holding period	83,254,470.07	99,787,693.44
Total	82,963,414.69	98,961,069.15

#### 46. Credit impairment loss

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Loss on bad debts of notes receivable	20,343,508.22	225,624,086.48
Loss on bad debts of accounts receivable	-121,260,682.01	-453,885,249.57
Loss on bad debts of other receivables	-1,219,619.60	4,146,561.44
Total	-102,136,793.39	-224,114,601.65

#### 47. Assets impairment losses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
I. Inventory falling price loss and impairment loss of contract performance costs	8,898,652.01	-1,666,825.32
II. Loss on impairment of goodwill	-48,350,560.89	-20,015,733.28
III. Other	-31,240,481.09	-3,315,747.32
Total	-70,692,389.97	-24,998,305.92

#### 48. Income from disposal of assets

Unit: yuan

Source of income from disposal of assets	Amount incurred in current period	Amount incurred in previous period
Income from disposal of non-current assets	396,961.78	143,437.75
Income from disposal of non-current assets not classified as held for sale	396,961.78	143,437.75
Including: income from disposal of fixed assets	405,470.76	-113,948.48
Income from disposal of right-of-use assets	-8,508.98	257,386.23
Income from disposal of non-current assets in debt restructuring	-1,608,816.48	
Total	-1,211,854.70	143,437.75

#### 49. Non-operating income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
Liquidated damages and fines	2,361,476.53	2,661,012.65	2,361,476.53
Gain on retirement of non-current assets	410.00	33,060.29	410.00



Other	2,380,323.06	574,406.11	2,380,323.06
<b>Total</b>	<b>4,742,209.59</b>	<b>3,268,479.05</b>	<b>4,742,209.59</b>

## 50. Non-operating expenditure

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period	Amounts recorded in the non-recurring gains and losses of the current period
External donations	5,676,407.70	3,734,913.97	5,676,407.70
Abnormal loss	239,238.29	506,839.36	239,238.29
Penalty expenditure	14,750.00	5,300.00	14,750.00
Loss on damage and scrap of non-current assets	26,133.99	63,041.78	26,133.99
Overdue fines	62,175.03		62,175.03
Other	562,191.28	1,033,183.71	562,191.28
<b>Total</b>	<b>6,580,896.29</b>	<b>5,343,278.82</b>	<b>6,580,896.29</b>

## 51. Income tax expenses

### (1) Table of income tax expenses

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Current income tax expenses	287,228,463.48	253,156,740.77
Deferred income tax expenses	-15,775,865.50	-38,490,586.78
<b>Total</b>	<b>271,452,597.98</b>	<b>214,666,153.99</b>

### (2) Accounting profit and income tax expense adjustment process

Unit: yuan

Item	Amount incurred in current period
Total profit	1,986,110,044.26
Income tax expenses calculated at the appropriate/applicable tax rate	297,916,506.64
Impact of different tax rates applied on subsidiaries	-3,465,374.20
Impact of income tax before adjustment	5,357,429.48
Impact of non-deductible costs, expenses and losses	6,577,716.13
Impact of deductible losses on the use of deferred income tax assets not previously recognized	-374,321.32
Impact of temporary difference or deductible losses on unrecognized deferred income tax assets in the current period	14,941,398.18
Unrealized internal gains and losses	2,284,592.48
Income tax expenses calculated at the appropriate/applicable tax rate	297,916,506.64
Tax impact of additional deduction for research and development expenses (express with "-")	-51,608,963.73
Other	-176,385.69
<b>Income tax expenses</b>	<b>271,452,597.98</b>

## 52. Cash flow statement items

### (1) Cash related to operating activities

Other cash received related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Income from deposit interest	147,368,118.86	162,232,029.99
Government subsidies	94,765,559.58	94,665,016.15

Agent business	1,261,456.84	1,173,444.43
Imprest	6,208,476.48	3,448,325.00
Margin and deposit	20,750,488.76	30,208,569.09
Other payments	1,900,700.66	10,847,398.64
<b>Total</b>	<b>272,254,801.18</b>	<b>302,574,783.30</b>

Other cash paid related to operating activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Period charge	2,813,698,592.70	2,472,346,407.79
Agent business	61,222,865.12	38,185,746.87
Deposit for L/C and acceptance bill	15,438,060.63	28,100,235.97
Margin and deposit	8,589,104.00	9,124,879.36
Imprest	775,895.75	3,431,848.41
Other	5,751,648.05	7,469,204.96
<b>Total</b>	<b>2,905,476,166.25</b>	<b>2,558,658,323.36</b>

## (2) Cash related to investment activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Time deposit	4,333,744,300.00	
<b>Total</b>	<b>4,333,744,300.00</b>	

## (3) Cash related to financing activities

Other cash received related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Accounts receivable factoring income	13,510,296.65	1,012,732.06
<b>Total</b>	<b>13,510,296.65</b>	<b>1,012,732.06</b>

Other cash paid related to financing activities

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Factoring refund with recourse		4,030,091.57
Rent	7,123,465.99	6,729,745.77
<b>Total</b>	<b>7,123,465.99</b>	<b>10,759,837.34</b>

Changes in liabilities arising from financing activities

Applicable  Not applicable

## 53. Further information on cash flow statement

### (1) Further information on cash flow statement

Unit: yuan

Further information	Current amount	Last term amount
1. Reconciliation from net profits to cash flows from operating activities		
Net profit	1,714,657,446.28	1,558,306,450.30
Plus: Provision for impairment of assets	70,692,389.97	24,998,305.92
Depreciation of fixed assets, oil and gas assets and productive biological assets	157,225,848.23	129,112,131.14
Depreciation of Right-of-use assets	4,975,042.57	5,561,093.48
Amortization of intangible assets	13,956,115.18	13,484,372.99

