

**Hangzhou Robam Appliances Co., Ltd.**

**Semi-Annual Report 2024**

**ROBAM老板 | 享受创造**

**August 2024**

## **Chapter 1 Important Notes, Contents and Interpretations**

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

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

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

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

**The Company's profit distribution plan approved by the Board of Directors is as follows: based on the total of 944,127,316 shares, a cash dividend of RMB 5 (inclusive of tax) will be distributed to all shareholders for every 10 shares held. No bonus shares (inclusive of tax) will be issued, and there will be no capital reserve converted into capital stock.**

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## **Documents Available for Reference**

1. Financial statements signed and sealed by the legal representative, the person in charge of accounting of the Company, and the person in charge of the accounting firm.
2. Original copies of documents and announcements of the Company published in the newspaper designated by China Securities Regulatory Commission during the Reporting Period.
3. The Semi-Annual Report 2024 signed by the legal representative on behalf of the Company.
4. Other documents.

## Interpretations

Item	refer(s) to	Contents
The Company, Company, Robam Appliances	refer(s) to	Hangzhou Robam Appliances Co., Ltd.
MingQi	refer(s) to	Hangzhou MingQi Electric Co., Ltd.
Kinde	refer(s) to	Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.
Jinhe Electric Appliance	refer(s) to	Hangzhou Jinhe Electric Appliances Co., Ltd.
Robam Group	refer(s) to	Hangzhou Robam Industrial Group Co., Ltd., controlling shareholder of the Company
The reporting period	refer(s) to	The first half of 2024
AVC	refer(s) to	Beijing All View Cloud Data Technology Co., Ltd.

## Chapter 2 Company Profile and Major Financial Indicators

### I. Company Profile

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

### II. Contact Person and Contact Information

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

### III. Other Information

#### 1. Contact information

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

Applicable Not applicable

There were no changes in the registered address, office address and zip code as well as the website and email address of the Company during the reporting period. For details, please refer to the Annual Report 2023.

#### 2. Information disclosure and filing location

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

Applicable Not applicable

During the reporting period, there were no changes in the website of stock exchange and name and website of media designated for information disclosure of the semi-annual report and the location for filing the semi-annual report of the Company. For details, please refer to the Annual Report 2023.

### 3. Other information

Whether other relevant information changed during the reporting period?

Applicable  Not applicable

### IV. Key Accounting Data and Financial Indicators

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

Yes  No

	The reporting period	The same period last year	YoY change
Operating income (RMB)	4,729,354,071.80	4,934,869,800.15	-4.16%
Net profit attributable to shareholders of the listed company (RMB)	759,358,954.74	829,718,350.69	-8.48%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains/losses (RMB)	657,758,277.88	746,691,977.38	-11.91%
Net cash flow from operating activities (RMB)	414,005,591.39	959,732,853.23	-56.86%
Basic EPS (RMB/share)	0.80	0.87	-8.05%
Diluted EPS (RMB/share)	0.80	0.87	-8.05%
Weighted average return on net assets	7.01%	8.24%	A decrease of 1.23%
	End of the reporting period	End of last year	Change
Total assets (RMB)	15,983,377,229.74	16,779,531,315.72	-4.74%
Net assets attributable to shareholders of the listed company (RMB)	10,818,961,564.20	10,522,938,731.68	2.81%

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

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

Applicable Not applicable

In RMB

Item	Amount	Description
Gains and losses on disposal of non-current assets (including the written-off part of the provision for asset impairment accrued)	-762,764.73	
Government subsidies included in current gains and losses (excluding government subsidies closely related to the Company's normal business, enjoyed in line with national policy and established standards, and having a sustained impact on the Company's gains and losses).	47,398,220.55	
Reversal of impairment provision for accounts receivable tested for impairment separately	76,760,426.90	
Other non-operating revenues and expenses except the above items	-2,205,082.29	
Less: Affected amount of income tax	18,416,180.25	
Affected amount of minority shareholders' equity (after tax)	1,173,943.32	
Total	101,600,676.86	

Other items of gains and losses meeting the definition of non-recurring gains and losses:

Applicable Not applicable

The Company does not have other items of gains and losses meeting the definition of non-recurring gains and losses

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

Applicable Not applicable

Item	Amount (in RMB)	Reasons
VAT exemption, reduction or refund	37,394,570.29	National tax policy, regular business
Refund of individual income tax handling fee	421,243.63	National tax policy, regular business
Total	37,815,813.92	



## Chapter 3 Management Discussion and Analysis

### I. Main Businesses during the Reporting Period

In the first half of 2024, the domestic real estate industry remained in a phase of clearing and adjustment. The kitchen appliance industry is affected by intensified market competition and a decline in consumer spending willingness, leading to a general slowdown in market growth and significant disparities among different channels. In terms of the retail channel, as shown in AVC monthly data report based on offline retail market monitoring (“AVC Offline Report”), the year-on-year (YoY) growth of the retail sales of the main categories of kitchen appliances, i.e. range hoods and gas stoves, registered 6.4% and 7.8% respectively. In terms of the e-commerce channel, as shown in AVC monthly data report based on online retail market monitoring (“AVC Online Report”), the YoY decline of the retail sales of the kitchen appliances package registered 6.0%. In terms of the developer channel, as shown in the *AVC Real Estate Big Data* (“AVC Real Estate Report”), due to the sluggish sales of new houses/apartments, there were 301,500 sets of newly launched houses/apartments with fine decoration in the first half of the year, a YoY decrease of 19.2%; the penetration rate of fine decoration projects was 35.1%, a YoY decrease of 1.7 percentage points, both showing a continuous downward trend. In the first half of 2024, the completed residential area was 192.59 million square meters, a decrease of 21.7% compared to the high base under the "ensuring housing project delivery" policy last year. Consequently, the new demand in the kitchen appliance industry has significantly declined.

Facing numerous adverse factors, Robam, has maintained its leading position in the industry by actively pursuing development under the annual business philosophy of “Dreaming Big, Evolving Boldly - Constructing a New Blueprint for the Entire Cooking Process”. According to the AVC Offline Report, the retail sales and its market share of Robam range hood were 31.9% and 26.1% respectively, while the retail sales and its market share of Robam gas stove were 31.3% and 22.9% respectively. As shown in the AVC Online Report, the retail sales and its market share of Robam kitchen appliance package were 27.0% and 20.9% respectively; all the above indexes ranking first in the industry. In the first half of 2024, the Company achieved a revenue of RMB 4.729 billion, representing a YoY decrease of 4.16%. The net profit attributable to shareholders of the listed company was RMB 759 million, a YoY decrease of 8.48%.

As of June 30, 2024, according to AVC Offline Report, the market shares and market rankings of the Company’s main product categories in terms of offline retail sales are shown in the following table:

Range hoods	Gas stove	Disinfection cabinet	Built-in Combi-steam oven	Built-in Electric steam oven	Built-in Electric baking oven	Dishwasher	Integrated stove
31.9%	31.3%	19.8%	26.8%	20.9%	17.6%	18.4%	37.6%
1	1	2	1	3	2	2	1

As of June 30, 2024, according to AVC Online Report, the market shares and market rankings of the Company's main product categories in terms of online retail sales are shown in the following table:

Kitchen appliance package	2-piece package of range hood and stove	Range hoods	Gas stove	Built-in combi-steam oven	Built-in electric steam oven
27.0%	28.2%	16.3%	11.9%	11.4%	17.5%
1	1	1	2	3	3

As of June 30, 2024, according to AVC Real Estate Report, the market share of Robam range hoods in the fine decoration channel was 23.4%, ranking second in the industry.

In the first half of 2024, the technology sector continued to lead industry innovation by focusing on three key areas: product innovation, digital leadership, and management enhancement, thereby driving the implementation of comprehensive cooking chain solutions. Throughout the first half of the year, the Company continued to develop and launch new products, with a particular focus on the research and market introduction of the "Chic Series" product line and several core products. Significant breakthroughs were achieved in AI cooking models, the development of a digital kitchen appliance ecosystem, voice and NLP technologies, and the IoT platform. Additionally, the Company improved its internal standardization processes to enhance its professionalism in management. As of June 30, 2024, the Company has granted a total of 5,064 authorized patents, including 261 invention patents. The Company also involved in the formulation of 155 standards, leading the development of 42 of them, which included 2 international standard proposals and 4 national standards. In February, the international standard proposal for range hoods, led by the Company under the International Electrotechnical Commission (IEC), was officially released. In addition, the digital kitchen appliance combi-steam oven iH1 and the Robam high-performance integrated stove black crystalline steel 9ZC23 respectively won the AWE Top Award and AWE Design Award.

In the first half of 2024, the marketing sector remained committed to a user-centric approach, continuously advancing business and organizational restructuring. The Company steadfastly promoted the high-end branding of Robam and the popularization of MingQi brand, facilitating coordinated progress across the multi-brand matrix to comprehensively cater to diverse needs of users. In retail channels, the focus was on user-oriented organizational upgrades. The Company has diligently enhanced the all-channels user engagement system, and significantly strengthened store operations. At the same time, the Company actively responded to China's trade-in policy by launching a series of initiatives, such as "half-price for new ones with old kitchen appliances". Additionally, the

Company offered services such as “same-day delivery and installation, with replacement in as fast as 2 hours” and free cabinet renovation to address any concerns of customers they may have about upgrading their appliances. Against the backdrop of a generally declining new housing market, the Company made significant efforts to expand the existing market, which helped the retail channels achieve growth against the trend in the first half of the year. In the e-commerce channel, the Company conducted in-depth analysis of users' needs, actively engaged in external promotion, and effectively utilized in-platform traffic resources. By leveraging multi-category collaboration, the Company improved the structure and quality of channel sales. In the developer channel, the Company expanded product categories to scale up sales, strictly controlled channel risks, optimized customer structure, and advanced high-end breakthroughs and diversified innovation. In the overseas market, the Company steadily promoted its going global strategy and advanced brand internationalization efforts.

In the first half of 2024, the production sector, with the core of "Consolidating Efforts to Restructure and Connect with the Future," achieved continuous innovation through the synergy of strategic planning, streamlined processes and consolidated efforts. The sector made significant progress in three main areas: user focus, operational efficiency, and transformative change. This approach facilitated business evolution, organizational thinking advancement, and the development of new organizational capabilities, all aimed at meeting users' needs and positioning the Company as one of the most competitive benchmarks in China's manufacturing industry. Starting from the principle of "User First," the Company aimed to build differentiated manufacturing and supply capabilities, enhanced quality control, and improved product delivery. Focused on operational efficiency, the Company developed refined cost management capabilities and established mechanisms for the effective utilization of resources. Embracing innovation and leading development, the Company drove end-to-end integrated supply chain transformation, reconstructed digital manufacturing capabilities, and enhanced digital supply chain management. This approach supported business transformation and lean innovation, positioning the Company as a leader in manufacturing excellence.

In the first half of 2024, the brand sector continued to anchor itself in the cooking industry, adhering to a path of integrating technology with cultural development. Embracing its new identity as a "comprehensive solution provider for the entire cooking process", the sector redefined the meaning and value of cooking while striving to establish itself as the leading high-end kitchen appliance brand in China. Focusing on the comprehensive cooking process and digital cooking technology experience, the sector showcased its multi-brand matrix under the theme "Welcome to the Digital Cooking World" at 2024 AWE (Appliance and Electronics World Expo). In addition, Robam Appliances held the 2024 Robam Appliances Range Hood Ultra-Slim Trend Conference, and released the Double Ultra-slim U Series

Range Hood. In collaboration with TikTok Shop's Super Brand Day, the Company held the "Philosophy in the Chic Kitchen" new product launch event. The highlight of the event was the introduction of the Chic Series G1 set, followed by the comprehensive upgrade and launch of the Guangyan S1 Plus dishwasher disinfectant. In March, the Company collaborated with the Color Research Institute of China Academy of Art to create the artist version of gas water heater Chuan HT730. This product was showcased at the "Great Rivers, Ultimate Beauty" art exhibition held at the K11 Art Mall in Shanghai. In April, the Company partnered with Xiaohongshu's IP "Home Life Design Competition" to co-create the "Exploring Kitchen Aesthetics". At the same time, the Company once again joined forces with "The Treasured Voice 5" to present a crossover event that blends music and kitchen experiences, pushing the boundaries of traditional kitchen concepts. At the "Return to the Future" brand launch event held in June, the Company unveiled China's first AI cooking model, "God of Cookery", and introduced a new brand value —"Enjoy Creation". The brand and retail store images were comprehensively updated. Additionally, the brand department collaborated with the Eidos Humanities Society to host an event, where renowned scholars discussed the relationships between users and society, technology and civilization, contributing to the preservation and advancement of cooking culture.

In the era where the kitchen appliance industry witnesses more fierce competitions in the existing market, the Company will continue to commit to its cooking beliefs, and uphold a dual-engine approach, driving business model transformation through both digital kitchen appliances and user operations. The Company will persist in optimizing its dual-brand operation model with Robam and MingQi.

In the first half of 2024, the Company introduced the AI-powered cooking model "God of Cookery" in the realm of digital kitchen appliances. This innovation not only advances the hardware iteration but also strengthens the underlying software support, exploring the cutting-edge application of AI technology in the cooking field, and providing users with tailor-made cooking solutions. Unlike traditional kitchen appliances that serve merely as hardware tools, "God of Cookery" functions as an intelligent partner capable of understanding users' needs, emotions, and habits. It integrates smart planning across kitchen appliances based on users' roles, identities, emotions, actions, health conditions, and dietary preferences, delivering a comprehensive solution from ingredient selection to cooking processes, and achieving a personalized cooking experience for each individual. This represents a fusion of "technology + culture" by Robam Appliances and marks another milestone in the pursuit of developing new productive forces, following the creation of the industry's first "unmanned factory" and the launch of the first "digital kitchen appliances" set.

In the first half of 2024, in terms of user operations, the Company continued to build a systematic user full-process data asset and experience feedback system to support the transformation of the Company's operations from channel-oriented to user-centric. The Company has successfully established a Customer Data Platform (CDP), creating a comprehensive system for user lifecycle data and a robust feedback mechanism. This platform allows for broader capture of user behavior, which is integrated into our analytical framework. Additionally, the Company is expanding user touchpoints through diversified channels such as the ROKI app, WeChat mini-programs, and WeCom community, focusing on cooking as a core interest to attract and engage users, thus building a private community that stimulates user engagement, interaction, and creativity. The Company is also advancing the Robam Appliances Net Promoter Score (NPS) evaluation framework as a key component of future operational metrics, which will help accurately measure and enhance reputation from users, thereby developing a more comprehensive and effective user feedback and summary system.

In the first half of 2024, the MingQi brand was revitalized with a new focus on "New Pragmatic Kitchen Appliances". Targeting the mid-end market, the brand adheres to three core standards: "Excellent Performance," "Practical Functions," and "Durable Quality." The new product forms are designed to effectively cater to the needs of a wider audience, addressing the demand for high-quality, cost-effective, stable, and long-lasting products for pragmatic consumers. De Dietrich brand continued to receive orders from the developer channel and had already established a presence in the luxury house decoration market.

In the first half of 2024, the Company continued to gain recognition from the capital market in terms of corporate governance, information disclosure and shareholder returns. It has been rated as A level (excellent) in the information disclosure assessment on listed companies by the Shenzhen Stock Exchange for ten consecutive years. Meanwhile, based on improvement and excellent performance in corporate governance and employee welfare programs, the Company is rated as BBB level in terms of MSCI ESG ratings. The Company has established a long-term incentive mechanism and launched the *2024 Stock Option Incentive Plan* in the first half of the year. In response to the long-term support of investors, the Company has introduced the *Three-Year Shareholder Return Plan (2024-2026)*, which guarantees a special annual dividend to provide investors with stable and substantial returns. 2024 marks a pivotal year in the Company's new three-year strategy. The Company will continue to focus on cooking as its core, constantly aligning with user needs to enhance both the software and hardware capabilities of its products. The aim is to convey the technological value and humanistic care of the products, offering consumers a diverse cooking experience. By navigating through economic cycles, the Company strives to achieve long-term, stable, and high-quality growth.

## II. Analysis of Core Competitiveness

There is no significant change in the Company's core competitiveness during the reporting period. The Company's core competitiveness is mainly reflected in its high-end brand positioning, R&D capability for continuous innovation, comprehensive and efficient operation capability, as shown in the Annual Report 2023.

## III. Analysis of Main Business

### Overview

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

Year-on-year changes in key financial data

In RMB

	The reporting period	The same period last year	YOY change	Reason for change
Operating income	4,729,354,071.80	4,934,869,800.15	-4.16%	
Operating costs	2,417,617,979.67	2,372,095,971.50	1.92%	
Sale expenses	1,189,754,400.18	1,360,821,373.41	-12.57%	
Administrative expenses	214,267,083.09	203,425,816.25	5.33%	
Financial expense	-95,390,413.45	-68,958,985.09	Not Applicable	
Income tax expense	137,595,570.63	151,830,927.51	-9.38%	
R&D input	178,373,820.48	172,734,141.15	3.26%	
Net cash flow from operating activities	414,005,591.39	959,732,853.23	-56.86%	The slowdown in payment collection in the period was due to the increase in the settlement of matured bank acceptance bills.
Net cash flow from investment activities	-346,629,453.74	63,023,246.17	Not Applicable	
Net cash flow from financing activities	-928,670,536.81	-443,777,479.65	Not Applicable	Due to the two dividend distributions in the period: the 2023 annual dividend and the 2023 special dividend.
Net increase in cash and cash equivalents	-861,277,057.45	581,455,567.34	Not Applicable	

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

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

## Composition of operating income

In RMB

	The reporting period		The same period last year		YOY change
	Amount	% of operating income	Amount	% of operating income	
Total operating income	4,729,354,071.80	100%	4,934,869,800.15	100%	-4.16%
By industry					
Kitchen and bathroom appliances	4,604,808,674.29	97.37%	4,793,316,106.76	97.13%	-3.93%
Other businesses	124,545,397.51	2.63%	141,553,693.39	2.87%	-12.02%
By product category					
Category 1					
Incl: Range hood	2,258,608,055.24	47.76%	2,324,953,220.91	47.11%	-2.85%
Gas stove	1,169,304,461.08	24.72%	1,183,171,484.38	23.98%	-1.17%
Disinfection cabinet	179,381,531.42	3.79%	208,586,939.17	4.23%	-14.00%
Category 2					
Incl: All-purpose oven	282,119,593.77	5.97%	317,829,778.22	6.44%	-11.24%
Steam oven	27,610,887.93	0.58%	33,863,980.47	0.69%	-18.47%
Baking oven	25,506,949.12	0.54%	33,333,913.56	0.68%	-23.48%
Category 3					
Incl: Dishwasher	318,347,953.95	6.73%	331,655,582.50	6.72%	-4.01%
Water purifier	14,653,776.44	0.31%	19,178,086.59	0.39%	-23.59%
Water heater	110,776,505.83	2.34%	96,459,546.77	1.95%	14.84%
Integrated stove	183,045,699.18	3.87%	204,932,714.33	4.15%	-10.68%
Other small appliances	35,453,260.33	0.76%	39,350,859.86	0.80%	-9.90%
Other operating income	124,545,397.51	2.63%	141,553,693.39	2.87%	-12.02%
By region					
East China-Main Products	2,240,767,978.16	47.38%	2,465,263,265.33	49.96%	-9.11%
East China-Others	124,470,315.80	2.63%	141,553,693.39	2.87%	-12.07%
South China	524,496,954.45	11.09%	505,445,895.60	10.24%	3.77%
Central China	472,330,747.34	9.99%	414,023,176.19	8.39%	14.08%
North China	516,471,998.11	10.92%	519,977,554.25	10.54%	-0.67%
Northeast China	238,293,211.47	5.04%	264,181,426.54	5.35%	-9.80%
Northwest China	238,856,066.29	5.05%	268,067,121.49	5.43%	-10.90%
Southwest China	344,973,086.06	7.29%	328,679,596.66	6.66%	4.96%
Overseas	28,693,714.12	0.61%	27,678,070.70	0.56%	3.67%

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

Applicable Not applicable

In RMB

	Operating income	Operating costs	Gross margin	YoY change in operating income	YoY change in operating costs	YoY change in the gross margin
By industry						
Kitchen and bathroom appliances	4,604,808,674.29	2,381,821,304.07	48.28%	-3.93%	3.33%	-3.64%

By product category						
Range hoods	2,258,608,055.24	1,111,513,185.01	50.79%	-2.85%	6.47%	-4.31%
Gas stove	1,169,304,461.08	549,521,919.73	53.00%	-1.17%	6.84%	-3.52%
By region						
East China-Main Products	2,240,767,978.16	1,125,601,403.28	49.77%	-9.11%	0.34%	-4.73%
South China	524,496,954.45	283,031,848.91	46.04%	3.77%	8.14%	-2.18%
North China	516,471,998.11	249,036,733.50	51.78%	-0.67%	7.04%	-3.47%

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

Applicable Not applicable

#### IV. Analysis of Non-core Business

Applicable Not applicable

#### V. Analysis of Assets and Liabilities

##### 1. Significant changes in assets composition

In RMB

	End of the reporting period		End of last year		Change in percentage	Note on significant changes
	Amount	% of total assets	Amount	% of total assets		
Cash and cash equivalents	1,147,837,731.76	7.18%	1,985,050,745.11	11.83%	-4.65%	
Accounts receivable	1,863,130,927.89	11.66%	1,810,015,596.33	10.79%	0.87%	
Inventory	1,399,070,238.66	8.75%	1,524,274,720.24	9.08%	-0.33%	
Investment real estate	87,514,098.16	0.55%	91,136,832.31	0.54%	0.01%	
Long-term equity investment	4,978,936.31	0.03%	8,427,450.24	0.05%	-0.02%	
Fixed assets	1,664,948,226.73	10.42%	1,720,724,257.46	10.25%	0.17%	
Construction in process	444,829,440.01	2.78%	359,768,699.68	2.14%	0.64%	
Right-of-use assets	11,204,929.62	0.07%	13,802,458.98	0.08%	-0.01%	
Short-term loans	115,003,320.70	0.72%	95,003,320.70	0.57%	0.15%	
Contract liabilities	777,554,890.02	4.86%	1,019,942,923.58	6.08%	-1.22%	
Lease liabilities	10,343,459.83	0.06%	10,750,792.90	0.06%	0.00%	

##### 2. Major overseas assets

Applicable Not applicable



**3.Assets and liabilities measured at fair value**

Applicable Not applicable

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

Item	Ending book value	Reasons for limit
Cash and cash equivalents	89,105,875.26	L/G margin
Cash and cash equivalents	41,826,555.86	Bill acceptance margin
Cash and cash equivalents	16,000.00	ETC security deposits
Fixed assets	135,979,588.89	Mortgage loan
Intangible assets	31,222,615.70	Mortgage loan
<b>Total</b>	<b>298,150,635.71</b>	—

**VI. Analysis of Investment****1. Overview**

Applicable Not applicable

**2. Major equity investments obtained during the reporting period**

Applicable Not applicable

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

Applicable Not applicable

**4.Financial asset investment****(1) Securities investment**

Applicable Not applicable

The Company had no securities investment during the reporting period.

**(2) Derivative investment**

Applicable Not applicable

The Company had no derivatives investment during the reporting period.

**5. Use of the raised funds**

Applicable Not applicable

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

## **VII. Sale of Major Assets and Equities**

### **1. Sale of major assets**

Applicable Not applicable

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

### **2. Sale of major equities**

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Beijing Robam Appliances Sales Co., Ltd.	Subsidiary	Sales of kitchen appliances	5,000,000	70,521,280.46	33,404,842.29	107,209,197.15	-5,224,274.24	-4,865,036.40
Shanghai Robam Appliances Sales Co., Ltd.	Subsidiary	Sales of kitchen appliances	5,000,000	84,299,627.57	-39,303,847.26	154,221,576.08	-10,186,526.30	-10,248,862.74
Hangzhou MingQi Electric Co., Ltd.	Subsidiary	Sales of kitchen appliances	50,000,000	206,182,234.82	40,060,187.91	228,662,308.30	3,707,142.71	3,742,645.56
Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.	Subsidiary	Sales of kitchen appliances	32,653,061	441,361,739.93	201,847,845.91	52,276,506.48	-17,024,719.34	-16,380,401.60
Hangzhou Jinhe Electric Appliances Co., Ltd.	Subsidiary	Sales of kitchen appliances	10,000,000	145,878,350.96	24,129,921.90	138,025,762.14	2,574,042.61	1,563,020.69

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

## IX. Structured Entities Controlled by the Company

Applicable Not applicable

## X. Risks and Responses

### (1) Risk of fluctuations in the real estate market

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

### (2) Risk of price fluctuation of raw materials

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

(3) Risk of intensified market competition

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

## **XI. Implementation of the "Dual Improvement in Quality and Returns" Action Plan**

Has the Company disclosed the announcement of the "Dual Improvement in Quality and Returns" action plan?

Yes  No

## Chapter 4 Corporate Governance

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

#### 1. Shareholders' meeting during the reporting period

Session of meeting	Type of meeting	Proportion of attending investors	Date of meeting	Date of disclosure	Resolutions
2023 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	64.28%	May 16, 2024	May 17, 2024	The Announcement of Resolutions of the 2023 Annual General Meeting of Shareholders of Robam Appliances (Announcement No. 2024-031)
The first extraordinary general meeting of shareholders in 2024	Extraordinary general meeting of shareholders	62.46%	June 19, 2024	June 20, 2024	The Announcement of Resolutions of the 2024 First Extraordinary General Meeting of Shareholders of Robam Appliances (Announcement No. 2024-045)

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

Applicable Not applicable

### II. Changes in Directors, Supervisors and Senior Management

Applicable Not applicable

There was no change in directors, supervisors, and senior management of the Company during the reporting period. For details, please refer to the Annual Report 2023.

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

Applicable Not applicable

Number of bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (including tax)	5
The share capital base for the distribution plan (shares)	944,127,316
Cash dividend amount (RMB) (including tax)	472,063,658.00
Cash dividend amount by other means (e.g., share repurchase) (RMB)	0.00
Total cash dividend amount (including other methods) (RMB)	472,063,658.00
Distributable profit (RMB)	9,349,860,281.22

Proportion of total cash dividends (including other methods) to total profit distribution	100%
Cash dividend distribution for this time	
For businesses in the growth stage with significant capital expenditure plans, the cash dividend proportion in the current profit distribution should be at least 20%	
Detailed explanation of profit distribution and capital reserve conversion plan	
<p>As of June 30, 2024, the undistributed profits of the parent company amounted to RMB 9,349,860,281.22. According to the resolution of the board of directors, the Company plans to implement mid-term dividend distribution to reward its shareholders. The specific dividend distribution plan is as follows:</p> <p>(1) The Company plans to distribute cash dividends of RMB 5 per 10 shares (including tax) to all shareholders, based on the total share capital of 944,127,316 shares as of July 31, 2024. The total amount of dividends to be distributed is RMB 472,063,658.00.</p> <p>(2) Purpose of mid-term dividend distribution: first, to meet the needs of the Company's long-term stable and healthy development; second, to increase cash dividend distribution to boost market confidence, while ensuring that the Company's normal operations and long-term development are not affected; third, to actively reward shareholders, share the Company's development dividends with them, and enhance their sense of gain.</p> <p>If the Company's share capital changes due to reasons such as new shares being listed, stock option exercises, convertible bonds being converted into shares, or share repurchases between the announcement of the distribution plan and the equity registration date for the dividend distribution, adjustments will be made based on the principle of "maintaining the distribution ratio and adjusting the total distribution amount accordingly".</p>	

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

Applicable Not applicable

##### 1. Equity incentive

2021 Stock Option Incentive Plan:

1. On April 14, 2021, the Company held the Fourth Meeting of the Fifth Session of the Board of Directors, during which the *Proposal on 2021 Stock Option Incentive Plan (Draft) of the Company and Its Summary* and other related proposals were deliberated and approved, and the independent directors expressed their independent opinions on and approved the matters related to the Company's stock option incentive plan. The Fourth Meeting of the Fifth Session of the Board of Supervisors of the Company deliberated and approved the above-mentioned proposal and expressed its concurring opinion. The Company disclosed the above matters on April 15, 2021.

2. From April 15, 2021 to April 24, 2021, the Company internally disclosed the names and titles of the incentive targets of the stock option incentive plan. On April 27, 2021, the Company's Board of Supervisors published the Review Opinions of the Board of Supervisors on the List of Incentive Targets of the Stock Option Incentive Plan in 2021 and Explanation on the Publicity. On the same day, the Company disclosed the Self-inspection Report on the Purchase and Sale of the Company's Shares by Insiders and Incentive Targets of the Stock Option Incentive Plan in 2021.

3. On April 30, 2021, the Company held its first extraordinary general meeting of shareholders, where it reviewed and approved the *Proposal on the Company's 2021 Stock Option Incentive Plan (Draft) and Its Summary*, among other related proposals. This plan was approved at the Company's first extraordinary general meeting of shareholders in 2021, and the board of directors was authorized to determine the grant date for stock options. The board is also responsible for granting stock options to eligible incentive recipients and handling all matters necessary for granting these stock options.

4. On May 10, 2021, the Sixth Meeting of the Fifth Session of the Board of Directors and the Sixth Meeting of the Fifth Session of the Board of Supervisors of the Company deliberated and approved the *Proposal on the Granting Stock Options to Incentive Targets*. The Board of Supervisors verified the list of incentive targets again and expressed its agreement, and the independent directors of the Company expressed their independent opinion on it.

5. The Company held the 10th meeting of the 5th Board of Directors and the 10th meeting of the 5th Board of Supervisors on April 19, 2022, deliberating and adopting the *Proposal on the Cancellation of Part of the Stock Options under the 2021 Stock Option Incentive Plan* and the *Proposal on the Cancellation of Stock Options for Failure to Meet the Exercise Conditions during the First Exercise Period of the 2021 Stock Option Incentive Plan* and other proposals. The Board of Supervisors verified it and expressed its agreement, and the independent directors of the Company expressed their independent opinion on it.

6. On April 26, 2022, after being reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the cancellation of the aforementioned 1,264,000 stock options has been completed. The Company cancelled a total of 1,264,000 stock options, accounting for 0.13% of the Company's current total capital stock. This cancellation of stock options complies with relevant laws and regulations, the Articles of Association of Hangzhou Robam Appliances Co., Ltd., and the provisions of the Incentive Plan (Draft), etc. The stock options cancelled this time have not been exercised, and the cancellation will not have any impact on the Company's capital stock. The capital structure has not changed.

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

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

9. The Company held the 5th meeting of the 6th Board of Directors and the 5th meeting of the 6th Board of Supervisors on April 24, 2024, deliberating and adopting the *Proposal on the Cancellation of Part of the Stock Options under the 2021 Stock Option Incentive Plan* and the *Proposal on the Cancellation of Stock Options for Failure to Meet the Exercise Conditions during the Third Exercise Period of the 2021 Stock Option Incentive Plan* and other proposals. The board of supervisors has verified this and expressed its concurring opinion.

10. On May 23, 2024, after being reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the cancellation of the aforementioned 831,000 stock options has been completed. The Company cancelled a total of 831,000 stock options, accounting for 0.09% of the Company's current total capital stock. This cancellation of stock options complies with relevant laws and regulations, the Articles of Association of Hangzhou Robam Appliances Co., Ltd., and the provisions of the Incentive Plan (Draft), etc. The stock options cancelled this time have not been exercised, and the cancellation will not have any impact on the Company's capital stock. The capital structure has not changed.

## 2022 Stock Option Incentive Plan:

1. On March 31, 2022, the Company held the 9th Meeting of the 5th Board of Directors, during which the *Proposal on 2022 Stock Option Incentive Plan (Draft) of the Company and Its Summary* and other related proposals were deliberated and approved, and the independent directors expressed their independent opinions on and approved the matters related to the Company's stock option incentive plan. The 9th Meeting of the 5th Board of Supervisors of the Company deliberated and approved the above-mentioned proposal and expressed its concurring opinion. The Company disclosed the above matters on April 01, 2022.
2. From April 1, 2022 to April 10, 2022, the Company internally disclosed the names and titles of the incentive targets of the stock option incentive plan. On April 13, 2022, the Company's Board of Supervisors published the Review Opinions of the Board of Supervisors on the List of Incentive Targets of the Stock Option Incentive Plan in 2022 and Explanation on the Publicity. On the same day, the Company disclosed the Self-inspection Report on the Purchase and Sale of the Company's Shares by Insiders and Incentive Targets of the Stock Option Incentive Plan in 2022.
3. On April 21, 2022, the Company held its first extraordinary general meeting of shareholders, where it reviewed and approved the *Proposal on the Company's 2022 Stock Option Incentive Plan (Draft) and Its Summary*, among other related proposals. This plan was approved at the Company's first extraordinary general meeting of shareholders in 2022, and the board of directors was authorized to determine the grant date for stock options. The board is also responsible for granting stock options to eligible incentive recipients and handling all matters necessary for granting these stock options.
4. On May 10, 2022, the 11th meeting of the 5th Board of Directors and the 11th meeting of the 5th Board of Supervisors of the Company deliberated and approved the *Proposal on the Granting Stock Options to Incentive Targets*. The Board of Supervisors verified the list of incentive targets again and expressed its agreement, and the independent directors of the Company expressed their independent opinion on it.
5. The Company held the 14th meeting of the 5th Board of Directors and the 14th meeting of the 5th Board of Supervisors on April 25, 2023, deliberating and adopting the *Proposal on the Cancellation of Part of the Stock Options under the 2022 Stock Option Incentive Plan* and the *Proposal on the Cancellation of Stock Options for Failure to Meet the Exercise Conditions during the First Exercise Period of the 2022 Stock Option Incentive Plan* and other proposals. The Board of Supervisors verified it and expressed its agreement, and the independent directors of the Company expressed their independent opinion on it.
6. On May 9, 2023, after being reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the cancellation of the aforementioned 1,609,000 stock options has been completed. The Company cancelled a total of 1,609,000 stock options, accounting for 0.17% of the Company's current total capital stock. This cancellation of stock options complies with relevant laws and regulations, the Articles of Association of Hangzhou Robam Appliances Co., Ltd., and the provisions of the Incentive Plan (Draft), etc. The stock options cancelled this time have not been exercised, and the cancellation will not have any impact on the Company's capital stock. The capital structure has not changed.
7. The Company held the 5th meeting of the 6th Board of Directors and the 5th meeting of the 6th Board of Supervisors on April 24, 2024, deliberating and adopting the *Proposal on the Cancellation of Part of the Stock Options under the 2022 Stock Option Incentive Plan* and the *Proposal on the Cancellation of Stock Options for Failure to Meet the Exercise Conditions during the Second Exercise Period of the 2022 Stock Option Incentive Plan* and other proposals. The board of supervisors has verified this and expressed its concurring opinion.



8. On May 23, 2024, after being reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the cancellation of the aforementioned 1,451,000 stock options has been completed. The Company cancelled a total of 1,451,000 stock options, accounting for 0.15% of the Company's current total capital stock. This cancellation of stock options complies with relevant laws and regulations, the Articles of Association of Hangzhou Robam Appliances Co., Ltd., and the provisions of the Incentive Plan (Draft), etc. The stock options cancelled this time have not been exercised, and the cancellation will not have any impact on the Company's capital stock. The capital structure has not changed.

#### 2023 Stock Option Incentive Plan:

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

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

3. On May 18, 2023, the Company held its annual general meeting of shareholders for 2022, where it reviewed and approved the *Proposal on the Company's 2023 Stock Option Incentive Plan (Draft) and Its Summary*, among other related proposals. This plan was approved at the Company's annual general meeting of shareholders in 2022, and the board of directors was authorized to determine the grant date for stock options. The board is also responsible for granting stock options to eligible incentive recipients and handling all matters necessary for granting these stock options.

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

5. On April 25, 2024, the Company held the 5th meeting of the 6th board of directors and the 5th meeting of the 6th board of supervisors, and approved the *Proposal on the Cancellation of Part of the Stock Options under the 2023 Stock Option Incentive Plan* and other proposals. The board of supervisors has verified this and expressed its concurring opinion.

6. On May 23, 2024, after being reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the cancellation of the aforementioned 908,800 stock options has been completed. The Company cancelled a total of 908,800 stock options, accounting for 0.10% of the Company's current total capital stock. This cancellation of stock options complies with relevant laws and regulations, the Articles of Association of Hangzhou Robam Appliances Co., Ltd., and the provisions of the Incentive Plan (Draft), etc. The stock options cancelled this time have not been exercised, and the cancellation will not have any impact on the Company's capital stock. The capital structure has not changed.

7. On June 20, 2024, the Company held the 8th meeting of the 6th board of directors and the 8th meeting of the 6th board of

supervisors, and approved the *Proposal on the Achievement of Exercise Conditions for the First Exercise Period of the 2023 Stock Option Incentive Plan*. The board of supervisors has verified this and expressed its concurring opinion.

2024 Stock Option Incentive Plan:

1. On April 24, 2024, the Company held the 5th Meeting of the 6th Board of Directors, during which the *Proposal on 2024 Stock Option Incentive Plan (Draft) of the Company and Its Summary* and other related proposals were deliberated and approved, and the independent directors expressed their independent opinions on and approved the matters related to the Company's stock option incentive plan. The 5th Meeting of the 6th Board of Supervisors of the Company deliberated and approved the above-mentioned proposal and expressed its concurring opinion. The Company disclosed the above matters on April 25, 2024.

2. From April 26, 2024 to May 6, 2024, the Company internally disclosed the names and titles of the incentive targets of the stock option incentive plan. On May 08, 2024, the Company's Board of Supervisors published the Review Opinions of the Board of Supervisors on the List of Incentive Targets of the Stock Option Incentive Plan in 2024 and Explanation on the Publicity. On the same day, the Company disclosed the Self-inspection Report on the Purchase and Sale of the Company's Shares by Insiders and Incentive Targets of the Stock Option Incentive Plan in 2024.

3. On May 16, 2024, the Company held its annual general meeting of shareholders for 2023, where it reviewed and approved the *Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and Its Summary*, among other related proposals. This plan was approved at the Company's annual general meeting of shareholders in 2023, and the board of directors was authorized to determine the grant date for stock options. The board is also responsible for granting stock options to eligible incentive recipients and handling all matters necessary for granting these stock options.

4. On May 20, 2024, the 6th meeting of the 6th Board of Directors and the 6th meeting of the 6th Board of Supervisors of the Company approved the *Proposal on Adjusting the List of Incentive Recipients and the Number of Grants for the 2024 Stock Option Incentive Plan* and the *Proposal on Granting Stock Options to Incentive Recipients*. The proposal has been approved by the Remuneration and Assessment Committee of the 6th Board of Directors of the Company in the third review of 2024. The Board of Supervisors also re-verified the list of incentive recipients and expressed its approval.