Amortization of long-term deferred expenses	16,820,374.13	21,378,537.46
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	1,211,854.70	-143,437.75
Loss on retirement of fixed assets (gains expressed with "-")	26,133.99	29,981.49
Loss from fair value changes (gains expressed with "-")		
Financial expenses (gains expressed with "-")	7,816,211.50	4,582,493.50
Investment losses (gains expressed with "-")	-82,963,414.69	-98,961,069.15
Decreased in deferred income tax assets (increase expressed with "-")	-22,086,495.93	-54,463,308.92
Increase in deferred income tax liabilities (decrease expressed with "-")	6,310,630.43	15,853,171.82
Decrease in inventories (increase expressed with "-")	94,734,729.87	160,454,008.83
Decrease in operating receivables (increase expressed with "-")	39,094,727.26	59,527,120.84
Increase in operating payables (decrease expressed with "-")	267,313,425.83	-119,048,149.58
Other	102,136,793.39	224,114,601.65
Net cash flow from operating activities	2,391,921,812.71	1,944,786,304.02
2. Significant investment and financing activities not involving cash deposit and withdrawal		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	1,878,166,358.09	5,196,414,341.74
Minus: Beginning balance of cash	5,196,414,341.74	3,719,988,820.35
Plus: Beginning balance of cash equivalents		
Minus: Ending balance of cash equivalents		
Net increase of cash and cash equivalents	-3,318,247,983.65	1,476,425,521.39

## (2) Composition of cash and cash equivalents

Unit: yuan

Item	Ending balance	Beginning balance
I. Cash	1,878,166,358.09	5,196,414,341.74
Including: cash on hand	62,267.64	85,806.05
Bank deposit readily available for payment	1,877,703,911.46	5,194,874,841.18
Other monetary capital readily available for payment	400,178.99	1,453,694.51
III. Balance of cash and cash equivalents at the beginning of the period	1,878,166,358.09	5,196,414,341.74

## 54. Foreign currency monetary items

### (1) Foreign currency monetary items

Unit: yuan

Item	Ending balance in foreign currency	Conversion exchange rate	Ending balance converted to RMB
Monetary capital			
Including: USD	1,756,700.54	7.0827	12,442,182.91
EUR	1,669.52	7.8592	13,121.09
HKD			
AUD	858.81	4.8484	4,163.85
Accounts receivable			
Including: USD	4,336,447.28	7.0827	30,713,755.15
EUR			
HKD			
AUD	30.00	4.8484	145.45
Long-term borrowing			
Including: USD			
EUR			
HKD			

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

Applicable  Not applicable

## VIII. R&D Expenditure

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Total	387,368,591.97	391,614,805.38
Including: Expensed R&D expenditure	387,368,591.97	391,614,805.38

## IX. Consolidation Scope Changes

### 1. Change of merger scope for other reasons

Explain the changes in the scope of combination caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

On May 29, 2023, the Company invested in the establishment of ROBAM Appliances (Hong Kong) Holdings Limited, with a registered capital of US\$500,000 and a shareholding ratio of 100%. The scope of business is asset and investment management, and the registered capital has been paid up. As of the end of the reporting period, it is in the preparatory period and has not yet been actually operated.

On June 7, 2023, ROBAM Appliances (Hong Kong) Holdings Limited, a subsidiary of the Company, invested in the establishment of ROBAM International (Hong Kong) Trading Co., Ltd., with a registered capital of US\$500,000 and a shareholding ratio of 100%, which is mainly engaged in the sales of the Company's kitchen appliance products. Currently, its registered capital of the company has not been fully paid up, and as of the end of the reporting period, it is in the preparatory period and has not yet been actually operated.

## X. Interests in Other Entities

### 1. Interests in a subsidiary

#### (1) Composition of enterprise group

Unit: yuan

Subsidiary name	Registered capital	Main operation site	Registration place	Business nature	Shareholding ratio		Way of obtaining
					Direct	Indirect	
Beijing ROBAM Electric Appliance Sales Co., Ltd.	5,000,000.00	Beijing	Beijing	Sales of kitchen appliance products	100.00%		Business combination under common control
Shanghai ROBAM Electric Appliance Sales Co., Ltd.	5,000,000.00	Shanghai	Shanghai	Sales of kitchen appliance products	100.00%		Business combination under common control
Hangzhou Mingqi Electric Co., Ltd.	50,000,000.00	Hangzhou	Hangzhou	Sales of kitchen appliance products	100.00%		Acquisition by establishment
Dize Home Appliances Trading (Shanghai) Co., Ltd.	80,000,000.00	Shanghai	Shanghai	Sales of kitchen appliance products	51.00%		Acquisition by establishment
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	32,653,061.00	Shengzhou	Shengzhou	Production and sales of kitchen appliance products	51.00%		Business combination not under common control
Hangzhou ROBAM Fuchuang Investment Management Co., Ltd.	10,000,000.00	Hangzhou	Hangzhou	Assets and investment management	100.00%		Acquisition by establishment
Zhejiang Cooking Future Technology Co., Ltd.	50,000,000.00	Shengzhou	Shengzhou	Intelligent kitchen design		32.13%	Acquisition by establishment
Hangzhou Jinhe Electric Appliances Co., Ltd.	10,000,000.00	Hangzhou	Hangzhou	Sales of kitchen appliance products	100.00%		Acquisition by establishment
ROBAM Appliances (Hong Kong) Holdings Limited	500,000.00	Hong Kong	Hong Kong	Assets and investment management	100.00%		Acquisition by establishment
ROBAM International (Hong Kong) Trading Co., Ltd.	0.00	Hong Kong	Hong Kong	International trade of kitchen appliance products		100.00%	Acquisition by establishment

Unit: yuan

Difference between the shareholding ratio and the voting right ratio in the subsidiary:

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

On January 6, 2022, the Company's subsidiary, Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd. signed the *Equity Transfer Contract* with Gongqingcheng Binglan Investment Partnership (limited partnership), to stipulate that Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd. will transfer the subscribed 7% equity of Zhejiang Cooking Future Technology Co., Ltd. to Gongqingcheng Binglan Investment Partnership (limited partnership) to change its shareholding ratio from 70% to 63%, and change the shareholding ratio of the Company from 35.70% to 32.13%.