## 2. Implementation of the employee stock ownership plan

Applicable Not applicable

## 3. Other employee incentive plans

Applicable Not applicable

Phase I Partner Equity Ownership Plan

1. On April 14, 2021, the Company held the 4th Meeting of the 5th Session of the Board of Directors, during which the *Proposal on Partner Equity Ownership Plan (Draft) of the Company and Its Summary* and other related proposals were deliberated and approved, and the independent directors expressed their independent opinions on and approved the matters related to the Company's Partner Equity Ownership Plan. The Fourth Meeting of the Fifth Session of the Board of Supervisors of the Company deliberated and approved the above-mentioned proposal and expressed its concurring opinion. The Company disclosed the above matters on April 15, 2021.

2. On April 30, 2021, the Company held its first extraordinary general meeting of shareholders for 2021, where it reviewed and approved the *Proposal on the Company's Partner Equity Ownership Plan (Draft) and Its Summary*, among other related proposals. This plan was approved at the Company's first extraordinary general meeting of shareholders in 2021, authorizing the board of directors to decide on or handle matters related to this plan.

3. On April 20, 2022, the Company disclosed the *Announcement on the Failure to Meet the Assessment Conditions for the 2021 Partner Equity Ownership Plan*. According to the relevant provisions of the ownership plan, the assessment conditions for the 2021 Partner Equity Ownership Plan were not met, and the Company will not allocate the special fund for the ownership plan for that year.

4. On April 26, 2023, the Company disclosed the *Announcement on the Failure to Meet the Assessment Conditions for the 2022 Partner Equity Ownership Plan*. According to the relevant provisions of the ownership plan, the assessment conditions for the 2022 Partner Equity Ownership Plan were not met, and the Company will not allocate the special fund for the ownership plan for that year.

5. On April 25, 2024, the Company disclosed the *Announcement on the Failure to Meet the Assessment Conditions for the 2023 Partner Equity Ownership Plan*. According to the relevant provisions of the ownership plan, the assessment conditions for the 2023 Partner Equity Ownership Plan were not met, and the Company will not allocate the special fund for the ownership plan for that year.

#### Phase II Partner Equity Ownership Plan

On April 24, 2024, the Company held the 5th meeting of the 6th Board of Directors, where it reviewed and approved the *Proposal on the Company's Phase II Partner Equity Ownership Plan (Draft) and Its Summary*, among other related proposals. The second meeting of the Remuneration and Assessment Remuneration and Assessment Committee of the 6th board of directors reviewed and approved the forementioned proposals. The 5th Meeting of the 6th Board of Supervisors of the Company deliberated and approved the above-mentioned proposal and expressed its concurring opinion. The Company disclosed the above matters on April 25, 2024.

On May 16, 2024, the Company held its annual shareholder meeting for the year 2023 and approved the *Proposal on the Company's Phase II Partner Equity Ownership Plan (Draft) and Its Summary* and other related proposals. This plan was approved by the Company's annual shareholder meeting for the year 2023, authorizing the board of directors to decide on or handle matters related to this plan.

## Chapter 5 Environmental and Social Responsibilities

### I. Major Environmental Issues

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

Yes  No

Administrative penalties due to environmental issues during the reporting period.

Name of company or subsidiary	Reasons for penalties	Violations	Penalties	Impact on the production and operation of the listed company	The Company's rectification measures
N/A	N/A	N/A	N/A	N/A	N/A

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

N/A

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

Applicable  Not applicable

Reasons for not disclosing other environmental information

N/A

### II. Social Responsibility

The Company discloses its annual CSR Report or ESG Report, as detailed in the Robam Appliances 2023 Environmental, Social and Corporate Governance (ESG) Report disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn).

## Chapter 6 Significant Matters

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

Applicable Not applicable

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

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

Applicable Not applicable

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

### **III. Illegal External Guarantee**

Applicable Not applicable

The Company had no illegal external guarantees during the reporting period.

### **IV. Appointment and Dismissal of Accounting Firm**

Whether the semi-annual financial report has been audited

Yes  No

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

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

Applicable Not applicable

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

Applicable Not applicable

### **VII. Matters Related to Bankruptcy Reorganization**

Applicable Not applicable

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

## **VIII. Litigation Matters**

Material litigation and arbitration

Applicable Not applicable

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

Other litigation matters

Applicable Not applicable

## **IX. Punishment and Rectification**

Applicable Not applicable

There was no punishment or rectification during the reporting period.

## **X. Integrity Conditions of the Company and its Controlling Shareholders**

Applicable Not applicable

## **XI. Major Connected Transactions**

### **1. Connected transactions concerning daily operations**

Applicable Not applicable

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

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

Applicable Not applicable

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

### **3. Connected transactions related to joint outward investment**

Applicable Not applicable

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

### **4. Connected transactions on credit and debt**

Applicable Not applicable

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

### **5. Transactions with connected finance companies**

Applicable Not applicable

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

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

Applicable Not applicable

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

**7. Other major connected transactions**

Applicable Not applicable

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

**XII. Major Contracts and Their Performance****1. Entrustment, contracting and leasing****(1) Entrustment**

Applicable Not applicable

The Company had no entrustment during the reporting period.

**(2) Contracting**

Applicable Not applicable

There was no contracting during the reporting period.

**(3) Leasing**

Applicable Not applicable

There was no leasing during the reporting period.

**2. Material guarantee**

Applicable Not applicable

The Company had no material guarantee during the reporting period.

**3. Financial management entrusting**

Applicable Not applicable

Unit: RMB 10,000

Specific type	Fund source	Amount incurred	Undue balance	Overdue amount not recovered	Impairment amount accrued of overdue but not recovered financial management products
Bank financial products	Own funds	40,619.00	313,100.00	0	0
Total		40,619.00	313,100.00	0	0

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

Applicable Not applicable

Conditions where the capital of entrusted financial management cannot be recovered or may be impaired

Applicable Not applicable

#### **4. Other material contracts**

Applicable Not applicable

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

### **XIII. Explanation of Other Significant Matters**

Applicable Not applicable

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

### **XIV. Significant Matters of Subsidiaries of the Company**

Applicable Not applicable



## Chapter 7 Changes in Shares and Shareholders

### I. Changes in Shares

#### 1. Changes in shares

Unit: Share

	Before change		Change (+, -)				After change		
	Number	Percentage (%)	Issue of new shares	Bonus shares	Shares converted from capital reserve	Others	Sub-total	Number	Percentage (%)
I. Shares subject to sales restrictions	12,261,847	1.29%				-874,718	-874,718	11,387,129	1.20%
1. Shares held by the state									
2. Shares held by the state-owned legal persons									
3. Shares held by other domestic investors	12,261,847	1.29%				-874,718	-874,718	11,387,129	1.20%
Including: shares held by domestic legal persons									
Including: shares held by domestic natural persons	12,261,847	1.29%				-874,718	-874,718	11,387,129	1.20%
4. Shares held by overseas investors									
Including: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Shares without sales restrictions	936,762,203	98.71%				874,718	874,718	937,636,921	98.80%
1. RMB ordinary shares	936,762,203	98.71%				874,718	874,718	937,636,921	98.80%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total shares	949,024,050	100.00%						949,024,050	100.00%

Reason for share changes

Applicable Not applicable

Approval of changes in shares

Applicable Not applicable

Transfer of ownership of changes in shares

Applicable Not applicable

Progress in the implementation of shares repurchase

Applicable Not applicable

Progress of transferring repurchased shares by means of centralized bidding

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

## 2. Changes in shares subject to sales restrictions

Applicable Not applicable

Unit: Share

Name of shareholder	Initial Restricted Shares	Number of Restricted Shares Released During the Current Period	Number of Restricted Shares Added During the Current Period	Ending Restricted Shares	Reason for Restriction	Date of Restriction Release
Zhang Songnian	834,312	834,312	0	0	End of board of supervisors' term departure	6 Months After Term Expiration
Shen Yueming	40,406	40,406	0	0	End of board of supervisors' term departure	6 Months After Term Expiration
Total	874,718	874,718	0	0	--	--

## II. Securities Issuance and Listing

Applicable Not applicable

## III. Number of Shareholders of the Company and Their Shareholdings

Unit: Share

Total number of common shareholders at the end of the reporting period	50,752	Total number of preference shareholders with voting rights recovered at the end of the reporting period (if any) (see Note 8)	0					
Shareholdings of common shareholders holding more than 5% of the Company's shares or top 10 common shareholders (excluding share lent through refinancing)								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of common shares held at the end of the	Change during the reporting period	Number of shares subject to sales restriction	Number of shares without sales restrictions	Pledged, marked or frozen shares	
							Status	Number

			reporting period		s			
Hangzhou Robam Industrial Group Co., Ltd.	Domestic non-state-owned corporation	49.68%	471,510,000			471,510,000	Not Applicable	
Hong Kong Securities Clearing Company Limited	Overseas corporation	9.37%	88,885,033	20,298,898		88,885,033	Not Applicable	
TEMASEK FULLERTON ALPHA PTE LTD	Overseas corporation	1.79%	16,950,061	-315,556		16,950,061	Not Applicable	
413 Portfolio of National Social Security Fund	Others	1.36%	12,902,204	787,004		12,902,204	Not Applicable	
Shen Guoying	Domestic natural person	1.29%	12,240,000			12,240,000	Not Applicable	
Schroder Investment Management (Hong Kong) Limited - Schroder Global Equity Fund China A-Shares (Exchange)	Overseas corporation	0.86%	8,202,175	8,202,175		8,202,175	Not Applicable	
406 Portfolio of National Social Security Fund	Others	0.83%	7,829,500	7,829,500		7,829,500	Not Applicable	
Hangzhou Jinchuang Investment Co., Ltd.	Domestic non-state-owned corporation	0.70%	6,640,085			6,640,085	Not Applicable	
Hangzhou Yinchuang Investment Co., Ltd.	Domestic non-state-owned corporation	0.67%	6,318,000			6,318,000	Not Applicable	
Ren Jianhua	Domestic natural person	0.62%	5,923,150		4,442,362	1,480,788	Not Applicable	
Strategic investor or general legal person who becomes one of the top 10 common shareholders due to rights issue (if any) (see Note 3)	N/A							
Description of the associated relationship or consistent actions of the above shareholders	Mr. Ren Jianhua is the actual controller of the controlling shareholder of the Company - Hangzhou Robam Industrial Group Co., Ltd., and the shareholder of the Company - Hangzhou Jinchuang Investment Co., Ltd.; and the natural person shareholder, Shen Guoying, is his wife. Therefore, there is a possibility that these shareholders will act in concert.							
Statements of the above shareholders on proxy/trustee voting rights and abstention from voting rights	N/A							
Special note on the presence of repurchase accounts among the top 10 shareholders (if any) (see Note 11)	N/A							

Shareholdings of the top 10 common shareholders not subject to sales restrictions (excluding shares lent through refinancing and executive locked shares)			
Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Type of share	
		Type of share	Number
Hangzhou Robam Industrial Group Co., Ltd.	471,510,000	RMB ordinary shares	471,510,000
Hong Kong Securities Clearing Company Limited	88,885,033	RMB ordinary shares	88,885,033
TEMASEK FULLERTON ALPHA PTE LTD	16,950,061	RMB ordinary shares	16,950,061
413 Portfolio of National Social Security Fund	12,902,204	RMB ordinary shares	12,902,204
Shen Guoying	12,240,000	RMB ordinary shares	12,240,000
Schroder Investment Management (Hong Kong) Limited - Schroder Global Equity Fund China A-Shares (Exchange)	8,202,175	RMB ordinary shares	8,202,175
406 Portfolio of National Social Security Fund	7,829,500	RMB ordinary shares	7,829,500
Hangzhou Jinchuang Investment Co., Ltd.	6,640,085	RMB ordinary shares	6,640,085
Hangzhou Yinchuang Investment Co., Ltd.	6,318,000	RMB ordinary shares	6,318,000
Agricultural Bank of China Co., Ltd. - CSI 500 Exchange Traded Fund	5,793,600	RMB ordinary shares	5,793,600
Description on associated relationship or consistent actions among the top 10 common shareholders not subject to sales restrictions and between the top 10 common shareholders not subject to sales restrictions and the top 10 common shareholders	Mr. Ren Jianhua is the actual controller of the controlling shareholder of the Company - Hangzhou Robam Industrial Group Co., Ltd., and the shareholder of the Company - Hangzhou Jinchuang Investment Co., Ltd.; and the natural person shareholder, Shen Guoying, is his wife. Therefore, there is a possibility that these shareholders will act in concert.		
Description on the top 10 common shareholders engaging in securities margin trading (if any) (see Note 4)	N/A		

Shares lending through refinancing involving shareholders holding more than 5% of the shares, the top 10 shareholders, and the top 10 shareholders of unrestricted circulating shares

Applicable Not applicable

Compared to the previous period, the change is due to the top 10 shareholders and the top 10 unrestricted circulating shareholders lending/returning shares for refinancing purposes.

Applicable Not applicable

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

Yes  No

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

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

Applicable  Not applicable

There was no change in the shareholdings of directors, supervisors, and senior management of the Company during the reporting period.

#### **V. Changes in the Controlling Shareholder and the Actual Controller**

Changes in the controlling shareholder during the reporting period

Applicable  Not applicable

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

Changes in the actual controller during the reporting period

Applicable  Not applicable

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

## Chapter 8 Preferred Shares

Applicable Not applicable

The Company had no preferred shares during the reporting period.

## Chapter 9 Bonds

Applicable Not applicable

## Chapter 10 Financial Report

### I. Audit Report

Whether the semi-annual report has been audited

Yes  No

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

### II. Financial Statements

The financial statement notes are represented in RMB.

#### 1. Consolidated Balance Sheet

Prepared by: Hangzhou Robam Appliances Co., Ltd.

June 30, 2024

In RMB

Item	Ending balance	Beginning balance
Current assets:		
Cash and cash equivalents	1,147,837,731.76	1,985,050,745.11
Deposit reservation for balance		
Lendings to banks and other		
Financial assets held for trading	2,551,000,029.50	2,730,000,000.00
Derivative financial assets		
Notes receivable	368,798,633.67	696,284,931.64
Accounts receivable	1,863,130,927.89	1,810,015,596.33
Accounts receivable financing		
Prepayments	185,682,213.92	139,713,471.58
Receivable premium		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	86,770,440.47	53,368,667.34
Including: Interests receivable		
Dividends receivable		
Redemptory monetary capital for sale		
Inventory	1,399,070,238.66	1,524,274,720.24
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	1,548,608,076.94	2,647,808,620.70
Total current assets	9,150,898,292.81	11,586,516,752.94



Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term accounts receivable		
Long-term equity investment	4,978,936.31	8,427,450.24
Investment in other equity instruments	2,116,023.22	2,116,023.22
Other non-current financial assets	580,000,000.00	480,000,000.00
Investment real estate	87,514,098.16	91,136,832.31
Fixed assets	1,664,948,226.73	1,720,724,257.46
Construction in process	444,829,440.01	359,768,699.68
Productive biological assets		
Oil and gas assets		
Right-of-use assets	11,204,929.62	13,802,458.98
Intangible assets	209,040,350.53	214,553,739.31
Including: Data resources		
Development expenses		
Including: Data resources		
Goodwill	12,223,271.67	12,223,271.67
Long-term prepaid expenses	3,277,650.70	5,034,659.37
Deferred tax assets:	394,083,237.85	362,897,841.89
Other non-current assets	3,418,262,772.13	1,922,329,328.65
Total non-current assets	6,832,478,936.93	5,193,014,562.78
Total assets	15,983,377,229.74	16,779,531,315.72
Current liabilities:		
Short-term loans	115,003,320.70	95,003,320.70
Borrowings from the central bank		
Borrowings from banks and other financial institutions		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	993,551,028.00	1,098,720,000.58
Accounts payable	2,384,005,428.78	2,548,743,762.06
Advance receipts		
Contract liabilities	777,554,890.02	1,019,942,923.58
Financial assets sold for repurchase		
Deposits from customers and interbank		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		

Payroll payable	39,032,647.38	177,923,042.01
Taxes payable	205,803,940.00	154,365,676.80
Other payables	290,336,577.77	755,964,919.76
Including: Interests payable		
Dividends payable		472,047,458.00
Fees and commissions payable		
Dividends payable for reinsurance		
Liabilities held for sale		
Non-current liabilities due within one year	2,163,637.20	4,522,658.42
Other current liabilities	94,072,365.82	118,041,351.23
Total current liabilities	4,901,523,835.67	5,973,227,655.14
Non-current liabilities:		
Reserves for insurance contracts		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	10,343,459.83	10,750,792.90
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	125,499,549.27	136,538,254.74
Deferred income tax liabilities	29,831,173.39	28,418,565.01
Other non-current liabilities		
Total non-current liabilities	165,674,182.49	175,707,612.65
Total liabilities	5,067,198,018.16	6,148,935,267.79
Owner's equity		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	420,477,027.47	411,778,214.22
Less: treasury stock	199,995,742.59	199,995,742.59
Other comprehensive income	-100,145,111.63	-100,157,634.16
Special reserve		
Surplus reserve	474,516,412.50	474,516,412.50
General risk reserve		
Undistributed profits	9,275,084,928.45	8,987,773,431.71
Total owners' equity attributable to the parent company	10,818,961,564.20	10,522,938,731.68
Minority interests	97,217,647.38	107,657,316.25
Total owners' equity	10,916,179,211.58	10,630,596,047.93
Total liabilities and owner's equity	15,983,377,229.74	16,779,531,315.72

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

## 2. Balance Sheet of the Parent Company

In RMB

Item	Ending balance	Beginning balance
<b>Current assets:</b>		
Cash and cash equivalents	933,698,210.45	1,810,087,936.08
Financial assets held for trading	2,550,000,000.00	2,730,000,000.00
Derivative financial assets		
Notes receivable	348,583,175.36	662,718,295.18
Accounts receivable	1,879,406,959.27	1,755,848,590.56
Accounts receivable financing		
Prepayments	154,637,824.61	127,173,134.27
Other receivables	78,302,506.11	46,761,052.06
Including: Interests receivable		
Dividends receivable		
Inventory	1,263,539,923.32	1,404,838,448.75
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	1,545,379,791.00	2,644,890,957.65
<b>Total current assets</b>	<b>8,753,548,390.12</b>	<b>11,182,318,414.55</b>
<b>Non-current assets:</b>		
Debt investment		
Other debt investments		
Long-term accounts receivable		
Long-term equity investment	269,939,495.45	255,471,029.63
Investment in other equity instruments	2,116,023.22	2,116,023.22
Other non-current financial assets	580,000,000.00	480,000,000.00
Investment real estate	7,497,512.14	8,735,897.94
Fixed assets	1,479,292,114.87	1,528,320,306.82
Construction in process	444,829,440.01	359,768,699.68
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	145,036,856.24	148,054,087.98
Including: Data resources		
Development expenses		
Including: Data resources		
Goodwill		
Long-term prepaid expenses	1,642,891.91	2,703,497.73
Deferred tax assets:	376,250,883.78	346,004,342.16
Other non-current assets	3,418,068,772.13	1,922,135,328.65

Total non-current assets	6,724,673,989.75	5,053,309,213.81
Total assets	15,478,222,379.87	16,235,627,628.36
Current liabilities:		
Short-term loans	14,503,320.70	14,003,320.70
Borrowings from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	942,426,745.42	1,042,067,981.92
Accounts payable	2,262,309,293.28	2,416,687,934.76
Advance receipts		
Contract liabilities	688,622,509.14	947,538,425.82
Payroll payable	20,529,379.35	145,416,052.40
Taxes payable	196,275,701.17	140,518,721.35
Other payables	263,384,328.95	725,701,383.40
Including: Interests payable		
Dividends payable		472,047,458.00
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	82,538,001.71	107,860,993.92
Total current liabilities	4,470,589,279.72	5,539,794,814.27
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	91,396,861.47	101,473,668.84
Deferred income tax liabilities	22,900,934.20	20,898,710.27
Other non-current liabilities		
Total non-current liabilities	114,297,795.67	122,372,379.11
Total liabilities	4,584,887,075.39	5,662,167,193.38
Owner's equity		
Capital stock	949,024,050.00	949,024,050.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	420,087,937.51	411,389,124.26
Less: treasury stock	199,995,742.59	199,995,742.59
Other comprehensive income	-100,157,634.16	-100,157,634.16
Special reserve		

Surplus reserve	474,516,412.50	474,516,412.50
Undistributed profits	9,349,860,281.22	9,038,684,224.97
Total owners' equity	10,893,335,304.48	10,573,460,434.98
Total liabilities and owner's equity	15,478,222,379.87	16,235,627,628.36

### 3. Consolidated Income Statement

In RMB

Item	Semi-annual 2024	The first half of 2023
I. Total operating income	4,729,354,071.80	4,934,869,800.15
Inc: Operating income	4,729,354,071.80	4,934,869,800.15
Interest income		
Earned premium		
Fee and commission income		
II. Total operating costs	3,939,853,384.87	4,072,326,288.42
Inc: Operating costs	2,417,617,979.67	2,372,095,971.50
Interest expenses		
Fee and commission expenses		
Surrender value		
Net payments for insurance claims		
Net allotment of reserves for insurance liabilities		
Policy dividend expenditures		
Reinsurance expenses		
Taxes and surcharges	35,230,514.90	32,207,971.20
Sale expenses	1,189,754,400.18	1,360,821,373.41
Administrative expenses	214,267,083.09	203,425,816.25
R&D expenses	178,373,820.48	172,734,141.15
Financial expense	-95,390,413.45	-68,958,985.09
Inc: Interest expenses	1,294,179.47	2,707,272.10
Interest income	97,172,965.14	69,274,034.42
Add: other income	85,214,034.47	70,659,558.76
Investment income ("-" for losses)	18,060,180.26	21,723,618.81
Inc: Income from investment in joint ventures and affiliated enterprises	-3,448,513.93	-1,263,184.05
Gains on derecognition of financial assets measured at amortized cost		
Exchange gains ("-" for losses)		
Net exposure hedging gains ("-" for losses)		
Gains from changes in fair value ("-" for losses)		
Losses from credit impairment ("-" for losses)	3,339,683.67	23,290,586.40
Losses from asset impairment ("-" for losses)	-6,645,269.34	-3,921,456.14
Gains on disposal of assets ("-" for losses)	-761,243.36	-576,718.41

III. Operating profits (“-” for losses)	888,708,072.63	973,719,101.15
Add: non-operating income	885,943.04	2,803,959.50
Less: non-operating expenditure	3,092,546.70	1,449,874.49
IV. Total profits (“-” for total losses)	886,501,468.97	975,073,186.16
Minus: income tax expense s	137,595,570.63	151,830,927.51
V. Net profits (“-” for net losses)	748,905,898.34	823,242,258.65
(I) By operational sustainability		
1. Net profits from continuing operations (“-” for net losses)	748,905,898.34	823,242,258.65
2. Net profits from discontinued operations (“-” for net losses)		
(II) By ownership		
1. Net profit attributable to shareholders of the parent company (“-” for net losses)	759,358,954.74	829,718,350.69
2. Minority shareholders’ gains and losses (“-” for net losses)	-10,453,056.40	-6,476,092.04
VI. After-tax net amount of other comprehensive income	25,910.06	
After-tax net amount of other comprehensive income attributable to owners of the parent company	12,522.53	
(I) Other comprehensive income that cannot be reclassified into gains and losses		
1. Changes in re-measured and defined benefit plans		
2. Other comprehensive income which cannot be transferred to gains or losses under the equity method		
3. Changes in fair value of the investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		
5. Others		
(II) Other comprehensive income which will be reclassified into gains and losses	12,522.53	
1. Other comprehensive income which can be transferred into gains and losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedge reserve		
6. Converted difference in foreign currency statements	12,522.53	
7. Others		
After-tax net amount of other comprehensive income attributable to minority shareholders	13,387.53	

VII. Total comprehensive income	748,931,808.40	823,242,258.65
Total comprehensive income attributable to owners of the parent company	759,371,477.27	829,718,350.69
Total comprehensive income attributable to minority shareholders	-10,439,668.87	-6,476,092.04
VIII. Earnings per share (EPS):		
(I) Basic EPS	0.80	0.87
(II) Diluted EPS	0.80	0.87

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

#### 4. Income Statement of the Parent Company

In RMB

Item	Semi-annual 2024	The first half of 2023
I. Operating income	4,369,901,782.29	4,490,148,776.21
Less: Operating costs	2,287,778,860.63	2,272,924,581.00
Taxes and surcharges	29,970,386.67	26,445,659.50
Sale expenses	986,325,349.96	1,071,915,930.73
Administrative expenses	160,556,379.13	139,991,185.53
R&D expenses	174,732,034.55	167,969,738.37
Financial expense	-96,913,621.82	-69,761,406.60
Inc: Interest expenses	-464,790.04	646,283.95
Interest income	96,441,907.69	67,688,700.69
Add: other income	81,216,465.62	61,866,650.16
Investment income ("-" for losses)	18,230,432.05	21,795,614.09
Inc: Income from investment in joint ventures and affiliated enterprises	-3,261,567.95	-1,019,723.65
Gains on derecognition of financial assets measured at amortized cost ("-" for losses)		
Net exposure hedging gains ("-" for losses)		
Gains from changes in fair value ("-" for losses)		
Losses from credit impairment ("-" for losses)	4,911,356.58	22,393,985.99
Losses from asset impairment ("-" for losses)	-6,645,269.34	-3,921,456.14
Gains on disposal of assets ("-" for losses)	-710,053.68	-607,881.96
II. Operating profits ("-" for losses)	924,455,324.40	982,189,999.82
Add: non-operating income	813,935.67	2,738,086.37
Less: non-operating expenditure	2,850,861.57	1,067,871.65
III. Total profits ("-" for total losses)	922,418,398.50	983,860,214.54
Minus: income tax expense s	139,194,884.25	148,240,769.05
IV. Net profits ("-" for net losses)	783,223,514.25	835,619,445.49



(I) Net profits from continuing operations (“-” for net losses)	783,223,514.25	835,619,445.49
(II) Net profits from discontinued operations (“-” for net losses)		
V. After-tax net amount of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into gains and losses		
1. Changes in re-measured and defined benefit plans		
2. Other comprehensive income which cannot be transferred to gains or losses under the equity method		
3. Changes in fair value of the investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		
5. Others		
(II) Other comprehensive income which will be reclassified into gains and losses		
1. Other comprehensive income which can be transferred into gains and losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedge reserve		
6. Converted difference in foreign currency statements		
7. Others		
VI. Total comprehensive income	783,223,514.25	835,619,445.49
VII. EPS:		
(I) Basic EPS		
(II) Diluted EPS		

## 5. Consolidated Cash Flow Statement

In RMB

Item	Semi-annual 2024	The first half of 2023
I. Cash flow from operating activities:		
Cash received for the sale of goods and rendering of services	5,222,048,354.18	5,549,357,254.19
Net increase in clients’ deposits and deposits from banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in borrowings from other financial institutions		

Cash received from receiving insurance premium of the original insurance contract		
Net cash from receiving reinsurance premium		
Net increase in deposits and investment of insured persons		
Cash received from interests, fees and commissions		
Net increase in borrowed funds		
Net increase in repurchase business funds		
Net cash received from vicariously traded securities		
Refunds of taxes	18,261,517.10	9,479,183.31
Cash received relating to other operating activities	115,508,317.54	162,988,244.01
Subtotal of cash inflow from operating activities	5,355,818,188.82	5,721,824,681.51
Cash paid for purchased products and received services	2,672,099,590.55	2,509,505,444.23
Net increase in loans and advances to customers		
Net increase in deposits with the central bank and other financial institutions		
Cash paid for claims of original insurance contract		
Net increase in lending funds		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	581,145,832.14	531,293,363.95
Cash paid for taxes	387,905,697.88	432,835,037.24
Cash paid related to other operating activities	1,300,661,476.86	1,288,457,982.86
Subtotal of cash outflow from operating activities	4,941,812,597.43	4,762,091,828.28
Net cash flow from operating activities	414,005,591.39	959,732,853.23
<b>II. Cash flow from investing activities:</b>		
Cash received from return of investments	485,189,970.50	856,237,901.17
Cash received from return on investments	21,509,695.82	23,031,053.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	439,702.31	156,960.00
Net cash received from disposal of subsidiaries and other business entities		
Cash received related to other investment activities	3,147,278,944.57	
Subtotal of cash inflow from investment activities	3,654,418,313.20	879,425,914.20

Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	144,857,241.94	156,402,668.03
Cash paid to investments	406,190,525.00	660,000,000.00
Net increase in pledged loans		
Net cash from subsidiaries and other operating entities		
Cash paid related to other investment activities	3,450,000,000.00	
Subtotal of cash outflow from investment activities	4,001,047,766.94	816,402,668.03
Net cash flow from investment activities	-346,629,453.74	63,023,246.17
III. Cash flow from financing activities:		
Cash from acquiring investments		
Including: Cash received by subsidiaries from investments of minority shareholders		
Cash from acquiring debts	63,000,000.00	38,500,000.00
Other cash received in relation to financing activities	500,000.00	6,482,178.88
Subtotal of cash inflow from financing activities	63,500,000.00	44,982,178.88
Cash repayments of debts	43,500,000.00	13,500,000.00
Cash paid for distribution of dividends, profits or interest expenses	945,472,097.73	472,047,458.00
Including: Dividends and profits paid by the subsidiaries to minority shareholders		
Other cash paid in relation to financing activities	3,198,439.08	3,212,200.53
Subtotal of cash outflow from financing activities	992,170,536.81	488,759,658.53
Net cash flow from financing activities	-928,670,536.81	-443,777,479.65
IV. Effect of change in exchange rate on cash and cash equivalents	17,341.71	2,476,947.59
V. Net increase in cash and cash equivalents	-861,277,057.45	581,455,567.34
Plus: Beginning balance of cash and cash equivalents	1,878,166,358.09	5,196,414,341.74
VI. Ending balance of cash and cash equivalents	1,016,889,300.64	5,777,869,909.08

## 6. Cash Flow Statement of the Parent Company

In RMB

Item	Semi-annual 2024	The first half of 2023
I. Cash flow from operating activities:		
Cash received for the sale of goods and rendering of services	4,731,776,324.89	5,061,947,996.39
Refunds of taxes	18,242,540.73	9,453,997.74
Cash received relating to other operating activities	81,546,549.08	127,408,820.55
Subtotal of cash inflow from operating activities	4,831,565,414.70	5,198,810,814.68
Cash paid for purchased products and	2,526,136,695.74	2,388,027,327.89

received services		
Cash paid to and on behalf of employees	450,240,546.01	388,171,541.48
Cash paid for taxes	354,648,101.70	376,468,624.51
Cash paid related to other operating activities	1,078,695,569.23	1,093,033,326.17
Subtotal of cash outflow from operating activities	4,409,720,912.68	4,245,700,820.05
Net cash flow from operating activities	421,844,502.02	953,109,994.63
<b>II. Cash flow from investing activities:</b>		
Cash received from return of investments	480,000,000.00	850,000,000.00
Cash received from return on investments	21,492,000.00	33,049,300.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	27,800.00	117,000.00
Net cash received from disposal of subsidiaries and other business entities		
Cash received related to other investment activities	3,147,278,944.57	
Subtotal of cash inflow from investment activities	3,648,798,744.57	883,166,300.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	141,568,948.02	133,509,231.58
Cash paid to investments	417,414,675.00	660,000,000.00
Net cash from subsidiaries and other operating entities		
Cash paid related to other investment activities	3,450,000,000.00	
Subtotal of cash outflow from investment activities	4,008,983,623.02	793,509,231.58
Net cash flow from investment activities	-360,184,878.45	89,657,068.42
<b>III. Cash flow from financing activities:</b>		
Cash from acquiring investments		
Cash from acquiring debts		
Other cashes received in relation to financing activities	500,000.00	6,482,178.88
Subtotal of cash inflow from financing activities	500,000.00	6,482,178.88
Cash repayments of debts		
Cash paid for distribution of dividends, profits or interest expenses	944,094,916.00	472,047,458.00
Other cashes paid in relation to financing activities		
Subtotal of cash outflow from financing activities	944,094,916.00	472,047,458.00
Net cash flow from financing activities	-943,594,916.00	-465,565,279.12
IV. Effect of change in exchange rate on cash and cash equivalents	16,826.80	2,476,788.62
V. Net increase in cash and cash equivalents	-881,918,465.63	579,678,572.55
Plus: Beginning balance of cash and cash equivalents	1,727,017,513.09	4,978,704,981.15
VI. Ending balance of cash and cash equivalents	845,099,047.46	5,558,383,553.70



## 7. Consolidated Statement of Changes in Owners' Equity

Current amount

In RMB

Item	Semi-annual 2024												Minority interests	Total owners' equity	
	Owners' equity attributable to the parent company										Sub-total				
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profits			Others
I. Ending balance of last year	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
Plus: Changes in accounting policies															
Correction of errors of the previous period															
Others															
II. Beginning balance of this year	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
III. Change in current period ("-" for decrease)					8,698,813.25		12,522.53				287,311,496.74		296,022,832.52	-10,439,668.87	285,583,163.65

(I) Total comprehensive income							12,522.53					759,358,954.74		759,371,477.27		-10,439,668.87	748,931,808.40
(II) Capital invested and decreased by the owners							8,698,813.25										8,698,813.25
1. Common shares invested by the owners																	
2. Capital invested by holders of other equity instruments																	
3. Amount of share-based payments recognized in owners' equity							8,698,813.25										8,698,813.25
4. Others																	
(III) Profit distribution													-472,047,458.00	-472,047,458.00			472,047,458.00
1. Withdrawal of surplus reserve																	
2. Appropriation of general risk reserve																	
3. Distribution to owners (or shareholders)													-472,047,458.00	-472,047,458.00			472,047,458.00
4. Others																	
(IV) Internal carry-forward of owners' equity																	
1. Capital reserve converted into capital (or capital stock)																	

2. Surplus reserve converted into capital (or capital stock)													
3. Surplus reserves making up for losses													
4. Changes of defined benefit plans carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
(V) Special reserve													
1. Withdrawn in current period													
2. Used in current period													
(VI) Others													
IV. Ending balance of the current period	949,024,050.00				420,477,027.47	199,995,742.59	-100,145,111.63	474,516,412.50	9,275,084,928.45	10,818,961,564.20	97,217,647.38	10,916,179,211.58	



Amount of last year

In RMB

Item	The first half of 2023														
	Owners' equity attributable to the parent company											Minority interests	Total owners' equity		
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Undistributed profits			Others	Sub-total
	Preferred shares	Perpetual bonds	Others												
I. Ending balance of last year	949,024,050.00				409,997,665.58	199,995,742.59	-100,157,634.16		474,516,412.50		8,199,079,015.58		9,732,463,766.91	125,789,202.10	9,858,252,969.01
Plus: Changes in accounting policies															
Correction of errors of the previous period															
Others															
II. Beginning balance of this year	949,024,050.00				409,997,665.58	199,995,742.59	-100,157,634.16		474,516,412.50		8,199,079,015.58		9,732,463,766.91	125,789,202.10	9,858,252,969.01
III. Change in current period ("-" for decrease)					3,473,641.59						357,670,892.69		361,144,534.28	-6,476,092.04	354,668,442.24
(I) Total comprehensive income											829,718,350.69		829,718,350.69	-6,476,092.04	823,242,258.65
(II) Capital invested and decreased by the owners					3,473,641.59								3,473,641.59		3,473,641.59

1. Common shares invested by the owners													
2. Capital invested by holders of other equity instruments													
3. Amount of share-based payments recognized in owners' equity					3,473,641.59							3,473,641.59	3,473,641.59
4. Others													
(III) Profit distribution													-
1. Withdrawal of surplus reserve													472,047,458.00
2. Appropriation of general risk reserve													0
3. Distribution to owners (or shareholders)													-
4. Others													472,047,458.00
(IV) Internal carry-forward of owners' equity													
1. Capital reserve converted into capital (or capital stock)													
2. Surplus reserve converted into capital (or capital stock)													
3. Surplus reserves making up for losses													

4. Changes of defined benefit plans carried forward to retained earnings														
5. Other comprehensive income carried forward to retained earnings														
6. Others														
(V) Special reserve														
1. Withdrawn in current period														
2. Used in current period														
(VI) Others														
IV. Ending balance of current period	949,024,050.00				413,471,307.17	199,995,742.59	-100,157,634.16		474,516,412.50	8,556,749,908.27		10,093,608,301.19	119,313,110.06	10,212,921,411.25

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

Current amount

In RMB

Item	Semi-annual 2024											
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Ending balance of last year	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
Plus: Changes in accounting policies												
Correction of errors of the previous period												
Others												
II. Beginning balance of this year	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
III. Change in current period ("-" for decrease)					8,698,813.25					311,176,056.25		319,874,869.50
(I) Total comprehensive income										783,223,514.25		783,223,514.25
(II) Capital invested and decreased by the owners					8,698,813.25							8,698,813.25
1. Common shares invested by the owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payments recognized in owners' equity					8,698,813.25							8,698,813.25
4. Others												
(III) Profit distribution										-472,047,458.00		-472,047,458.00
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)										-472,047,458.00		-472,047,458.00
3. Others												
(IV) Internal carry-forward of owners' equity												

1. Capital reserve converted into capital (or capital stock)											
2. Surplus reserve converted into capital (or capital stock)											
3. Surplus reserves making up for losses											
4. Changes of defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawn in current period											
2. Used in current period											
(VI) Others											
IV. Ending balance of current period	949,024,050.00				420,087,937.51	199,995,742.59	-100,157,634.16		474,516,412.50	9,349,860,281.22	10,893,335,304.48

Amount of last year

In RMB

Item	The first half of 2023											
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Ending balance of last year	949,024,050.00				409,608,575.62	199,995,742.59	-100,157,634.16		474,516,412.50	8,156,489,150.49		9,689,484,811.86
Plus: Changes in accounting policies												
Correction of errors of the previous period												
Others												
II. Beginning balance of this 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. Change in current period ("-" for decrease)					3,473,641.59					363,571,987.49		367,045,629.08

(I) Total comprehensive income									835,619,445.49		835,619,445.49
(II) Capital invested and decreased by the owners					3,473,641.59						3,473,641.59
1. Common shares invested by the owners											
2. Capital invested by holders of other equity instruments											
3. Amount of share-based payments recognized in owners' equity					3,473,641.59						3,473,641.59
4. Others											
(III) Profit distribution									-472,047,458.00		-472,047,458.00
1. Withdrawal of surplus reserve											
2. Distribution to owners (or shareholders )									-472,047,458.00		-472,047,458.00
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Capital reserve converted into capital (or capital stock)											
2. Surplus reserve converted into capital (or capital stock)											
3. Surplus reserves making up for losses											
4. Changes of defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawn in current period											
2. Used in current period											
(VI) Others											
IV. Ending balance of current period	949,024,050.00				413,082,217.21	199,995,742.59	-100,157,634.16		474,516,412.50	8,520,061,137.98	10,056,530,440.94

### III. Basic Information of the Company

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

As of June 30, 2024, the total capital stocks of the Company reached 949,024,050 shares, with a registered capital of RMB 949,024,050. The Company's unified social credit code is 91330000725252053F; the legal representative is Ren Jianhua; the registration address is No. 592, Linping Avenue, Linping Economic Development Area, Linping District, Hangzhou; and the Headquarters office address is No. 592, Linping Avenue, Linping Economic Development Area, Linping District, Hangzhou. The RMB-denominated A-shares issued by the Company have been listed on the Shenzhen Stock Exchange.