#### (2) Important non-wholly owned subsidiary

Unit: yuan

Subsidiary name	Minority shareholding ratio	Current profits and losses attributable to minority shareholders	Current dividends declared to minority shareholders	Ending balance of minority equity
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	49.00%	-13,460,789.98		101,499,182.34
Zhejiang Cooking Future	37.00%	-4,671,095.87		6,158,133.91

Technology Co., Ltd.				
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### (3) Main financial information of important non-wholly owned subsidiaries

Unit: yuan

Subsidiary name	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 Intelligent Kitchen Electric Co., Ltd.	109,441,329.81	341,074,155.13	450,515,484.94	188,644,246.55	41,769,390.83	230,413,637.38	152,256,797.00	348,855,702.41	501,112,499.41	203,576,227.80	45,292,175.50	248,868,403.30
Zhejiang Cooking Future Technology Co., Ltd.	17,730,954.22	7,438,578.53	25,169,532.75	8,525,927.58		8,525,927.58	25,723,850.48	6,669,996.33	32,393,846.81	3,125,658.21		3,125,658.21

Unit: yuan

Subsidiary name	Amount incurred in current period				Amount incurred in previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from financing activities	Operating income	Net profit	Total comprehensive income	Cash flow from financing activities
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	148,506,855.32	-32,142,248.55	-32,142,248.55	-44,183,591.86	170,999,666.69	-24,500,532.58	-24,500,532.58	-53,403,723.94
Zhejiang Cooking Future Technology Co., Ltd.	10,310,628.73	-12,624,583.43	-12,624,583.43	-16,944,395.45	1,291,219.22	-11,092,961.31	-11,092,961.31	-19,686,152.21

## 2. Equity in joint venture arrangement or joint venture

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

Unit: yuan

	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Cooperative enterprise:		
Total book value of investment	4,321,729.39	3,824,460.03
Total number of following items by shareholding ratio		
- Net profit	497,269.36	162,760.00
- Total comprehensive income	497,269.36	162,760.00
Joint venture:		
Total book value of investment	4,105,720.85	4,894,045.59
Total number of following items by shareholding ratio		
- Net profit	-788,324.74	-989,384.29
- Total comprehensive income	-788,324.74	-989,384.29

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

Ltd.							
Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.	Shaoxing City	Shaoxing City	Manufacture of kitchen appliances		40.00	Equity method	

## XI. Government Subsidies

### 1. Government subsidies recognized in accounts receivable at the end of the reporting period

Applicable  Not applicable

Reasons for a failure of receiving the expected amount of government subsidies at the expected time point

Applicable  Not applicable

### 2. Liabilities involving government subsidies

Applicable  Not applicable

Unit: yuan

Accounting subject	Beginning balance	Amount of additional subsidy in current period	Amount included in current non-operating income	Amount transferred to other income in current period	Other changes in current period	Ending balance	Asset/income related
Deferred income	123,912,110.43	32,914,193.20		20,288,048.89		136,538,254.74	Asset related
Total	123,912,110.43	32,914,193.20		20,288,048.89		136,538,254.74	

### 3. Government subsidies included in current profit and loss

Applicable  Not applicable

Unit: yuan

Accounting subject	Amount incurred in current period	Amount incurred in previous period
Other income	173,912,473.94	148,475,570.29

Other description:

## XII. Risks Associated with Financial Instruments

### 1. Various types of risks arising from financial instruments

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

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

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

- Market risk - price risk

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

- Credit risk

The largest credit risk exposure that may cause financial losses of the Company on December 31, 2023 mainly comes from the loss of financial assets of the Company caused by the failure of the other party to fulfill its obligations, including the book value of financial assets recognized in the consolidated balance sheet.

In order to reduce credit risks, the Company shall assign special personnel to determine the credit limit, conduct credit

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

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

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

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

Total amount of the top 5 accounts receivable: RMB 1,345,949,178.24.

Total amount of the top 5 other receivables: RMB 29,443,835.51.

- Liquidity risk:

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

Amount on December 31, 2023:

Item	Within one year	One to two years	Two to five years	More than five years	Total
<b>Financial assets</b>					
Monetary capital	1,985,050,745.11				1,985,050,745.11
Trading financial assets	2,730,000,000.00				2,730,000,000.00
Notes receivable	696,284,931.64				696,284,931.64
Accounts receivable	1,810,015,596.33				1,810,015,596.33
Other receivables	53,368,667.34				53,368,667.34
Other current assets	2,644,890,957.65				2,644,890,957.65
Other non-current financial assets		480,000,000.00			480,000,000.00
Other non-current assets		1,400,000,000.00	370,000,000.00		1,770,000,000.00
<b>Financial liabilities</b>					
Short-term borrowing	95,003,320.70				95,003,320.70
Notes payable	1,098,720,000.58				1,098,720,000.58
Accounts payable	2,548,743,762.06				2,548,743,762.06
Other payables	283,917,461.76				283,917,461.76
Payroll payable	177,923,042.01				177,923,042.01
Other current liabilities	118,041,351.23				118,041,351.23
Non-current liabilities due within a year	4,522,658.42				4,522,658.42
Lease liabilities		1,570,819.57	5,628,481.00	3,551,492.33	10,750,792.90

- Sensitivity analysis of foreign exchange risk

The Company's exchange rate risk is mainly related to US dollar, Euro, Australian dollar and other currencies. The foreign



exchange risk borne by the Company is mainly related to USD (which shall be modified according to the actual situation), and the main business activities of the Company are denominated and settled in RMB. As of December 31, 2023, the Company's assets and liabilities were RMB balance, except the foreign currency balance of the assets and liabilities in Note "VI. Foreign currency monetary items". The foreign exchange risks arising from the assets and liabilities of such foreign currency balance may have an impact on the Company's business performance.

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

### XIII. Fair Value Disclosure

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

Unit: yuan

Item	Ending fair value			Total
	Measurement of fair value at the first level	Measurement of fair value at the second level	Measurement of fair value at the third level	
I. Continuous fair value measurement	--	--	--	--
(1) Trading financial assets			2,730,000,000.00	2,730,000,000.00
1. Financial assets measured with fair value and with the changes included in current profit and loss			2,730,000,000.00	2,730,000,000.00
(2) Equity instrument investments			2,116,023.22	2,116,023.22
Other non-current financial assets			480,000,000.00	480,000,000.00
Total assets continuously measured at fair value			3,212,116,023.22	3,212,116,023.22
II. Non-continuous fair value measurement	--	--	--	--

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

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

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

Item	December 31, 2023 Fair value	Valuation technique	Significant unobservable value	Relationship between unobservable value and fair value
Financial products	3,210,000,000.00	Best estimate of fair value	Investment cost	—
Other equity instrument investments	2,116,023.22	Best estimate of fair value	Investment cost	—

### XIV. Related Parties and Related Transactions

#### 1. Parent company of the Company

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

Industrial Group Co., Ltd.		industrial management			
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Description of the parent company of the Company

The ultimate controlling party of the Company is Ren Jianhua.