The main business scope is: general items: manufacturing of household appliances; research and development of kitchenware, sanitary ware and daily necessities; wholesale of kitchenware, sanitary ware and daily necessities; sales of daily glass products; sales of household appliances; installation services for household appliances; research and development of household appliances; sales of household products; sales of daily necessities; manufacturing of wooden daily products; retail of daily household appliances; repair of daily electrical appliances; sales of electric heating food processing equipment; wholesale of daily necessities; technical services, technical development, technical consulting, technical exchange, technology transfer, technology promotion; sales of non-electric household appliances; manufacturing of non-electric household appliances; production of gas appliances; sales of refrigeration and air conditioning equipment; manufacturing of refrigeration and air conditioning equipment; development of basic artificial intelligence software; manufacturing of smart household consumption devices; sales of artificial intelligence hardware; manufacturing of commercial, catering, and service-specific equipment; sales of commercial, catering, and service-specific equipment; import and export of goods; manufacturing of environmental protection-specific equipment; sales of environmental protection-specific equipment; sales of metal products; sales of mechanical and electrical equipment; sales of electrical equipment; sales of mechanical equipment; industrial engineering design services; professional design services; graphic design; engineering management services; general equipment repair; furniture manufacturing; production of furniture parts and accessories; sales of furniture parts and accessories; furniture sales; furniture installation and repair services; manufacturing and processing of doors and windows; manufacture of household goods; retail of kitchenware, sanitary ware, and daily necessities; wood processing; conference and exhibition services; leisure and sightseeing activities; environmental protection monitoring; manufacturing of special instruments and equipment for environmental monitoring; sales of special instruments and equipment for environmental monitoring; software development; software sales; computer

system services; information system integration services (except for items that require approval according to law, the Company is authorized to carry out business activities independently with the business license). Permitted items: manufacturing of disinfection devices; manufacturing of electric heating food processing equipment; installation and maintenance of gas appliances (items that require approval according to law can only be operated after approval by relevant departments, and the specific business items shall be subject to the approval results).

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

The consolidated financial statements of the Company cover 13 subsidiaries, including Beijing Robam Electric Appliance Sales Co., Ltd., Shanghai Robam Appliances Sales Co., Ltd., Hangzhou MingQi Electric Co., Ltd., De Dietrich Household Appliances Trading (Shanghai) Co., Ltd., Shengzhou Kinde Intelligent Kitchen Appliances Co., Ltd., Hangzhou Robam Fuchuang Investment Management Co., Ltd., Zhejiang Cookingfuture Technology Co., Ltd., Hangzhou Jinhe Electric Appliances Co., Ltd., Robam Appliances Holding (HK) Co., Ltd. and Robam International (HK) Trading Co., Ltd., Chengdu Robam Innovation Technology Co., Ltd., Robam Appliances U.S. Holding Co., Ltd., and Robam Appliances Los Angeles Trade Co., Ltd. Compared to the previous year, a total of 3 subsidiaries including Chengdu Robam Innovation Technology Co., Ltd., Robam Appliances U.S. Holding Co., Ltd., and Robam Appliances Los Angeles Trade Co., Ltd. are newly established within the scope of consolidation of the Company during the current period.

## **IV. Basis for Preparation of Financial Statements**

### **1. Preparation basis**

The Company's financial statements are prepared based on actual transactions and events, in accordance with the *Accounting Standards for Business Enterprises* and its application guidelines, interpretations, and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), the disclosure requirements of the China Securities Regulatory Commission (hereinafter "CSRC") under the *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15—General Provisions on Financial Reports (2023 Revision)*, and the accounting policies and estimates described in Note 4, "Significant Accounting Policies and Accounting Estimates".



## 2. Going concern

The Company has assessed its ability to continue as a going concern for the 12 months following June 30, 2024, and has not identified any significant doubts about its ability to continue operating. These financial statements are prepared on a going concern basis.

## V. Significant Accounting Policies and Estimates

Specific accounting policies and estimates:

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

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

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, and truthfully, accurately and completely reflect the financial status as of June 30, 2024, as well as its business results, cash flow and other relevant information for the first half of 2024.

### 2. Accounting period

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

### 3. Operating cycle

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

### 4. Bookkeeping base currency

The Company adopts RMB as the bookkeeping base currency.

### 5. Methods for determining significance standards and selection criteria

Applicable Not applicable

Item	Significance standards
Significant accounts receivable with individual bad debt provisions	Individual amount exceeding RMB 10 million
Significant amount of bad debt provisions to be recovered or reversed for receivables during the reporting period	Individual amount exceeding RMB 5 million

Significant receivables write-offs/debt investment write-offs/other debt investment write-offs in the reporting period	Individual amount exceeding RMB 5 million
Significant accounts payable with an aging over one year	Individual amount exceeding RMB 5 million
Significant contract liabilities with an aging over one year	Individual amount exceeding RMB 10 million
Significant other payables with an aging over one year	Individual amount exceeding RMB 5 million
Significant projects under construction	Increase, decrease, or ending balance of a single project exceeding RMB 20 million during the reporting period
Significant investment activities	Individual investment amount exceeding RMB 50 million
Significant non-wholly owned subsidiaries/joint ventures and important overseas entities included in the consolidation scope	Investments in a single company exceeding RMB 50 million; or income, net profit, net assets, or total assets of a single entity exceeding 5% of the relevant items in the consolidated financial statements

## 6. Accounting approaches to business merger under or not under common control

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

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

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

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

The scope of the consolidated financial statements of the Company is determined on the basis of control, including the Company and all subsidiaries controlled by the Company. The criteria for

determining control by the group is that the Company has the power over the investees, enjoys variable returns by participating in the investees' relevant activities, and has the ability to influence the amount of returns through its power over the investees.

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

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

For a subsidiary acquired from business mergers under the same control, its operating results and cash flows are included into the consolidated financial statements since the beginning of the consolidation year. When the comparable consolidated financial statements are being prepared, relevant items in the financial statements of the last year are adjusted with the stated party formed after merging deemed to exist from the time of the ultimate controlling party starting to control.

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

For equity interests in investees not under common control acquired by multiple transactions, which finally result in a business merger, the previously held equity interests must be re-measured at fair value on the acquisition date and the difference between the fair value and the carrying amount should be recognized as investment gains for the reporting period when preparing the consolidated financial statements. If the previously held equity includes other comprehensive income or changes in owners' equity (other than net profit, loss, or profit distributions), these should be reclassified as investment gains or losses on the acquisition date, except for other comprehensive income related to changes in net liabilities or assets from re-measurement of the investee's defined benefit plans.

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

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

## **8. Classification of joint arrangement and accounting methods for joint operation**

The joint arrangement of the Company includes the joint venture. A joint venture is a joint arrangement in which the venturers have rights only to the net assets of the arrangement.

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

## **9. Recognition standard of cash and cash equivalents**

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

## **10. Foreign currency business and conversion of foreign currency statement**

- Foreign currency transactions

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

change is included into the current profits and losses, it shall be included into current profits and losses. The foreign currency non-monetary items measured by historical cost shall be still translated according to the spot rate on the transaction date, while RMB amount remains unchanged.

- Translation of foreign currency financial statements

Assets and liabilities items in the balance sheets of the foreign operations are translated into RMB using the spot exchange rate at the balance sheet date, while the shareholders' equity items, except for the "undistributed profit items", are translated into RMB using the spot exchange rate at the date of transaction. The income and expense items in the income statements of overseas operations are translated at the exchange rate approximate to the spot rate at the date of transaction. The difference arisen from the above translation's are presented separately under other comprehensive income. For monetary items denominated in foreign currencies that materially constitute overseas net investment in overseas operations, exchange differences arising from changes in exchange rates, when preparing the consolidated financial statements, are also separately presented under the Shareholders' equity as foreign currency translation differences. In case of disposal of an overseas operation, foreign currency translation differences relating to the overseas operation are proportionately transferred to profits or losses of the period when the disposal was transacted. During the disposal of overseas operation, other comprehensive incomes related to the overseas operation are transferred in proportion into the disposal of current profits and losses.

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

## **11. Financial instruments**

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

- Financial assets

### Classification, recognition basis and measurement method of financial assets

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

The financial assets meeting all of the following conditions can be classified as those measured at amortized cost by the Company: 1) the Company adopts the business management mode of financial assets for the purpose of collecting contractual cash flow; 2) in accordance with the contract terms of the

financial assets, the cash flow generated at the specific date is only the payment of the principal and the interest on the basis of the outstanding principal amount. Such financial assets are initially measured at their fair values, with related transaction costs included into the amount of initial recognition, and subsequent measurement conducted with the amortized cost. Apart from those designated as hedged items, the difference between the initial amount amortized with the effective interest method and the amount due, profits or losses incurred upon amortization, impairment, exchange profits and losses and derecognition shall be included into current profits and losses.

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

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

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

included into other comprehensive incomes are transferred from other comprehensive incomes and included into retained earnings.

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

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

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

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

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

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

- Financial liabilities

### Classification, recognition and measurement of financial liability

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

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

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

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

### Derecognition of financial liabilities

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

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

The Company measures the fair value of financial assets and financial liabilities in the main market. If there is no major market, the Company measures the fair value of financial assets and financial liabilities with most beneficial price for the market and adopts evaluation techniques with much available data and other information support that is applicable at that time. There are three levels of input data to determine



fair values, wherein the first level is the unadjusted price available for the same asset or liability on the date of evaluation in an active market; the second level is directly or indirectly observable input data of relevant assets or liabilities apart from input data of the first level; the third level is unobservable input data of relevant assets or liabilities. The Company gives priority of using the first-level inputs and takes the third-level inputs as the last. The lowest layer that has significant impact on the overall fair value evaluation determines which level this fair value evaluation result shall belong to.

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

- Offsetting financial assets and financial liabilities

Financial assets and financial liabilities of the Company are separately presented in the balance sheet without offsetting. However, the net amount resulting from the offsetting between financial assets and financial liabilities shall be presented in the balance sheet only if all of the following criteria are met: 1) the Company has the statutory right to set off recognized amounts which is currently enforceable; 2) the Company intends either to settle on a net basis, or to realize the financial assets and pay off the financial liabilities simultaneously.

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

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

other than the market value of the Company's own equity instrument (such as interest rates, the price of a commodity or the price of a financial instrument), such contract is classified as financial liability.

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

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

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

- Impairment of financial instruments

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

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

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

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

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

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

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

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

#### 1 Significant increase in credit risk

The Company determines if there is a significant increase in credit risk of financial instruments since initial recognition by comparing the risks of default of financial instruments on the balance sheet date and the date of initial recognition based on reasonable and well-grounded forward-looking information available. For the financial guarantee contract, when the Company applies the regulations on impairment of financial instruments, the date when the Company becomes the party which makes the irrevocable

undertaking is regarded as the date of initial recognition. The Company will take into account the following factors when assessing whether the credit risk is significantly increased: whether the operating results of the debtor has actually changed or is expected to significantly change or not; whether the regulatory, economic or technical environment where the debtor is located has significantly and adversely changed or not; whether the value of the collateral as the debt pledge or the guarantee provided by the third party or credit enhancement quality has significantly changed or not, as these changes are expected to reduce the economic motives of the debtor to make repayments within the time limits prescribed in the Contract or to impact the default probability; whether the expected performance or repayment behavior of the debtor has significantly changed or not; whether the Company has changed its management method for financial instrument credit or not, etc.

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

## 2 Credit-impaired financial assets

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

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

## 3) Determination of expected credit losses

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

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

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

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

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

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

## 12. Notes receivable

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

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

## 13. Accounts receivable

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

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

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

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

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

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

<b>Age</b>	<b>Expected rates of credit loss</b>
Less than 1 year	5.00%
1-2 years	10.00%
2-3 years	20.00%
3-4 years	50.00%
4-5 years	80.00%
More than 5 years	100.00%

The Company calculates the expected credit loss of receivables on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current receivables impairment provision, the Company will recognize the difference as impairment loss of receivables, debit "credit impairment

loss" and credit "bad debt provision". Otherwise, the Company will recognize the difference as impairment gains and make opposite accounting records.

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

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

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

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

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

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

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

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

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

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

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

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

- Credit impairment after initial recognition (Stage III)

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

## 16. Contract assets

- Recognition method and standard of contract asset

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

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

For the determination method for expected credit loss of contract assets, please refer to relevant contents in 11. Financial asset and liabilities; 12. Notes receivable and 13. Account receivable.

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

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

## 17. Inventories

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

Inventories are initially measured by cost. Inventory costs include purchase costs, processing costs, and other costs. The inventories are managed based on perpetual inventory system, and valued at actual cost on acquisition. Actual cost is calculated using weighted average method when the inventories are issued or consumed.

Low-value consumables and packaging materials are amortized using one-off amortization method. The provision for inventory write-downs is made based on the excess of the cost of individual inventory



items over their net realizable value. For raw and auxiliary materials of larger amount and lower unit price, inventory revaluation reserves shall be accrued based on the category.

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

## **18. Assets held for sale**

The Company classifies non-current assets or disposal groups as held for sale when the primary means of recovering their carrying amount is through sale (including non-monetary exchanges with commercial substance) rather than through continued use.

1. The Company classifies non-current assets or disposal groups as held for sale when they meet the following conditions: 1) the asset or disposal group can be immediately sold in its current condition, based on customary practices for similar transactions; 2) the sale is highly probable, with a definitive commitment from a buyer and an expectation that the sale will be completed within one year. The sale of items that require approval from relevant authorities or regulatory departments must obtain the necessary approval. Before classifying non-current assets or disposal groups as held for sale, the Company measures the carrying amounts of each asset and liability within the non-current assets or disposal groups according to the relevant accounting standards. When initially measuring or remeasuring non-current assets or disposal groups held for sale on the balance sheet date, if their carrying amount exceeds the net amount after deducting the fair value minus the selling expenses, the carrying amount shall be adjusted to the fair value less costs to sell. The impairment loss should be recognized in the current period's profit or loss, and an impairment provision for held-for-sale assets shall be established.
2. Non-current assets or disposal groups acquired specifically for resale are classified as held for sale on the acquisition date if they meet the requirement that "the sale is expected to be completed within one year" and are likely to meet the other classification criteria for held-for-sale within a short period (typically within three months). At initial measurement, the asset or disposal group is measured at the lower of the carrying amount assuming it is not classified as held for sale and the fair value less costs to sell. Except for non-current assets or disposal groups acquired in a business merger, any difference arising from using fair value less costs to sell as the initial measurement amount is recognized in the reporting period's profit or loss.
3. If the Company loses control over a subsidiary due to reasons such as selling the investment in the subsidiary, regardless of whether the Company retains part of the equity investment after the sale, if the investment in the subsidiary meets the classification criteria for held-for-sale, the entire investment in the subsidiary is classified as held-for-sale in the parent company's individual financial statements. In the consolidated financial statements, all assets and liabilities of the subsidiary are classified as held-for-sale.

4. On subsequent balance sheet dates, if the net amount of the fair value less costs to sell of the non-current assets held-for-sale increases, the previously written-down amount should be recovered and reversed within the amount of the asset impairment loss recognized after being classified as held-for-sale. The reversed amount is recognized in the reporting period's profit or loss. Asset impairment losses recognized before being classified as held-for-sale cannot be reversed.
5. For the amount of asset impairment loss recognized on a disposal group classified as held-for-sale, the impairment loss should first be deducted from the carrying amount of goodwill in the disposal group. Then, based on the proportion of the carrying amount of each non-current asset within the group, the carrying amounts of those assets are proportionally reduced.

On subsequent balance sheet dates, if the net amount of the fair value less costs to sell of the disposal group held-for-sale increases, the previously written-down amount should be recovered and reversed within the amount of the asset impairment loss recognized after being classified as held-for-sale, in accordance with the relevant measurement regulations applicable to non-current assets classified as held-for-sale. The amount reversed is recognized in the reporting period's profit or loss. The carrying value of goodwill that has been reduced and the asset impairment losses on non-current assets recognized before classification as held-for-sale cannot be reversed.

For the amount of asset impairment loss recognized on a disposal group classified as held-for-sale and then reversed, based on the proportion of the carrying amount of each non-current asset within the group, excluding goodwill, the carrying amounts of those assets are proportionally increased.

1. Non-current assets or non-current assets within a disposal group classified as held-for-sale are not subject to depreciation or amortization. However, the interest and other expenses related to liabilities within a disposal group held-for-sale continue to be recognized.
2. If a non-current asset or disposal group classified as held-for-sale no longer meets the criteria for such classification, or if a non-current asset is removed from a disposal group held-for-sale, it is measured at the lower of the following two amounts: 1) the carrying amount before being classified as held-for-sale, adjusted for depreciation, amortization, or impairment that would have been recognized had the asset not been classified as held-for-sale; 2) the recoverable amount.
3. Upon the derecognition of non-current assets or disposal groups classified as held-for-sale, any unrecognized gains or losses are included in the reporting period's profit or loss.

## **19. Long-term equity investments**

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

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

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

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

In case that equity of the investee under the same control is obtained through multiple deals step by step to finally form business merger, for package deals, the Company shall account each deal as a deal to obtain the control. If it is not a package deal, the share of the book value of combined party's net assets presented in consolidated financial statements of ultimate controlling party acquired at the date of combination is recognized as initial investment cost of long-term equity investment. The difference between initial investment cost and the sum of the book value of long-term equity investment before the combination is realized and the book value of consideration additionally paid to further acquire shares on the date of combination is adjusted against the capital surplus; if the capital surplus is not sufficient to be offset, the remaining balance is adjusted against retained earnings.

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

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

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

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

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

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

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

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

## 20. Investment real estates

Measurement model of investment real estate

Measurement by cost method

Depreciation or amortization methods

Investment properties held by the Company include buildings held for the purpose of earning rental income, capital appreciation, or both. Measurement is carried out by cost model.

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

Type	Depreciation period (years)	Estimated residual value ratio (%)	Annual depreciation rate (%)
Houses and buildings	20	5.00	4.75
Land use right	50	0.00	2.00

## 21. Fixed assets

### (1) Recognition conditions

Fixed assets of the Company refer to tangible assets with service life over one year and an individual value exceeding RMB 5,000, which are held for producing goods, rendering labor services, lease (exclusive of leased houses, buildings and molds) or operation and management.