## 2. Subsidiaries of the Company

See Note X.1 for details of the Company's subsidiaries.

## 3. Cooperative enterprises and joint ventures

See Note X.2 for important cooperative enterprises or joint ventures of the Company.

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

Name of cooperative enterprise or joint venture	Relationship with the Company
Hangzhou Amblem Kitchenware Co., Ltd.	Controlled by the same final controller
Hangzhou ROBAM Gas Station Co., Ltd.	Controlled by the same final controller
Hangzhou Nbond Nonwoven Co., Ltd.	Controlled by the same final controller
Hangzhou Yuhang Matt Spray Painting Factory	Other related parties
Garden Hotel Hangzhou	Other related parties
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Controlled by the same final controller
Shaoxing Kinde Electric Appliance Co., Ltd.	Other related parties
Hangzhou Guoguang Touring Commodity Co., Ltd.	Controlled by the same final controller
Hangzhou Seazons Health Care Products Co., Ltd.	Controlled by the same final controller
Hangzhou Linping ROBAM Charity Foundation	Other related parties
Hangzhou Runqun Hardware Co., Ltd.	Other related parties

## 4. Related transaction

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

Purchase of goods/acceptance of services

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Approved transaction quota	Whether the transaction quota is exceeded	Amount incurred in previous period
Hangzhou Amblem Kitchenware Co., Ltd.	Product purchase	2,800,166.35		No	28,302,583.22
Hangzhou Yuhang Matt Spray Painting Factory	Labor receiving	805,737.87		No	9,589,975.85
Hangzhou Seazons Health Care Products Co., Ltd.	Product purchase	2,148,302.12		No	2,704,152.47
Hangzhou Nbond Nonwoven Co., Ltd.	Product purchase	100,617.26		No	95,302.65
Hangzhou Guoguang Touring Commodity Co., Ltd.	Product purchase	22,643.45		No	106,473.99
Hangzhou Bonyee Daily Necessity Technology Co., Ltd.	Product purchase	27,036.46		No	8,728.42
Shaoxing Shuaige Kitchen and Bathroom	Product purchase	26,672.57		No	1,983,294.00

Technology Co., Ltd.					
Hangzhou ROBAM Gas Station Co., Ltd.	Product purchase	1,052,126.35		No	995,343.75
Hangzhou Runqun Hardware Co., Ltd.	Product purchase	10,698,089.17		No	
Zhejiang Tingshuo Brand Operation Management Co., Ltd.	Labor receiving			No	400,760.00

Selling commodities/offering labor

Unit: yuan

Related party	Related transaction content	Amount incurred in current period	Amount incurred in previous period
Hangzhou Amblem Kitchenware Co., Ltd.	Selling goods	3,531,669.93	5,814,674.29
Hangzhou Linping ROBAM Charity Foundation	Selling goods	4,809,131.50	3,914,955.70
De Dietrich Trade (Shanghai) Co., Ltd.	Selling goods	930,819.37	1,326,580.82
Hangzhou Nbond Nonwoven Co., Ltd.	Selling goods	20,202.78	10,746.90
Hangzhou Runqun Hardware Co., Ltd.	Selling goods	30,097.35	

## (2) Related-party lease

The Company as the lessor:

Unit: yuan

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

The Company as the lessee:

Unit: yuan

Name of lessor	Type of leased assets	Simplified treatment of rental costs for short-term lease and low-value asset lease (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses incurred on lease liabilities		Increased right-of-use assets	
		Amount incurred in current period	Amount incurred in previous period	Amount incurred in current period	Amount incurred in previous period	Amount incurred in current period	Amount incurred in previous period	Amount incurred in current period	Amount incurred in previous period	Amount incurred in current period	Amount incurred in previous period
Hangzhou Robam Industrial Group Co., Ltd.	House					550,024.57	550,024.57				

## 5. Accounts receivable and payable by related parties

### (1) Receivables

Unit: yuan

Item name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	De Dietrich Trade (Shanghai) Co., Ltd.	1,051,825.87			
Accounts receivable	Hangzhou Amblem Kitchenware Co., Ltd.			1,432,274.00	
Advance to supplier	Hangzhou Seazons Health Care Products Co., Ltd.			3,769.89	
Total		1,051,825.87		1,436,043.89	

### (2) Payables

Unit: yuan

Item name	Related party	Ending book balance	Beginning book balance
Accounts payable	Hangzhou Yuhang Matt Spray Painting Factory		3,043,849.87
Accounts payable	Hangzhou ROBAM Gas Station Co., Ltd.	3,736,997.95	2,548,095.18
Accounts payable	Hangzhou Guoguang Touring Commodity Co., Ltd.		6,963.19
Accounts payable	Hangzhou Amblem Kitchenware Co., Ltd.	1,366,001.27	4,386,391.83
Accounts payable	Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.		298,021.70
Accounts payable	Hangzhou Runqun Hardware Co., Ltd.	4,936,378.35	
Other payables	Hangzhou Amblem Kitchenware Co., Ltd.	5,000.00	
Other payables	Hangzhou Runqun Hardware Co., Ltd.	200,000.00	
Other payables	Hangzhou Yuhang Matt Spray Painting Factory		200,000.00
Other payables	Hangzhou Guoguang Touring Commodity Co., Ltd.	2,000.00	2,000.00
Total		10,246,377.57	10,485,321.77

## XV. Share-based Payment

### 1. Overall status of share-based payment

Applicable  Not applicable

Unit: yuan

Granted to	Granted in current period		Exercised in current period		Unlocked in current period		Invalidated in current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Management	5,520,000	27,577,900.00					4,319,000	10,340,400.00
Total	5,520,000	27,577,900.00					4,319,000	10,340,400.00

### 2. Equity-settled share-based payments

Applicable  Not applicable

Unit: yuan

Method for determining the fair value of equity instruments on the grant date	The Company evaluates the fair value of the stock options with the internationally recognized BlackScholes option pricing model
Important parameters of the fair value of equity instruments on the grant date	Optimum estimation for the number of equity instruments with exercisable rights
Basis for the determination of the number of equity instruments with exercisable rights	N/A
Reasons for significant differences between the current estimate and the previous estimate	N/A
Accumulated amount of equity-settled share-based payments recorded in capital reserves	9,634,774.60
Total amount of expenses recognized by equity-settled share-based payments in current period	1,780,548.64

### 3. Share-based payments in current period

Applicable  Not applicable

Unit: yuan

Granted to	Equity-settled share-based payments	Cash-settled share-based payment
Management	1,780,548.64	
Total	1,780,548.64	

## XVI. Commitment and Contingencies

### 1. Important commitment issues

Important commitments on balance sheet date

- Investment commitments to subsidiaries and associated companies

The Company has committed to invest RMB 4 million in Zhejiang Tingshuo Brand Operation Management Co., Ltd., an associated company of the Company. At present, RMB 2 million has been paid in, accounting for 40% of the equity, and RMB 2 million has not been paid.

Except for the above commitment, the Company has no other major commitments.

### 2. Contingencies

#### (1) Important contingencies on balance sheet date

The Company had no significant contingencies to be disclosed as of December 31, 2023.

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

The Company has no important contingencies to be disclosed.

## XVII. Post-balance Sheet Events

### 1. Important non-adjustment items

Unit: yuan

Item	Contents	Impact on financial condition and operating results	Reasons for inability to estimate impact
Issuance of stocks and bonds	On April 24, 2024, the 5th meeting of the sixth Board of Directors of the Company deliberated and approved the Company's <i>Proposal on 2024 Stock Option Incentive Plan (draft) of the Company and its Abstract</i> . The incentive plan mainly takes the operating income from 2024 to 2026 as the performance evaluation target, and provides stock option incentive to middle management and core technology (business) backbones working in the Company (including subsidiaries). The proposal still shall be subject to the deliberation and approval by the Company's annual general meeting of shareholders in 2023.		

Item	Contents	Impact on financial condition and operating results	Reasons for inability to estimate impact
Important foreign investment	<p>1. On January 26, 2024, the General Manager's Office passed the following resolutions: ROBAM Appliances (Hong Kong) Holdings Limited will hold 100% of the newly established Robam Appliances US Holding INC. with a registered capital of US\$ 5,000; The newly established ROBAM Appliances (Angeles) Trading Co., Ltd., which is held by Robam Appliances US Holding INC. and WGSZ HOLDING LLC with ownership of 70% and 30% respectively, has a registered capital of US\$ 10,000, and is mainly engaged in the sales of large household kitchen appliances.</p> <p>On January 29, 2024, Robam Appliances US Holding INC was formally established with a registration certificate at 8 The Green, Ste A, Dover DE 19901.</p> <p>2. On March 11, 2024, the General Manager's Office passed the resolution of establishing a subsidiary in Chengdu. On March 27, 2024, Chengdu ROBAM Innovation Technology Co., Ltd. was established with a registered capital of RMB 5,000,000, social unified credit code: of 91510100MADF89W069, legal representative of Ge Hao, and registered address of No. 2902, 2903 and 2904, Block A, No. 500, middle section of Tianfu Avenue, Chengdu Hi-tech Zone, China (Sichuan) Pilot Free Trade Zone. It is mainly engaged in technology development and services.</p>		
Important debt restructuring	<p>As of the reporting date, the newly signed accounts receivable debt repayment agreement of the Company amounted to RMB 120,903,600, including RMB 7,210,100 for which online signing and delivery procedures have been completed; The amount of debt repayment agreement entered into in 2023 and earlier for which online signing and delivery procedures have been completed between the balance sheet date and the reporting date is RMB 5,269,000.</p>		

## 2. Profit distribution

Dividend to be distributed for every 10 shares (yuan)	5
Bonus shares to be distributed for every 10 shares (shares)	0
Increase shares to be distributed for every 10 shares (shares)	0
Dividend declared for every 10 shares after deliberation and approval (yuan)	472,047,458.00
Bonus shares declared for every 10 shares after deliberation and approval (shares)	0
Increase shares declared for every 10 shares after deliberation and approval (shares)	0
Profit distribution scheme	<p>On April 24, 2024, according to the <i>Proposal on 2023 Annual Profit Distribution Plan</i> deliberated and adopted by the 5th meeting of the sixth Board of Directors of the Company, based on the total share capital of 944,094,916 (the existing total share capital is 949,024,050 shares, excluding the repurchased 4,929,134 shares), the Company intends to pay a cash dividend of RMB 5 (tax inclusive) per 10 shares to all shareholders, for a total of RMB 472,047,458.00. The proposal still shall be subject to the deliberation and approval by the Company's annual general meeting of shareholders in 2023.</p>

## XVIII. Other Important Matters

### 1. Debt restructuring matters

As of December 31, 2023, the Company has signed the following project mortgage property agreements and completed the online signing procedures of the property as follows:

Item	Amount of debt agreement signed	Including: Amount of those completing the online signing and delivery procedures	Amount of those not completing the online signing or delivery procedures
Real estate customers (45)	438,424,074.19	113,254,178.18	325,169,896.01
<b>Total</b>	<b>438,424,074.19</b>	<b>113,254,178.18</b>	<b>325,169,896.01</b>

The total amount of accounts receivable involved in the project mortgage property agreements signed between the Company and the aforementioned real estate customers is RMB 438,424,100, of which RMB 113,254,200 has been completed with online signing and delivery procedures, the recognition of claims receivable of which has been terminated. The fair value of the mortgaged property at the time of debt restructuring is reported in other non-current assets. The fair value of the property is RMB 118,637,900, which was confirmed through public market inquiry. The Company pays the difference of RMB 5,383,700 in cash, the debt restructuring matters do not generate any restructuring gains or losses at the time of restructuring; The remaining RMB 325,169,900 has not yet been completed with online registration of the house and the Company has not terminated the recognition of claims receivable, and make the provision for bad debts based on an expected credit loss rate of 35%.