Fixed assets are recognized when the economic benefits related thereto are likely to flow into the Company and their costs can be measured in a reliable manner. Fixed assets include houses and buildings, machine and equipment, transportation equipment and other equipment, and the actual cost at the time of acquisition is taken as the entry value. Among them, the cost of purchased fixed assets includes the purchase price, import duties and other related taxes, as well as other expenditures that can be directly attributed to the fixed assets before the fixed assets reach the predetermined serviceable state; the cost of the self-constructed fixed assets consists of necessary expenses incurred before the constructed assets are ready for the intended use; the fixed assets invested by investors shall be accounted for at the value agreed in the investment contract or agreement, or at the fair value if the value agreed in the investment contract or agreement is unfair; the fixed assets rented in by way of financial lease shall be accounted for at the fair value. For fixed assets obtained by financing lease, the lower of the fair value of rented assets and the present value of the minimum lease payment on the lease start date shall be recorded as the entry value.

### (2) Depreciation method

Type	Depreciation method	Depreciation period	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	20 years	5.00%	4.75%

Machine and equipment	Straight-line method	10 years	5.00%	9.50%
Transportation equipment	Straight-line method	5 years	5.00%	19.00%
Other equipment	Straight-line method	5 years	5.00%	19.00%

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

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

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

## 22. Construction in progress

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

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

Construction in progress is transferred to fixed assets when it reaches its intended usable state, based on the following criteria:

Item	Standard for carrying forward fixed assets
Houses and buildings	(1) The construction of the entity, including installation, has been fully or substantially completed; (2) further expenditures on the purchased or constructed houses and buildings are minimal or have nearly ceased; (3) the purchased or constructed houses and buildings have met the design or contractual requirements, or are substantially in accordance with these requirements; (4) for construction projects that have reached a predetermined usable state but have not yet undergone final completion settlement, the projects shall be transferred to fixed

	assets at their estimated value based on the actual cost of construction, effective from the date they reach the predetermined usable state.
Machine and equipment	The equipment management department and the equipment manufacturer are jointly responsible for the installation and commissioning of the equipment, including hardware debugging and process condition adjustments. Once commissioning is completed and the equipment has reached its predetermined usable state, it will be transferred to fixed assets after the approval process is completed.
Transportation	When it reaches the designated usable state, it will be transferred to fixed assets after the approval process is completed according to the procedure.
Other equipment	When it reaches the designated usable state, it will be transferred to fixed assets after the approval process is completed according to the procedure.

### 23. Borrowing costs

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

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

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

accumulative asset expenditure minus the asset expenditure of the specific borrowing, multiplied by the weighted average interest rate of the general borrowing used.

## 24.Intangible assets

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

The intangible assets of the Company mainly include land use rights, software, trademarks and patents. As for intangible assets that are purchased, the actual cost is composed of the actual price paid and other relevant expenditures. For the intangible assets that are invested by investors, the actual cost is determined by the agreed value in the investment contract or agreement, but if the agreed value is not fair, the fair value will be taken as the actual cost. Intangible assets are amortized using the composite life method, and the classifications and amortization periods of the Company's intangible assets are as follows:

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

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

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

### (2) Scope of attribution of R&D expenditure and related accounting treatment

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



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

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

Expenditures made in the development stage that fail to meet the above conditions shall be included in the current profits and losses when incurred. The development expenditures previously included in the profit and loss statement will not be recognized as assets in subsequent periods. The expenditures incurred and capitalized at the development stage are recorded as development expenditures on the balance sheet and will be carried over as the intangible asset on the date when the project is ready for its intended use.

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

## **25. Impairment of long-term assets**

On each balance sheet date, the Company shall audit the projects of subsidiaries, joint ventures and associates, including long-term equity investments, fixed assets, projects under construction, and intangible assets with finite useful lives. If any of the signs listed below are identified, this is an indication that the asset may be impaired and the Company will conduct an impairment test. Impairment test is carried out on the intangible assets with uncertain goodwill and beneficial period and development costs that have not yet reached their intended usable state at the end of each period, irrespective of whether there is any indication that the assets may be impaired. If there is difficulty testing the recoverable amount of a single asset, a test shall be conducted on the asset group which the asset belongs to, or on a combination of asset groups.

After the impairment test, if the book value of the asset exceeds its recoverable amount, the difference shall be recognized as an impairment loss. Once such an impairment loss has been confirmed, it shall not

be reversed in the subsequent accounting period. The recoverable amount of an asset is the greater of its fair value less the net value of asset disposal and present value of expected future cash flow. The following signs may indicate asset impairment:

Current market price of the asset drops substantially, with the drop in price being notably higher than the expected drop over time or due to the asset's normal use;

- Significant changes occur in the current period, or are predicted to occur in the near future, with regard to the economic, technological or legal environment in which the enterprise conducts its business operations, or in the asset market, and these changes have or will have negative impacts on the enterprise;
- The market interest rate or other market investment return rates have risen in the current period, affecting the enterprise's discount rate for calculating the asset's present value of expected future cash flow, and leading to a substantial decrease in recoverable amounts of the assets;
- There is any amount of evidence to prove the asset has been out of date or the physical asset has been damaged;
- The asset has been or will be left unused, terminated for use or disposed of ahead of schedule;
- There is evidence from the enterprise's internal reports proving that the economic performance of the asset has been lower or will be lower than expected. For example, the net cash flow generated by the assets or operating profits (or losses) realized is much lower (or higher) than the expected amounts;
- Other signs indicating that the asset may have been impaired.

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

The long-term deferred expenses of the Company refer to the expenses that have been paid, but shall be borne in the current and future periods with an amortization period of more than one year. Moreover, such expenses shall be subject to average amortization within the benefit period. If long-term deferred expense items cannot benefit the future accounting periods, the amortized value of such items yet to be amortized shall be fully transferred into the current profits and losses.

## **27. Contract liabilities**

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

## **28. Employee remuneration**

### **(1) Accounting treatment method of short-term remuneration**

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

### **(2) Accounting treatment method of post-employment benefits**

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

### **(3) Accounting treatment method of dismissal benefits**

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

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

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

## **29. Provisions**

When obligations relating to contingencies such as external guarantee, pending litigation or arbitration, product quality assurance, layoff plans, loss contracts, restructuring obligations, environmental pollution control, commitments, and disposal obligation of fixed assets also meet the following conditions,

the Company recognizes it as a liability: the obligation is currently being undertaken by the Company; there is a high possibility that the fulfillment of the obligation will result in the outflow of economic benefits from the enterprise; and the amount of the obligation can be reliably measured.

Provisions are initially measured according to the best estimate of the expenditure required to settle the present obligation, taking into account factors relating to contingencies such as risks, uncertainties and the time value of money. On the balance sheet date, the Company reviews the current best estimates and adjusts the carrying amount of the provisions.

For acquired entities, not under common control, in business mergers, contingent liabilities are initially measured at fair value. After initial recognition, subsequent measurement is based on the higher of the amount recognized as a provision or the remaining balance after deducting cumulative amortization determined by revenue recognition principles from the initial recognition amount.

### **30. Share-based payment**

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

Equity-settled share-based payments made in exchange for the service of employees are measured at the fair value on the date at which the equity instrument is granted to employees. When the fair value amount is contingent on completing a service during a vesting period or achieving specified performance conditions, the fair value of the equity instruments is measured at the grant date. On each balance sheet date during the vesting period, the cost or expense for the services received during the period is recognized based on the best estimate of the number of equity instruments expected to vest, using the grant-date fair value, and recorded as the corresponding increase in capital reserves.

If equity-settled share-based payments are cancelled, they are treated as accelerated exercise on the date of cancellation and the unrecognized amount is recognised immediately. If an employee or another party chooses not to fulfill a non-vesting condition during the vesting period, this is treated as a cancellation of the equity-settled share-based payment. However, if new equity instruments are granted and it is determined on the grant date that these new equity instruments are intended to replace the canceled ones, then the replacement equity instruments are treated in the same manner as a modification of the terms and conditions of the original equity instruments.

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

period shall be included in the cost or expense based on the best estimation of the excisable right, and the liabilities shall be adjusted accordingly according to the fair values of the liabilities assumed by the Company.

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

### **31. Revenue**

Disclose the accounting policies adopted for revenue recognition and measurement by business type

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

- Revenue recognition principle

The Company recognizes the revenue upon fulfillment of its performance obligations within the contract, that is, when the client obtains control of the relevant goods or services. Acquisition of control over relevant goods or services means the ability to manage the use of such goods or the provision of services and to receive almost all economic benefits therefrom.

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

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

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

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

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

If the performance obligations are performed within the specified period, the Company will recognize the income within this period in accordance with the progress of the contract's performance. If the performance progress cannot be reasonably determined and the costs incurred by the Company are

expected to be compensated, the revenue will be ascertained according to the costs incurred, until the performance progress can be reasonably determined.

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

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

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

The situation involves different revenue recognition methods and measurement methods for similar businesses using different operating models.

- Revenue measurement principle

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

2) The transaction price refers to the amount of consideration that the Company expects to collect due to the transfer of goods or services to the client, excluding the amount collected by third parties. The transaction price refers to the amount of consideration that the Company expects to collect for transfer of goods or services to the client, excluding the amount collected by third parties. The transaction price recognized by the Company shall not exceed the amount of recognized accumulated income, which is not likely to be significantly reversed once the relevant uncertainty is eliminated.

3) If there is significant financing in the contract, the Company shall determine the transaction price according to the amount payable in cash when the client obtains control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective

interest method during the contract period. On the contract start date, if the Company estimates that the time between the client's acquisition of control over goods or services and the payment of the price by the client will not exceed one year, the significant financing in the contract shall not be considered.

- Specific method for revenue recognition

#### 1) Revenue recognized by time point

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

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

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

#### 2) Revenue recognized by performance progress

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

### **32. Contract costs**

- Method for determining asset amount related to contract cost

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

Contract fulfillment costs refer to the costs incurred by the Company to fulfill a contract, are recognized as an asset when they are not covered by other accounting standards and meet all of the following conditions: the costs are directly related to a specific current or expected contract, including direct labor, direct materials, manufacturing overheads (or similar costs), costs explicitly borne by the customer, and other costs incurred solely due to the contract; the costs enhance the Company's resources for fulfilling future performance obligations; and the costs are expected to be recoverable.

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

- Asset amortization related to contract cost

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

- Asset impairment related to contract cost

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

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

### **33. Government grants**

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



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

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

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

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

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

- Where the Ministry of Finance appropriates the subsidy to the lending bank, and the bank provides the Company with the loan at a discounted interest rate, the Company will use the actual amount of loan received as the book value of the loan, and calculate the relevant borrowing costs based on the principal of the loan and the interest rate.
- Where the Ministry of Finance directly appropriate the interest subsidy to the Company, the Company will deduct the corresponding interest subsidy against the borrowing costs.

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

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

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

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

#### **34. Deferred income tax asset/deferred income tax liability**

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

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

#### **35. Lease**

##### **(1) Accounting treatment of the leases as lessee**

###### **(1) Identification of lease**

Lease refers to that the leaser transfers the right to use the asset to the lessee within a certain period to obtain consideration contracts. On the commencement date of the contract, the Company assesses whether the contract serves as the lease or includes the lease. If one party to the contract transfers the right to control one or more identified assets during a certain period in exchange for consideration, such contract is or includes lease. To determine whether the contract has transferred the right to control the use of the identified assets in a certain period of time, the Company assesses whether the customer in the contract is entitled to receive almost all the economic benefits arising from the use of the identified assets during the use period and is entitled to manage the use of the identified assets during the use period.

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

###### **(2) The Company serves as the lessee**

###### **1) Lease confirmation**

At the commencement of the lease term, the right-of-use assets and lease liabilities shall be recognized for the lease by the Company. Refer to Note 4 on "24. Right-of-use assets" and "31. Lease liabilities" for details on the recognition and measurement of right-of-use assets and lease liabilities.

## 2) Lease change

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

When the lease changes and meets the following conditions, the Company will treat it as a separate lease: 1) the lease change expands the lease scope by adding one or more right-of-use leased assets or extended leases; 2) the increased consideration is equivalent to the single price of the expanded lease scope or extension of lease term adjusted according to the contract.

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

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

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

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

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

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

The Company usually classifies a lease as a financial lease if one or more of the following situations exist: 1) the ownership of the leased asset is transferred to the lessee at the expiration of the lease term; 2) the lessee has the right to choose to purchase the leased asset; the established purchase price is expected to be much lower than the fair value of the leased asset when exercising the right of choice, and hence it can be reasonably determined that the lessee will exercise this right of choice on the inception of lease; 3) the lease term accounts for a substantial proportion (not less than 75%) of the service life of the leased asset, notwithstanding that the ownership of the asset will not be transferred; 4) on the inception of lease, the present value of the lease receipts is almost equal to the fair value of the leased asset (not less than 90% of the fair value of the leased asset.); and 5) the leased assets are of a specialized nature that only the lessee can use them without making major modifications. The Company may also classify a lease as a financial lease if one or more of the following signs exist: 1) if the lessee cancels the lease, the resulting loss to the lessor shall be borne by the lessee; 2) the gain or loss arising from the fluctuation in the fair value of the residual value of the asset shall be attributable to the lessee; and 3) the lessee is able to continue the lease to the next period at a rent much lower than the market level.

### 1) Accounting treatment of financial lease

#### Initial measurement

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

Net investment in lease is the sum of unsecured residual value and the present value of outstanding lease receipts discounted on interest rate implicit in lease on the commencement date of the lease term. Lease receipts refer to the amount that the lessor shall collect from the lessee for transferring the right to use the leased assets during the lease term, including: 1) the amount of fixed payment and substantial fixed payment to be paid by the lessee, net of relevant amount of lease incentives if any; 2) variable lease payments that are based on an index or rate, which shall be determined at the time of initial measurement based on the index or rate on the commencement date of the lease term; 3) exercise price of call option, given that the lessee will reasonably exercise such option; 4) amount payable by the lessee for exercising the option to terminate the lease, if it is indicated during the lease term that the lessee will exercise the

option to terminate the lease; 5) the residual value of the guarantee provided to the lessor by the lessee, a party related to the lessee and an independent third party with the financial ability to meet the guarantee obligation.

#### Subsequent measurement

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

#### Accounting treatment of lease change

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

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

#### 2) Accounting treatment of operating leases

##### Treatment of rent

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

##### Incentive measures provided

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

##### Initial direct costs

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

#### Depreciation

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

#### Variable lease payments

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

#### Change of operating lease

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

### **36. Other significant accounting policies and accounting estimates**

When preparing financial statements, the Company's management shall make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The Company's management continuously evaluates the key assumptions and uncertainties involved in these estimates. The impact of changes in accounting estimates is recognized in the current period and future periods.

The following accounting estimates and key assumptions present significant risks that could lead to substantial adjustments to the carrying amounts of assets and liabilities in future periods:

#### (1) Impairment of financial assets

The impairment of financial assets is assessed using the expected credit loss (ECL) model, which requires to make significant judgment and estimation. The ECL model takes into account all reasonable and supportable information, including forward-looking information. When making these judgments and estimations, the Company considers historical data with factors such as economic policies, macroeconomic indicators, industry risks, external market environment, technological environment, and changes in customer circumstances to infer expected changes in the credit risk of debtors.

#### (2) Inventory impairment provision

The determination basis of the net realizable value of inventory: for inventories directly available for sale, such as finished goods and materials intended for sale, the net realizable value is determined based on

the estimated selling price of the inventory minus the estimated selling expenses and related taxes. For inventories held to fulfill sales contracts or service contracts, the net realizable value is calculated based on the contract price. If the quantity of inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory is determined based on the general selling price.

Method of provision for inventory impairment: Inventories are valued at the lower of cost or net realizable value at the end of the period. Based on a comprehensive physical count of inventory at period-end, a provision for inventory write-down is made for the portion of inventory that is damaged, partially or completely obsolete, or whose selling price is lower than its cost, making the cost unrecoverable.

If the factors that caused the inventory value to be written down in previous years no longer exist, the amount written down should be reversed. The reversal amount is limited to the amount originally written down and is recognized in the current period's profit or loss.

### (3) Accounting estimates for goodwill impairment provision

The Company conducts an annual impairment test for goodwill. The recoverable amount of the asset group or combination of asset groups that include goodwill is determined based on the present value of the expected future cash flows, which requires the use of accounting estimates.

If management revises the gross margin used in calculating the future cash flows of the asset group or group of asset groups and the revised gross margin is lower than the current one, the Company will need to increase the impairment provision for goodwill.

If the management revises the pre-tax discount rate applied to discounted cash flows, and the revised pre-tax discount rate is higher than the current discount rate, the Company needs to make provision for impairment of goodwill.

If the actual gross profit margin or pre-tax discount rate is higher or lower than the management's estimate, the Company cannot reverse the previously recognized impairment loss of goodwill.

### (4) Accounting estimates for impairment provisions of fixed assets

The Company conducts impairment tests on fixed assets such as buildings and machinery that show signs of impairment on the balance sheet date. The recoverable amount of fixed assets is the higher of the present value of their estimated future cash flows or the net amount of the asset's fair value minus disposal costs, which requires the use of accounting estimates.

If management revises the gross margin used in calculating the future cash flows of the asset group or group of asset groups and the revised gross margin is lower than the current one, the Company will need to increase the impairment provision for fixed assets.

If the management revises the pre-tax discount rate applied to discounted cash flows, and the revised pre-tax discount rate is higher than the current discount rate, the Company needs to make provision for impairment of fixed assets.

If the actual gross profit margin or pre-tax discount rate is higher or lower than the management's estimate, the Company cannot reverse the previously recognized impairment loss of fixed assets.

(5) Accounting estimate for recognition of deferred income tax assets

The estimation of deferred income tax assets requires an estimation of the taxable income for each future year and the applicable tax rate. 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 timing of the reversal of temporary differences can also affect income tax expenses (benefits) and the balance of deferred taxes. Changes in these estimates may lead to significant adjustments to deferred income tax assets.

(6) The service life of fixed assets and intangible assets

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

### 37. Significant accounting policy and accounting estimate changes

**(1) Significant accounting policy changes**

Applicable Not applicable

**(2) Significant accounting estimate changes**

Applicable Not applicable

**(3) Relevant financial statement items at the beginning of 2024 when the adjustments stipulated in the new accounting standards apply for the first time**

Applicable Not applicable

### 38. Others

1. Right-of-use assets

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

(1) Initial measurement

On the commencement date of the lease term, the Company carries out initial measurement to the use-of-right asset. The cost comprises the following four items: 1) initial measurement amount of lease



liabilities; 2) the amount of lease payment made on or before commencement date of lease term, net of relevant amount of used lease incentives (if any); 3) the initial direct cost incurred (i.e., the incremental cost incurred by reaching the lease agreement); 4) costs expected to be incurred to disassemble and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the conditions as agreed under the terms of the lease, excluding costs incurred to produce the inventory.

## (2) Subsequent measurement

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

### Depreciation of right-of-use assets

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

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

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

### Impairment of right-of-use assets

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

## 2. Goodwill

Goodwill refers to the excess of the cost of an equity investment or the cost of a business merger not under common control over the fair value of the identifiable net assets acquired from the investee or the acquiree as of the acquisition date or purchase date.

Goodwill related to subsidiaries is separately presented in the consolidated financial statements, while goodwill related to associates and joint ventures is included in the carrying amount of long-term equity investments.