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

### 1. Accounts receivable

#### (1) Disclosure by aging

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	1,489,994,730.67	1,304,372,596.67
1 to 2 years	472,477,129.39	1,288,794,867.92
2 to 3 years	885,752,898.72	51,406,707.51
More than 3 years	45,010,462.60	12,311,962.78
3 to 4 years	34,537,581.13	7,674,961.53
4 to 5 years	6,215,681.25	3,585,776.77
More than 5 years	4,257,200.22	1,051,224.48
Total	2,893,235,221.38	2,656,886,134.88

#### (2) Classified disclosure by bad debt provision method

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Accounts receivable of provision for bad debt by single item	1,550,300,627.39	53.58%	1,053,487,050.41	67.95%	496,813,576.98	1,543,955,986.32	58.11%	972,062,395.33	62.96%	571,893,590.99
Where:										
Accounts receivable of provision for	1,342,934,593.99	46.42%	83,899,580.41	6.25%	1,259,035,013.58	1,112,930,148.56	41.89%	64,280,210.58	5.78%	1,048,649,937.98

bad debt by combination										
Where:										
Combination of related party	98,882,576.05	3.42%			98,882,576.05	99,792,768.36	3.76%			99,792,768.36
Aging combination	1,244,052,017.94	43.00%	83,899,580.41	6.74%	1,160,152,437.53	1,013,137,380.20	38.13%	64,280,210.58	6.34%	948,857,169.62
Total	2,893,235,221.38	100.00%	1,137,386,630.82	39.31%	1,755,848,590.56	2,656,886,134.88	100.00%	1,036,342,605.91	39.01%	1,620,543,528.97

Provision for bad debt by single item:

Unit: yuan

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Unit 1	657,344,204.78	657,344,204.78	660,039,726.23	660,039,726.23	100.00%	Expected irrecoverable
Unit 2	585,673,768.95	175,702,130.69	364,027,062.34	109,208,118.70	30.00%	Expected to be difficult to fully recover
Unit 3			201,626,455.66	86,259,958.01	42.78%	Expected to be difficult to fully recover
Unit 4	112,811,043.19	42,342,003.78	103,644,563.87	62,549,255.29	60.35%	Expected to be difficult to fully recover
Unit 5	26,306,236.78	5,261,247.36	29,833,027.36	20,883,119.15	70.00%	Settlement on house mortgage
Unit 6	20,263,294.09	5,751,727.45	28,796,628.81	12,808,177.77	44.48%	Expected to be difficult to fully recover
Unit 7	27,754,259.57	18,956,340.20	25,826,189.64	17,748,183.70	68.72%	Expected to be difficult to fully recover
Unit 8	21,370,090.54	14,959,063.38	22,983,529.61	15,004,193.26	65.28%	Expected to be difficult to fully recover
Unit 9			15,100,611.29	8,471,506.90	56.10%	Expected to be difficult to fully recover
Unit 10	14,139,851.56	8,965,986.59	13,643,117.43	7,265,607.25	53.25%	Expected to be difficult to fully recover
Unit 11	16,210,905.78	11,325,134.05	11,403,482.66	6,897,017.86	60.48%	Expected to be difficult to fully recover
Unit 12	10,185,685.90	2,157,682.25	9,391,156.30	4,698,425.06	50.03%	Expected to be difficult to fully recover
Unit 13	9,181,060.96	6,426,742.67	9,180,961.06	9,180,961.06	100.00%	Expected to be difficult to recover
Unit 14	8,009,318.82	2,345,903.11	8,175,007.62	3,440,071.29	42.08%	Expected to be difficult to fully recover
Unit 15	9,475,265.17	6,632,685.62	7,305,800.75	5,114,060.53	70.00%	Expected to be difficult to fully recover



Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Unit 16	4,025,730.93	2,818,011.65	3,921,670.93	2,745,169.65	70.00%	Expected to be difficult to fully recover
Unit 17			3,616,362.19	2,531,453.53	70.00%	Expected to be difficult to fully recover
Unit 18			3,317,253.79	1,554,840.55	46.87%	Expected to be difficult to fully recover
Unit 19			3,310,609.08	1,715,551.82	51.82%	Expected to be difficult to fully recover
Unit 20			3,056,422.32	1,145,907.85	37.49%	Expected to be difficult to fully recover
Unit 21	21,205,269.30	11,073,531.75	22,100,988.45	14,225,744.95	64.37%	Expected to be difficult to fully recover
<b>Total</b>	<b>1,543,955,986.32</b>	<b>972,062,395.33</b>	<b>1,550,300,627.39</b>	<b>1,053,487,050.41</b>		

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

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	98,882,576.05		
1~2 years			
2~3 years			
3~4 years			
4~5 years			
More than 5 years			
<b>Total</b>	<b>98,882,576.05</b>		

Provision for bad debt by combination: Provision for bad debt of accounts receivable was made by aging combination

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year	1,054,069,514.58	52,703,475.72	5.00%
1~2 years	132,363,246.03	13,236,324.60	10.00%
2~3 years	42,612,764.05	8,522,552.81	20.00%
3~4 years	9,947,056.51	4,973,528.26	50.00%
4~5 years	2,978,688.77	2,382,951.02	80.00%
More than 5 years	2,080,748.00	2,080,748.00	100.00%
<b>Total</b>	<b>1,244,052,017.94</b>	<b>83,899,580.41</b>	

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

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
Provision for bad	1,036,342,605.91	200,397,088.17	98,986,397.46	366,665.80		1,137,386,630.82

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Canceled after verification	Other	
debt of accounts receivable						
<b>Total</b>	1,036,342,605.91	200,397,088.17	98,986,397.46	366,665.80		1,137,386,630.82

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

Unit: yuan

Unit name	Recovered or reversed amount	Reason for reversal	Recovery mode	The basis and rationality for determining the proportion of the original bad debt provision
Unit 1	221,825,902.65		Bank transfer, deduction of fees	
Unit 2	15,782,678.82		Bank transfer, house mortgage	
Unit 3	7,084,588.48		Bank transfer, house mortgage	
Unit 4	6,187,078.87		Bank transfer, house mortgage	
Unit 5	6,076,928.75		Bank transfer, house mortgage	
Unit 6	3,888,813.74		Bank transfer, house mortgage	
Unit 7	3,883,348.75		Bank transfer, house mortgage	
Unit 8	2,483,437.46		Bank transfer, house mortgage	
Unit 9	1,849,551.00		Bank transfer, house mortgage	
Unit 10	1,773,645.05		Bank transfer, house mortgage	
Unit 11	1,392,336.16		Bank transfer, house mortgage	
Unit 12	3,449,421.99		Bank transfer, house mortgage	
<b>Total</b>	275,677,731.72			

**(4) Accounts receivable actually written off at the current period**

Unit: yuan

Item	Write-off amount
Accounts receivable written off actually	366,665.80

Write-off of important accounts receivable:

Unit: yuan

Unit name	Nature of accounts receivable	Write-off amount	Cause for write-off	Write-off procedures	Whether the account is generated by related party transaction
Unit 1	payment for goods	115,502.00	Expected irrecoverable	Approval by management	No
Unit 2	payment for goods	92,977.60	Expected irrecoverable	Approval by management	No
Unit 3	payment for goods	87,416.37	Expected irrecoverable	Approval by management	No
Unit 4	payment for goods	27,800.00	Expected irrecoverable	Approval by management	No

Unit 5	payment for goods	42,969.83	Expected irrecoverable	Approval by management	No
Total		366,665.80			

**(5) Account receivable and contract assets with top 5 ending balances by debtor**

Unit: yuan

Unit name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in total ending balance of accounts receivable and contract assets	Ending balance of bad debt provision of accounts receivable and impairment provisions of contract assets
Unit 1	452,376,997.98		452,376,997.98		452,376,997.98
Unit 2	364,027,062.34		364,027,062.34		109,208,118.70
Unit 3	169,627,424.37		169,627,424.37		8,481,371.22
Unit 4	140,791,195.62		140,791,195.62		72,571,251.10
Unit 5	121,830,942.68		121,830,942.68		6,091,547.13
Total	1,248,653,622.99		1,248,653,622.99		648,729,286.13

**2. Other receivables**

Unit: yuan

Item	Ending balance	Beginning balance
Dividends receivable		10,200,000.00
Other receivables	46,761,052.06	73,700,676.77
Total	46,761,052.06	83,900,676.77

**(1) Interest receivable**

**(2) Dividends receivable**

**1) Classification of dividends receivable**

Unit: yuan

Project (or invested unit)	Ending balance	Beginning balance
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.		10,200,000.00
Total		10,200,000.00

**(3) Other receivables**

**1) Other receivables classified by nature**

Unit: yuan

Nature of payment	Ending book balance	Beginning book balance
Collection by third party	26,915,796.30	50,695,825.81
Margin and deposit	26,557,958.62	30,213,932.48
Associated contact	4,064,000.00	4,064,000.00
Imprest	1,409,298.88	1,972,794.63
Withheld amount	3,488,318.88	4,337,682.15
Project mortgage property	2,094,110.00	
Other	83,894.77	6,022.00
Total	64,613,377.45	91,290,257.07

**2) Disclosure by aging**

Unit: yuan

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	39,791,252.20	66,837,836.02

1 to 2 years	5,238,428.30	6,804,424.74
2 to 3 years	4,102,774.20	3,014,521.11
More than 3 years	15,480,922.75	14,633,475.20
3 to 4 years	2,411,698.15	2,701,746.80
4 to 5 years	1,924,707.80	1,591,300.00
More than 5 years	11,144,516.80	10,340,428.40
Total	64,613,377.45	91,290,257.07

### 3) Classified disclosure by bad debt provision method

Unit: yuan

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Accruing proportion		Amount	Proportion	Amount	Accruing proportion	
Provision for bad debt by single item	2,094,110.00	3.24%	732,938.50	35.00%	1,361,171.50					
Where:										
Provision for bad debt by combination	62,519,267.45	96.76%	17,119,386.89	27.38%	45,399,880.56	91,290,257.07	100.00%	17,589,580.30	19.27%	73,700,676.77
Where:										
Aging combination	62,519,267.45	96.76%	17,119,386.89	27.38%	45,399,880.56	91,290,257.07	100.00%	17,589,580.30	19.27%	73,700,676.77
Total	64,613,377.45	100.00%	17,852,325.39	27.63%	46,761,052.06	91,290,257.07	100.00%	17,589,580.30	19.27%	73,700,676.77

Provision for bad debt by single item:

Unit: yuan

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accruing proportion	Reasons for provision
Unit 1			800,000.00	280,000.00	35.00%	预计发生减值
Unit 2			636,327.00	222,714.45	35.00%	预计发生减值
Unit 3			657,783.00	230,224.05	35.00%	预计发生减值
Total			2,094,110.00	732,938.50		

Provision for bad debt by combination: provision for bad debt was made by aging combination

Unit: yuan

Name	Ending balance		
	Book balance	Provision for bad debt	Accruing proportion
Within 1 year (including 1 year)	37,697,142.20	1,884,857.10	5.00%
1--2 years	5,238,428.30	523,842.83	10.00%
2--3 years	4,102,774.20	820,554.84	20.00%
3--4 years	2,411,698.15	1,205,849.08	50.00%
4--5 years	1,924,707.80	1,539,766.24	80.00%
More than 5 years	11,144,516.80	11,144,516.80	100.00%
Total	62,519,267.45	17,119,386.89	

Provision for bad debt was made based on general model of expected credit loss

Unit: yuan

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (without credit impairment)	Expected credit losses over the entire duration (with credit impairment)	
Balance on January 1, 2023	17,589,580.30			17,589,580.30
Balance on January 1, 2023 in current period				
Withdrawn in current period	-470,193.41	732,938.50		262,745.09
Balance on December 31, 2023	17,119,386.89	732,938.50		17,852,325.39

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

Provision for bad debts in current period:

Unit: yuan

Category	Beginning balance	Changes in amount in current period				Ending balance
		Provision	Recovered or reversed	Write-off or verification	Other	
Provision for bad debt of other receivables	17,589,580.30	262,745.09				17,852,325.39
Total	17,589,580.30	262,745.09				17,852,325.39