For goodwill arising from business mergers, the Company allocates its carrying amount to the relevant asset groups in a reasonable manner from the acquisition date. If it is difficult to allocate goodwill to the relevant asset groups, it is allocated to the relevant group of asset groups. When conducting impairment tests on asset groups or combinations of asset groups that include goodwill, if there are indications of impairment related to the asset group or combination of asset groups with goodwill, firstly conducting impairment tests on the asset group or combination of asset groups without goodwill, calculating the recoverable amount, and comparing it with the carrying amount to determine the corresponding impairment loss. Then, conducting impairment tests on the asset group or combination of asset groups with goodwill, comparing the carrying amount with the recoverable amount, and if the recoverable amount is lower than the carrying amount, the impairment loss amount is firstly offset against the carrying amount of goodwill in the asset group or combination of asset groups, and then proportionally offset against the carrying amount of other assets in the asset group or combination of asset groups, excluding goodwill, based on the proportion of their carrying amounts.

### 3. Lease liabilities

#### (1) Initial measurement

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

#### 1) Lease payment

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

#### 2) Discount rate

In calculating the present value of the lease payments, the Company adopts the interest rate embedded in the lease as the discount rate. The rate is the interest rate that equates the sum of present value of the lessor's lease receipts and the present value of the unsecured residual value to the sum of the fair value of

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

#### (2) Subsequent measurement

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

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

#### (3) Re-measurement

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

#### 4. Termination of operation

Termination of operation refers to a separately identifiable component of the Company that meets any of the following criteria and has either been disposed of or classified as held for sale: 1) the component represents a separate major line of business or a separate geographical area of operations; 2) the component is part of a single coordinated plan to dispose of a separate major line of business or a separate geographical area of operations; 3) the component is a subsidiary acquired exclusively with a view to resale.

In the income statement, the Company has added the items "net profit from continuing operations" and "net profit from discontinued operations" under the "net profit" item in the income statement, to reflect the post-tax amounts of continuing-operations-related gains and losses and termination-of-operation-related gains and losses, respectively. Termination-of-operation-related gains and losses shall be presented as "gains and losses from termination of operation", and the termination of operation gains and losses should be presented for the entire reporting period, not only for the reporting period following the recognition as termination of operation.

## VI. Taxation

### 1. Main tax categories and tax rates

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

Disclosure of taxpayers with different corporate income tax rates

Name of taxpayer	Income tax rate
Hangzhou Robam Appliances Co., Ltd.	15%
Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.	15%
Zhejiang Cookingfuture Technology Co., Ltd.	15%
Beijing Robam Appliances Sales Co., Ltd.	25%
Shanghai Robam Appliances Sales Co., Ltd.	25%
Hangzhou MingQi Electric Co., Ltd.	25%
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	25%
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	20%
Hangzhou Jinhe Electric Appliances Co., Ltd.	25%
Robam Appliances Holding (HK) Co., Ltd.*1	Two-tiered tax system
Robam International (HK) Trading Co., Ltd.*1	Two-tiered tax system
Chengdu Robam Innovation Technology Co., Ltd.	20%
Robam Appliances U.S. Holding Co., Ltd.*2	State tax, federal tax
Robam Appliances Los Angeles Trade Co., Ltd.*2	State tax, federal tax

\*1: The Company's subsidiaries, Robam Appliances Holding (HK) Co., Ltd. and Robam International (HK) Trading Co., Ltd., are subject to the Hong Kong Profits Tax regime. Under the two-tiered tax system, taxable profits up to HKD 2,000,000 are subject to a tax rate of 8.25%, while the portion of taxable profits exceeding HKD 2,000,000 is taxed at a rate of 16.50%.

\*2: Federal tax: at a uniform rate of 21%; State tax: levied based on the tax rate required by the tax laws of the state where the entity is registered.

## 2. Preferential tax policy

- Preferential income tax policy

The Company obtained the Certificate of High-Tech Enterprise (Certificate No.: GR202333003384) jointly issued by Department of Science and Technology of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration, on December 8, 2023. The certificate is valid for 3 years. According to the relevant provisions, after being identified as a high-tech enterprise, the Company will enjoy the relevant preferential policies of the state on high-tech enterprises for three consecutive years (i.e., the Company is entitled to the preferential income tax policy from January 01, 2023 to December 31, 2025), and the corporate income tax shall be levied at the rate of 15%.

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

According to the Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration, *Announcement on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households*, Hangzhou Robam Fuchuang Investment Management Co., Ltd. and Chengdu Robam Innovation Technology Co., Ltd., subsidiaries of the Company, as small and micro enterprises, are allowed to calculate their taxable income at a reduced rate of 25% of the regular amount, and pay corporate income tax at a rate of 20%. This policy will be in effect until December 31, 2027.

- Preferential VAT policy

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

According to the Announcement No. 43 of 2023 issued by the Ministry of Finance and the State Administration of Taxation, *Notice of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises*, the Company will enjoy the policy of incremental deduction of 5% of the payable value-added tax amount by advanced manufacturing enterprises based on the deductible input tax amount for the period from January 1, 2023 to December 31, 2027.

## VII. Notes to items in the consolidated financial statements

### 1. Cash and cash equivalents

In RMB

Item	Ending balance	Beginning balance
Cash in hand	232,660.84	62,267.64
Deposit in bank	1,015,800,859.35	1,877,703,911.46
Other cash and cash equivalents	131,804,211.57	107,284,566.01
<b>Total</b>	<b>1,147,837,731.76</b>	<b>1,985,050,745.11</b>
Including: total amount of funds deposited overseas	7,987,864.36	3,588,900.00

Other description

Note: The other cash and cash equivalents are RMB 131,804,211.57, including the L/G margin of RMB 89,105,875.26, the bill acceptance margin of RMB 41,826,555.86 and the ETC margin of RMB 16,000.00, the use of which are limited; and the Alipay and WeChat wallet balance is RMB 855,780.45, which can be withdrawn without any limit at any time.

Use of restricted cash and cash equivalents

Item	Ending balance	Beginning balance
L/G margin	89,105,875.26	83,153,343.90
Bill acceptance margin	41,826,555.86	23,717,043.12
ETC security deposits	16,000.00	14,000.00
<b>Total</b>	<b>130,948,431.12</b>	<b>106,884,387.02</b>

### 2. Financial assets held for trading

In RMB

Item	Ending balance	Beginning balance
Financial assets measured at fair value with changes included into current profit or loss	2,551,000,029.50	2,730,000,000.00
Including:		
financial products	2,551,000,029.50	2,730,000,000.00
<b>Total</b>	<b>2,551,000,029.50</b>	<b>2,730,000,000.00</b>

### 3. Notes receivable

#### (1) Classified presentation of notes receivable

In RMB

Item	Ending balance	Beginning balance
Banker's acceptance	365,685,088.75	690,184,154.22
Trade acceptance	3,113,544.92	6,100,777.42
Total	368,798,633.67	696,284,931.64

#### (2) Classification of disclosure according to the bad debt provision method

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Including:										
Notes receivable with a collective bad debt	368,962,504.45	100.00%	163,870.78	0.04%	368,798,633.67	696,606,025.20	100.00%	321,093.56	0.05%	696,284,931.64
Including:										
Banker's acceptance	365,685,088.75	99.11%			365,685,088.75	690,184,154.22	99.08%			690,184,154.22
Trade acceptance	3,277,415.70	0.89%	163,870.78	5.00%	3,113,544.92	6,421,870.98	0.92%	321,093.56	5.00%	6,100,777.42
Total	368,962,504.45	100.00%	163,870.78	0.04%	368,798,633.67	696,606,025.20	100.00%	321,093.56	0.05%	696,284,931.64

Collective bad debt provision:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Percentage of provision
Banker's acceptances combined	365,685,088.75		
Trade acceptances combined	3,277,415.70	163,870.78	5.00%
Total	368,962,504.45	163,870.78	

If provision for bad debts of notes receivable is made according to the general model of expected credit loss:

Applicable Not applicable

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

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Others	
Banker's acceptance						
Trade acceptance	321,093.56	-157,222.78				163,870.78
<b>Total</b>	321,093.56	-157,222.78				163,870.78

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

Applicable Not applicable

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

There were no notes receivable that had been pledged at the end of the period.

#### (5) Notes receivable that has been endorsed or discounted by the Company and not due on the balance sheet date at the end of the period

There were no notes receivable that had been endorsed or discounted by the Company and not due on the balance sheet date at the end of the period.

#### (6) Notes receivable actually written off in the current period

Notes receivable not written off during the period

### 4. Accounts receivable

#### (1) Disclosure by aging of accounts

In RMB

Age	Book balance at the end of the period	Initial book balance at the beginning of the period
Within 1 year (including 1 year)	1,462,399,608.56	1,557,020,494.66
1-2 years	532,439,823.04	541,557,234.61
2-3 years	776,505,528.84	886,738,162.41
More than 3 years	313,142,753.37	48,881,334.70
3-4 years	297,700,654.57	35,197,495.87
4-5 years	6,255,952.06	6,690,817.20
More than 5 years	9,186,146.74	6,993,021.63
<b>Total</b>	3,084,487,713.81	3,034,197,226.38

#### (2) Classification of disclosure according to the bad debt provision method

In RMB

Type	Ending balance			Beginning balance		
	Book balance	Bad debt	Book	Book balance	Bad debt provision	Book



			provision		value					value
	Amount	Percent age (%)	Amount	Perce ntage of provis ion		Amount	Percenta ge (%)	Amount	Perce ntage of provis ion	
Accounts receivable with individual bad debt provisions	1,630,116,079.65	52.85%	1,115,622,444.35	68.44%	514,493,635.30	1,645,394,906.63	54.23%	1,131,734,880.57	68.78%	513,660,026.06
Including:										
Accounts receivable with a collective bad debt provision	1,454,371,634.16	47.15%	105,734,341.57	7.27%	1,348,637,292.59	1,388,802,319.75	45.77%	92,446,749.48	6.66%	1,296,355,570.27
Including:										
Aging combination	1,454,371,634.16	47.15%	105,734,341.57	7.27%	1,348,637,292.59	1,388,802,319.75	45.77%	92,446,749.48	6.66%	1,296,355,570.27
Total	3,084,487,713.81	100.00%	1,221,356,785.92	39.60%	1,863,130,927.89	3,034,197,226.38	100.00%	1,224,181,630.05	40.35%	1,810,015,596.33

Individual bad debt provision:

In RMB

Name	Beginning balance		Ending balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Percentage of provision	Reasons for provision
Unit 1	660,039,726.23	660,039,726.23	658,945,936.78	658,945,936.78	100.00%	Expected to be difficult to recover
Unit 2	388,093,418.16	116,428,025.44	355,627,952.88	106,688,385.87	30.00%	Expected to be difficult to fully recover
Unit 3	201,626,455.66	86,259,958.01	241,053,412.05	105,439,212.29	43.74%	Expected to be difficult to fully recover
Unit 4	103,644,563.87	62,549,255.29	95,720,766.37	61,418,433.11	64.16%	Expected to be difficult to fully recover
Unit 5	78,105,963.23	78,105,963.23	78,105,963.23	78,105,963.23	100.00%	Expected to be difficult to recover
Unit 6	29,833,027.36	20,883,119.15	27,931,724.10	14,952,948.85	53.53%	Expected to be difficult to fully recover
Unit 7	28,796,628.81	12,808,177.77	28,769,213.01	10,387,277.95	36.11%	Expected to be difficult to fully recover
Unit 8	25,826,189.64	17,748,183.70	23,326,159.14	14,689,394.40	62.97%	Expected to be difficult to fully recover
Unit 9	22,983,529.61	15,004,193.26	21,737,772.41	10,699,859.15	49.22%	Expected to be difficult to fully recover
Unit 10	15,100,611.29	8,471,506.90	15,028,917.55	8,113,002.52	53.98%	Expected to be difficult to fully

						recover
Unit 11	13,643,117.43	7,265,607.25	13,818,085.83	7,388,085.13	53.47%	Expected to be difficult to fully recover
Unit 12	11,403,482.66	6,897,017.86	9,080,624.77	5,372,708.62	59.17%	Expected to be difficult to fully recover
Unit 13	9,391,156.30	4,698,425.06	8,175,161.48	3,847,228.69	47.06%	Expected to be difficult to fully recover
Unit 14	8,175,007.62	3,440,071.29	8,175,007.62	3,440,071.29	42.08%	Expected to be difficult to fully recover
Unit 15	7,305,800.75	5,114,060.53	7,151,711.18	2,896,821.17	40.51%	Expected to be difficult to fully recover
Unit 16	3,921,670.93	2,745,169.65	5,133,382.93	3,593,368.05	70.00%	Expected to be difficult to fully recover
Unit 17	3,616,362.19	2,531,453.53	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	3,584,790.07	1,672,115.95	46.64%	Expected to be difficult to fully recover
Unit 19	3,310,609.08	1,715,551.82	3,519,010.46	1,829,963.77	52.00%	Expected to be difficult to fully recover
Unit 20	3,056,422.32	1,145,907.85	1,746,554.15	1,222,587.91	70.00%	Expected to be difficult to fully recover
Other Subtotal	24,203,909.70	16,328,666.20	19,867,571.45	12,387,626.09	62.35%	Expected to be difficult to fully recover
<b>Total</b>	<b>1,645,394,906.63</b>	<b>1,131,734,880.57</b>	<b>1,630,116,079.65</b>	<b>1,115,622,444.35</b>		

Collective bad debt provision:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Percentage of provision
With 1 year	1,200,759,895.28	60,037,995.28	5.00%
1-2 years	167,397,237.66	16,739,723.77	10.00%
2-3 years	58,742,354.68	11,748,470.94	20.00%
3-4 years	19,180,194.20	9,590,097.10	50.00%
4-5	3,369,489.28	2,695,591.42	80.00%
More than 5 years	4,922,463.06	4,922,463.06	100.00%
<b>Total</b>	<b>1,454,371,634.16</b>	<b>105,734,341.57</b>	

If provision for bad debts of accounts receivable is made according to the general model of expected credit loss:

Applicable Not applicable**(3) Bad debt provision, and its recovery or reversal in the current period**

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Others	
Bad debt reserves for accounts receivable	1,224,181,630.05	75,957,015.33	76,760,426.90	2,021,432.56		1,221,356,785.92
<b>Total</b>	<b>1,224,181,630.05</b>	<b>75,957,015.33</b>	<b>76,760,426.90</b>	<b>2,021,432.56</b>		<b>1,221,356,785.92</b>

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

In RMB

Unit	Amount of recovery or reversal	Reason for reversal	Recovery method	Basis and rationality of determining the original provision ratio for bad debts
Unit 1	35,932,304.06		Bank transfers, offsets	
Unit 2	12,943,912.34		Bank transfers, house mortgage	
Unit 3	8,367,635.05		Bank transfers, house mortgage	
Unit 4	2,911,247.95		Bank transfers, house mortgage	
Unit 5	2,884,489.50		Bank transfers, house mortgage	
Unit 6	2,502,618.17		Bank transfers, house mortgage	
Unit 7	2,131,401.24		Bank transfers, house mortgage	
Unit 8	1,982,739.60		Bank transfers, house mortgage	
Unit 9	1,032,855.13		Bank transfers, house mortgage	
Unit 10	912,030.00		Bank transfers, house mortgage	
Unit 11	881,524.45		Bank transfers, house mortgage	
Unit 12	853,100.00		Bank transfers, house mortgage	
Unit 13	825,000.00		Bank transfers, house mortgage	
Unit 14	675,000.00		Bank transfers, house mortgage	
Unit 15	673,076.70		Bank transfers, house mortgage	
Unit 16	552,430.80		Bank transfers, house mortgage	
Others	699,061.91		Bank transfers, house mortgage	
<b>Total</b>	<b>76,760,426.90</b>			

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

In RMB

Item	Amounts written off
Accounts receivable actually written off	2,021,432.56

Important accounts receivable write-offs:

In RMB

Unit	Nature of accounts receivable	Amounts written off	Reason for write-offs	Write-off procedures performed	Whether the amount arises from an associated transaction
Unit 1	Payment for goods	881,524.45	Expected to be irrecoverable	Management approval	No
Unit 2	Payment for goods	266,206.00	Expected to be irrecoverable	Management approval	No
Unit 3	Payment for goods	260,915.00	Expected to be irrecoverable	Management approval	No
Unit 4	Payment for goods	116,277.00	Expected to be irrecoverable	Management approval	No
Unit 5	Payment for goods	85,625.00	Expected to be irrecoverable	Management approval	No
Other Subtotal	Payment for goods	410,885.11	Expected to be irrecoverable	Management approval	No
Total		2,021,432.56			

**(4) Top five debtors with the largest ending balances of accounts receivable and contract assets**

In RMB

Unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in the total ending balance of accounts receivable and contract assets	Ending balance of provision for bad debts on accounts receivable and impairment of contract assets
Unit 1	658,945,936.78		658,945,936.78	21.36%	658,945,936.78
Unit 2	369,680,570.71		369,680,570.71	11.99%	18,820,983.95
Unit 3	355,627,952.88		355,627,952.88	11.53%	106,688,385.87
Unit 4	241,053,412.05		241,053,412.05	7.82%	105,439,212.29
Unit 5	95,720,766.37		95,720,766.37	3.10%	61,418,433.11
Total	1,721,028,638.79		1,721,028,638.79	55.80%	951,312,952.00

**5. Other receivables**

In RMB

Item	Ending balance	Beginning balance
Other receivables	86,770,440.47	53,368,667.34
Total	86,770,440.47	53,368,667.34

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

In RMB

Nature of receivable	Book balance at the end of the period	Initial book balance at the beginning of the period
Collections by a third party	53,190,022.42	26,915,796.30
Security/guarantee deposits	29,988,281.52	35,077,788.86
Withholdings	7,399,959.90	4,274,188.53
Cash reserve	5,767,293.12	2,365,967.91
Others	3,641,166.66	330,098.34
Proxy holding of properties exchanged for construction services	2,094,110.00	2,094,110.00
<b>Total</b>	<b>102,080,833.62</b>	<b>71,057,949.94</b>

**2) Disclosure by aging of accounts**

In RMB

Age	Book balance at the end of the period	Initial book balance at the beginning of the period
Within 1 year (including 1 year)	78,596,608.94	42,909,446.18
1-2 years	5,385,201.70	6,665,944.46
2-3 years	6,660,645.01	6,322,210.28
More than 3 years	11,438,377.97	15,160,349.02
3-4 years	4,278,724.05	3,591,477.42
4-5 years	2,140,747.12	2,146,271.80
More than 5 years	5,018,906.80	9,422,599.80
<b>Total</b>	<b>102,080,833.62</b>	<b>71,057,949.94</b>

**3) Classification of disclosure according to the bad debt provision method**Applicable Not applicable

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percent age (%)	Amount	Percentag e of provision		Amount	Percent age (%)	Amount	Percentag e of provision	
Provision for bad debts by individual item	2,242,310.00	2.20%	881,138.50	39.30%	1,361,171.50	2,362,320.00	3.32%	945,141.50	40.01%	1,417,178.50
Including:										
Collective bad debt provision	99,838,523.62	97.80%	14,429,254.65	14.45%	85,409,268.97	68,695,629.94	96.68%	16,744,141.10	24.37%	51,951,488.84
Including:										
Aging combination	99,838,523.62	97.80%	14,429,254.65	14.45%	85,409,268.97	68,695,629.94	96.68%	16,744,141.10	24.37%	51,951,488.84

Total	102,080,833.62	100.00%	15,310,393.15	15.00%	86,770,440.47	71,057,949.94	100.00%	17,689,282.60	24.89%	53,368,667.34
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Individual bad debt provision:

In RMB

Name	Beginning balance		Ending balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Percentage of provision	Reasons for provision
Unit 1	800,000.00	280,000.00	800,000.00	280,000.00	35.00%	Expected impairment
Unit 2	657,783.00	230,224.05	657,783.00	230,224.05	35.00%	Expected impairment
Unit 3	636,327.00	222,714.45	636,327.00	222,714.45	35.00%	Expected impairment
Unit 4	103,000.00	103,000.00	103,000.00	103,000.00	100.00%	Expected to be difficult to recover
Unit 5	45,200.00	45,200.00	45,200.00	45,200.00	100.00%	Expected to be difficult to recover
Unit 6	50,010.00	15,003.00				Expected to be difficult to fully recover
Unit 7	30,000.00	9,000.00				Expected to be difficult to fully recover
Unit 8	20,000.00	20,000.00				Expected to be difficult to recover
Unit 9	10,000.00	10,000.00				Expected to be difficult to recover
Unit 10	10,000.00	10,000.00				Expected to be difficult to recover
Total	2,362,320.00	945,141.50	2,242,310.00	881,138.50		

Collective bad debt provision:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Percentage of provision
Less than 1 year (including 1 year)	76,646,218.80	3,832,310.94	5.00%
1-2 years	5,241,481.84	524,148.18	10.00%
2-3 years	6,650,645.01	1,330,129.00	20.00%
3-4 years	4,258,724.05	2,129,362.03	50.00%
4-5 years	2,140,747.12	1,712,597.70	80.00%
More than 5 years	4,900,706.80	4,900,706.80	100.00%
Total	99,838,523.62	14,429,254.65	

Provision for bad debts according to the general model of expected credit loss:

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss over the entire duration (with credit impairment)	

Balance as of January 01, 2024	16,744,141.10	756,941.50	188,200.00	17,689,282.60
Balance on January 01, 2024 in the current period				
Provision in the current period	-2,314,886.45	-24,003.00	-40,000.00	-2,378,889.45
Balance as of June 30, 2024	14,429,254.65	732,938.50	148,200.00	15,310,393.15

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

Applicable Not applicable

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

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-offs	Others	
Bad debt provision for other receivables	17,689,282.60	-2,378,889.45				15,310,393.15
Total	17,689,282.60	-2,378,889.45				15,310,393.15

#### 5) Other receivables actually written off in the current period

There were no write-offs of other receivables in the current period.