#### 5) Other receivables with top 5 ending balances by debtor

Unit: yuan

Unit name	Nature of payment	Ending balance	Aging	Proportion in total other ending balance receivable	Ending balance of bad debt provision
Unit 1	Collection by third party	16,946,133.99	Within 1 year	26.23%	847,306.70
Unit 2	Deposit	4,928,000.00	More than 5 years	7.63%	4,928,000.00
Unit 3	Loan	4,064,000.00	More than 5 years	6.29%	4,064,000.00
Unit 4	Withheld amount	3,442,166.31	Within 1 year	5.33%	172,108.32
Unit 5	Collection by third party	2,228,080.41	Within 1 year	3.45%	111,404.02
Total		31,608,380.71		48.93%	10,122,819.04

### 3. Long-term equity investment

Unit: yuan

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	270,909,357.60	20,400,000.00	250,509,357.60	267,279,396.10	20,400,000.00	246,879,396.10
Investment in associated enterprises and joint enterprises	4,961,672.03		4,961,672.03	4,890,453.34		4,890,453.34
Total	275,871,029.63	20,400,000.00	255,471,029.63	272,169,849.44	20,400,000.00	251,769,849.44

(1) Investment in subsidiaries

Unit: yuan

Invested unit	Beginning balance (book value)	Beginning balance of impairment provision	Increase or decrease in current period				Ending balance (book value)	Balance of impairment provision at the end of period
			Further investment	Capital reduction	Provisio n for impairm ent	Other		
Shengzhou Kinde Intelligent Kitchen Electric Co., Ltd.	162,320,000.00						162,320,000.00	
Hangzhou Mingqi Electric Co., Ltd.	52,275,243.18		41,061.50				52,316,304.68	
Dize Home Appliances Trading (Shanghai) Co., Ltd.	630,900.00	20,400,000.00					630,900.00	20,400,000.00
Shanghai ROBAM Electric Appliance Sales Co., Ltd.	5,838,272.10						5,838,272.10	
Beijing ROBAM Electric Appliance Sales Co., Ltd.	5,814,980.82						5,814,980.82	
Hangzhou ROBAM Fuchuang Investment Management Co., Ltd.	10,000,000.00						10,000,000.00	
Hangzhou Jinhe Electric Appliances Co., Ltd	10,000,000.00						10,000,000.00	
ROBAM Appliances (Hong Kong) Holdings Limited			3,588,900.00				3,588,900.00	
<b>Total</b>	<b>246,879,396.10</b>	<b>20,400,000.00</b>	<b>3,629,961.50</b>				<b>250,509,357.60</b>	<b>20,400,000.00</b>

(2) Investment in associated enterprises and joint enterprises

Unit: yuan

Invested unit	Beginnin g balance (book value)	Beginn ing balanc e of impair ment provisi on	Increase or decrease in current period							Ending balance (book value)	Balance of impairme nt provisio n at the end of period	
			Further investm ent	Cap ital red ucti on	Investment gains and losses recognized by the equity method	Adjust ment of other compr ehensi ve incom e	Changes in other equity	Declare d payment of cash dividen ds or profits	Provisio n for impairm ent			Other
<b>I. Cooperative enterprise</b>												
De Dietrich Trade (Shanghai) Co., Ltd.	3,824,460 .03				497,269.36						4,321,729.39	
<b>Subtotal</b>	<b>3,824,460 .03</b>				<b>497,269.36</b>						<b>4,321,729.39</b>	
<b>II. Joint venture</b>												
Zhejiang Tingshuo Brand Operation Management Co., Ltd.	1,065,993 .31				-426,050.67						639,942.64	
<b>Subtotal</b>	<b>1,065,993 .31</b>				<b>-426,050.67</b>						<b>639,942.64</b>	

Total	4,890,453.34				71,218.69						4,961,672.03
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#### 4. Operating income and operating cost

Unit: yuan

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	9,896,457,532.30	5,078,924,538.77	9,254,790,315.93	4,792,994,074.50
Other businesses	296,611,622.16	159,955,374.43	269,759,869.66	108,497,967.17
Total	10,193,069,154.46	5,238,879,913.20	9,524,550,185.59	4,901,492,041.67

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations signed but not yet performed or completed at the end of this reporting period is RMB 1,019,942,923.58.

#### 5. Investment income

Unit: yuan

Item	Amount incurred in current period	Amount incurred in previous period
Long-term equity investment income checked by cost method		10,200,000.00
long-term equity investment gains measured by employing the equity method	71,218.69	-514,676.57
Investment income from trading financial assets during the holding period	83,051,398.90	98,086,574.72
Total	83,122,617.59	107,771,898.15

#### 6. Other

### XX. Further Information

#### 1. Current non-recurring gain and loss statement

Applicable  Not applicable

Unit: yuan

Item	Amount	Description
Profit and loss on disposal of non-current assets	-1,212,528.65	
Government subsidies included into current profits and losses (except those government subsidies that are closely related to normal business of the Company, comply with national policies and regulations, enjoyed according to defined criteria, and have an ongoing impact on the Company's profit or loss)	82,547,062.16	
Reversal of impairment provision for receivables subject to separate impairment test	98,986,397.46	
Income and expenditure other than those mentioned above	-1,838,686.70	
Minus: Amount affected by income tax	27,437,027.69	
Amount of minority shareholders' equity affected (after tax)	1,823,927.09	
Total	149,221,289.49	--

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

Applicable  Not applicable

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

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

Applicable  Not applicable

Item	Amount involved (yuan)	Cause
VAT exemption or reduction or refund	90,681,056.87	National tax policies, recurring business
Individual income tax service charge refund	684,354.91	National tax policies, recurring business

## 2. Return on net assets and earnings per share

Reporting profit	Weighted average return on net assets	Earnings Per Share	
		Basic EPS (yuan/share)	Diluted EPS (yuan/share)
Net profit attributable to common shareholders of the Company	16.78%	1.83	1.83
Net profit attributable to common shareholders of the Company after deduction of non-recurring profits and losses	15.29%	1.66	1.66

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

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

Applicable  Not applicable

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

Applicable  Not applicable

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