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

In RMB

Unit	Nature of receivable	Ending balance	Age	Proportion in the total ending balance of other accounts receivable	Ending balance of bad debt provision
Unit 1	Collections by a third party	12,986,415.91	Less than 1 year	12.72%	649,320.80
Unit 2	Collections by a third party	6,932,252.09	Less than 1 year	6.79%	346,612.60
Unit 3	Collections by a third party/deposits	3,814,069.40	0-3 years	3.74%	205,506.54
Unit 4	Withholdings	3,400,882.31	Less than 1 year	3.33%	170,044.12
Unit 5	Collections by a third party	2,356,041.47	Less than 1 year	2.31%	117,802.07
Total		29,489,661.18		28.89%	1,489,286.13

## 6. Advance payments

### (1) Advance payments presented by age

In RMB

Age	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
With 1 year	175,307,498.53	94.42%	136,637,538.73	97.80%
1-2 years	9,650,179.69	5.20%	3,055,581.83	2.19%
2-3 years	707,592.39	0.38%	15,823.01	0.01%
More than 3 years	16,943.31	0.01%	4,528.01	
Total	185,682,213.92		139,713,471.58	

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

The ending balances of advance payments of the top five payers by the end of the current period totaled RMB 92,636,335.39, accounting for 49.89% of the total.

## 7. Inventory

### (1) Classification of inventories

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for obsolete inventory or for impairment of the cost of contract performance	Book value	Book balance	Provision for obsolete inventory or for impairment of the cost of contract performance	Book value
Raw materials	69,012,023.09		69,012,023.09	81,308,915.01		81,308,915.01
Products in process	98,458,434.24		98,458,434.24	98,820,705.86		98,820,705.86
Merchandise inventory	462,714,144.50	33,542,900.56	429,171,243.94	434,195,084.18	33,339,505.13	400,855,579.05
Contract performance costs	36,902,912.37		36,902,912.37	35,371,916.75		35,371,916.75
Goods shipped in transit	761,454,013.19	30,351,019.85	731,102,993.34	891,904,804.32	30,351,019.85	861,553,784.47
Low-cost consumables and packing materials	34,422,631.68		34,422,631.68	46,363,819.10		46,363,819.10
Total	1,462,964,159.07	63,893,920.41	1,399,070,238.66	1,587,965,245.22	63,690,524.98	1,524,274,720.24



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

In RMB

Item	Beginning balance	Increased amount in the current period		Decreased amount in the current period		Ending balance
		Provision	Others	Reversals or write-off	Others	
Merchandise inventory	33,339,505.13	203,395.43				33,542,900.56
Goods shipped in transit	30,351,019.85					30,351,019.85
<b>Total</b>	<b>63,690,524.98</b>	<b>203,395.43</b>				<b>63,893,920.41</b>

**8. Other current assets**

In RMB

Item	Ending balance	Beginning balance
Fixed-term deposit within 1 year	1,444,141,200.00	2,563,744,300.00
Accrued interest on fixed deposits	101,238,591.00	81,146,657.65
Prepaid taxes	2,586,213.00	2,917,663.05
Input tax to be deducted	642,072.94	
<b>Total</b>	<b>1,548,608,076.94</b>	<b>2,647,808,620.70</b>

**9. Other equity instrument investments**

In RMB

Project	Beginning balance	Gains recognized in other comprehensive income for the current period	Loss recognized in other comprehensive income for the current period	Gains recognized in other comprehensive income at the end of the period	Loss recognized in other comprehensive income at the end of the period	Recognized dividends income in the period	Ending balance	Reason for being designated to be measured by fair value and the change being recorded in other comprehensive income
Suzhou Industrial Park Ruican Investment Enterprise (Limited Partnership)					100,000,000.00			
Shanghai MXCHIP Information Technology Co., Ltd.	2,116,023.22				17,832,510.78		2,116,023.22	
<b>Total</b>	<b>2,116,023.22</b>				<b>117,832,510.78</b>		<b>2,116,023.22</b>	

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

In RMB

Project	Recognized dividends income	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive incomes to retained earnings	Reason for being designated to be measured by fair value and the change being recorded in other comprehensive income	Reason for the transfer of other comprehensive incomes to retained earnings
Suzhou Industrial Park Ruican Investment Enterprise (Limited Partnership)			100,000,000.00			
Shanghai MXCHIP Information Technology Co., Ltd.			17,832,510.78			

## 10. Long-term equity investment

In RMB

Investee	Beginning balance (book value)	Beginning balance of impairment provision	Increase/decrease in the current period								Ending balance (book value)	Ending balance of impairment provision	
			Additional investment	Negative investment	Investment profit or loss recognized using the equity method	Adjustment of other comprehensive incomes	Other changes in equity	Cash dividends or profits declared and distributed	Impairment provision	Others			
I. Joint venture													
De Dietrich Trade (Shanghai) Co., Ltd.	4,321,729.39				-3,224,153.62							1,097,575.77	
Sub-total	4,321,729.39				-3,224,153.62							1,097,575.77	
II. Associated companies													
Zhejiang Tingshuo Brand Operation Manage	639,942.64				-37,414.33							602,528.31	

ment Co., Ltd.												
Shaoxin g Shuaige Kitchen and Bathroom Technology Co., Ltd.	3,465,7 78.21				- 186,945 .98						3,278,8 32.23	
Sub-tot al	4,105,7 20.85				- 224,360 .31						3,881,3 60.54	
Total	8,427,4 50.24				- 3,448,5 13.93						4,978,9 36.31	

Recoverable amount is determined as fair value less costs of disposal

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows

Applicable Not applicable

## 11. Other non-current financial assets

In RMB

Item	Ending balance	Beginning balance
Classification of financial assets measured at fair value with changes included into current profit or loss		
Including: financial products	580,000,000.00	480,000,000.00
Total	580,000,000.00	480,000,000.00

## 12. Investment real estate

### (1) Investment real estate under the cost measurement mode

Applicable Not applicable

In RMB

Item	Buildings	Land use right	Total
I. Original book value			
1. Beginning balance	103,152,708.29	1,062,744.00	104,215,452.29
2. Increased amount in the current period	4,399,856.67		4,399,856.67
(1) Outsourcing			
(2) Transfer from inventories/fixed assets/construction in progress	4,399,856.67		4,399,856.67

(3) Increased amount in business merger			
3. Decreased amount in the current period	4,534,277.73		4,534,277.73
(1) Disposal			
(2) Other transfer-out	4,534,277.73		4,534,277.73
4. Ending balance	103,018,287.23	1,062,744.00	104,081,031.23
II Accumulated depreciation and amortization			
1. Beginning balance	12,726,143.22	352,476.76	13,078,619.98
2. Increased amount in the current period	2,596,658.54	10,627.44	2,607,285.98
(1) Accrual or amortization	2,596,658.54	10,627.44	2,607,285.98
3. Decreased amount in the current period	658,922.72		658,922.72
(1) Disposal			
(2) Other transfer-out	658,922.72		658,922.72
4. Ending balance	14,663,879.04	363,104.20	15,026,983.24
III. Impairment provision			
1. Beginning balance			
2. Increased amount in the current period	1,539,949.83		1,539,949.83
(1) Provision			
3. Decreased amount in the current period			
(1) Disposal			
(2) Other transfer-out			
4. Ending balance	1,539,949.83		1,539,949.83
IV. Book value			
1. Ending book value	86,814,458.36	699,639.80	87,514,098.16
2. Beginning book value	90,426,565.07	710,267.24	91,136,832.31

\*1. The increase in investment properties is primarily due to the Company's rental of properties to external parties.

\*2. The other transfers out of investment properties are due to the Company reclaiming rental properties for its own use.

Recoverable amount is determined as fair value less costs of disposal

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows

Applicable Not applicable

**(2) Investment real estate under the fair value measurement mode**□Applicable Not applicable**13. Fixed assets**

In RMB

Item	Ending balance	Beginning balance
Fixed assets	1,664,948,226.73	1,720,724,257.46
Total	1,664,948,226.73	1,720,724,257.46

**(1) Fixed assets**

In RMB

Item	Houses and buildings	Machine and equipment	Transportation equipment	Other equipment	Total
I. Original book value					
1. Beginning balance	1,653,353,641.45	846,881,737.33	23,053,141.13	137,921,680.50	2,661,210,200.41
2. Increased amount in the current period	14,704,252.73	13,279,837.52	5,162,697.74	2,120,048.00	35,266,835.99
(1) Purchase	10,169,975.00	819,770.38	5,162,697.74	396,063.81	16,548,506.93
(2) Transfer from construction in progress		12,460,067.14		1,723,984.19	14,184,051.33
(3) Increased amount in business merger					
(4) Other increases	4,534,277.73				4,534,277.73
3. Decreased amount in the current period	4,399,856.67	1,101,406.85	5,120,580.61	634,237.65	11,256,081.78
(1) Disposal or retirement		1,101,406.85	5,120,580.61	634,237.65	6,856,225.11
(2) Other decreases	4,399,856.67				4,399,856.67
4. Ending balance	1,663,658,037.51	859,060,168.00	23,095,258.26	139,407,490.85	2,685,220,954.62
II. Accumulated depreciation					
1. Beginning balance	392,725,389.84	456,059,295.64	15,068,321.38	76,632,936.09	940,485,942.95
2. Increased amount in the current period	39,207,504.03	32,546,499.74	866,381.60	8,537,015.65	81,157,401.02

(1) Provision	38,548,581.31	32,546,499.74	866,381.60	8,537,015.65	80,498,478.30
(2) Other increases	658,922.72				658,922.72
3. Decreased amount in the current period		838,216.14		532,399.94	1,370,616.08
(1) Disposal or retirement		838,216.14		532,399.94	1,370,616.08
4. Ending balance	431,932,893.87	487,767,579.24	15,934,702.98	84,637,551.80	1,020,272,727.89
III. Impairment provision					
1. Beginning balance					
2. Increased amount in the current period					
(1) Provision					
3. Decreased amount in the current period					
(1) Disposal or retirement					
4. Ending balance					
IV. Book value					
1. Ending book value	1,231,725,143.64	371,292,588.76	7,160,555.28	54,769,939.05	1,664,948,226.73
2. Beginning book value	1,260,628,251.61	390,822,441.69	7,984,819.75	61,288,744.41	1,720,724,257.46

\*Other increases and decreases during the period: For details, please refer to Section VII. 12. of this report on investment real estate".

The Company has no fixed assets without completed property certificates.

#### 14. Construction in process

In RMB

Item	Ending balance	Beginning balance
Construction in process	444,829,440.01	359,768,699.68
Total	444,829,440.01	359,768,699.68

**(1) Construction in progress**

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Robam Mansion project	435,305,853.75		435,305,853.75	336,704,853.10		336,704,853.10
Project of the Fourth Production Department	3,537,257.11		3,537,257.11	14,080,754.69		14,080,754.69
Customized management software	2,052,830.20		2,052,830.20	3,182,235.79		3,182,235.79
Project of the First Production Department				941,946.89		941,946.89
Project of the Third Production Department	1,954,867.32		1,954,867.32	761,150.44		761,150.44
Project of the Second Production Department	336,283.20		336,283.20	130,973.44		130,973.44
Other smaller projects	1,642,348.43		1,642,348.43	3,966,785.33		3,966,785.33
<b>Total</b>	<b>444,829,440.01</b>		<b>444,829,440.01</b>	<b>359,768,699.68</b>		<b>359,768,699.68</b>

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

In RMB

Project	Budget	Beginning balance	Increased amount in the current period	Amount transferred into fixed assets in the current period	Other decreases in the current period	Ending balance	Proportion of accumulative construction investment in the budget	Project progress	Accumulated amount of capitalized interest	Including: capitalized interests in the current period	Interest capitalization rate in the current period	Funding source
Robam Mansion project	724,750,000.00	336,704,853.10	98,601,000.65			435,305,853.75	60.06%					Own funds
<b>Total</b>	<b>724,750,000.00</b>	<b>336,704,853.10</b>	<b>98,601,000.65</b>			<b>435,305,853.75</b>						

**(3) Impairment test of construction in progress**□Applicable Not applicable**15. Right-of-use assets****(1) Right-of-use assets**

In RMB

Item	Houses and buildings	Total
<b>I. Original book value</b>		
1. Beginning balance	29,457,908.02	29,457,908.02
2. Increased amount in the current period		
3. Decreased amount in the current period		
4. Ending balance	29,457,908.02	29,457,908.02
<b>II. Accumulated depreciation</b>		
1. Beginning balance	15,655,449.04	15,655,449.04
2. Increased amount in the current period	2,597,529.36	2,597,529.36
(1) Provision	2,597,529.36	2,597,529.36
3. Decreased amount in the current period		
(1) Disposal		
4. Ending balance	18,252,978.40	18,252,978.40
<b>III. Impairment provision</b>		
1. Beginning balance		
2. Increased amount in the current period		
(1) Provision		
3. Decreased amount in the current period		
(1) Disposal		
4. Ending balance		
<b>IV. Book value</b>		
1. Ending book value	11,204,929.62	11,204,929.62
2. Beginning book value	13,802,458.98	13,802,458.98



**16. Intangible assets****(1) Intangible assets**

In RMB

Item	Land use right	3. Patent right	Software	Trademark	Total
I. Original book value					
1. Beginning balance	224,593,935.95	7,300,000.00	73,208,259.53	24,624,622.64	329,726,818.12
2. Increased amount in the current period			1,637,623.99		1,637,623.99
(1) Purchase			46,017.70		46,017.70
(2) Internal research and development					
(3) Increased amount in business merger					
(4) Transfer from construction in progress			1,591,606.29		1,591,606.29
3. Decreased amount in the current period			6,954,634.60		6,954,634.60
(1) Disposal			6,954,634.60		6,954,634.60
4. Ending balance	224,593,935.95	7,300,000.00	67,891,248.92	24,624,622.64	324,409,807.51
II. Accumulated amortization					
1. Beginning balance	38,853,482.23	6,176,923.08	56,614,708.98	13,527,964.52	115,173,078.81
2. Increased amount in the current period	589,224.92	561,538.46	4,728,036.52	1,225,000.00	7,103,799.90
(1) Provision	589,224.92	561,538.46	4,728,036.52	1,225,000.00	7,103,799.90

3. Decreased amount in the current period			6,907,421.73		6,907,421.73
(1) Disposal			6,907,421.73		6,907,421.73
4. Ending balance	39,442,707.15	6,738,461.54	54,435,323.77	14,752,964.52	115,369,456.98
III. Impairment provision					
1. Beginning balance					
2. Increased amount in the current period					
(1) Provision					
3. Decreased amount in the current period					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	185,151,228.80	561,538.46	13,455,925.15	9,871,658.12	209,040,350.53
2. Beginning book value	185,740,453.72	1,123,076.92	16,593,550.55	11,096,658.12	214,553,739.31

## 17. Goodwill

### (1) Original book value of goodwill

In RMB

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

**(2) Goodwill impairment provision**

In RMB

Name of investee or item that generates goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision		Disposal		
Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.	68,366,294.17					68,366,294.17
<b>Total</b>	<b>68,366,294.17</b>					<b>68,366,294.17</b>

Other description

The Company recognizes Shengzhou Kinde as an assets group. Goodwill at the end of this period is in the same assets group as recognized upon goodwill impairment test at the date of purchase and in previous year.

**18. Long-term deferred expenses**

In RMB

Item	Beginning balance	Increased amount in the current period	Amount of amortization in the current period	Other decreases	Ending balance
Office decoration expenses	2,331,161.64		696,402.85		1,634,758.79
Service fee	2,083,289.77	364,591.22	976,196.84		1,471,684.15
Consulting fee	267,733.10		182,010.92		85,722.18
Advertisement expenses	129,216.10		129,216.10		0.00
Others	223,258.76	4,581.52	142,354.70		85,485.58
<b>Total</b>	<b>5,034,659.37</b>	<b>369,172.74</b>	<b>2,126,181.41</b>		<b>3,277,650.70</b>

**19. Deferred income tax asset/deferred income tax liability****(1) Deferred income tax assets before offset**

In RMB

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets:	Deductible temporary differences	Deferred tax assets:
Asset impairment provision	101,443,097.40	15,216,464.61	97,315,669.06	14,597,350.36
Unrealized profits of internal transactions	6,744,863.04	1,463,620.57		
Credit impairment provision	1,222,360,955.60	191,133,912.84	1,228,253,675.11	191,913,813.81
Deferred income tax assets before offset recognized based on the provisional estimated expenses	994,438,099.33	149,165,714.90	744,083,389.27	111,612,508.39
Changes in the fair value of other equity	117,832,510.80	17,674,876.62	117,832,510.80	17,674,876.62

instrument investments				
Deferred income tax assets before offset recognized based on the deferred income	91,396,861.33	13,709,529.20	101,473,668.87	15,221,050.33
Deferred income tax assets before offset recognized due to equity incentive	18,333,587.92	2,823,026.46	9,730,756.23	1,510,663.99
Income that should be recognized according to tax laws but have not been confirmed by the accountant yet	16,597,690.53	2,489,653.58	60,810,075.93	9,121,511.39
Lease liabilities	1,625,756.28	406,439.07	4,984,267.98	1,246,067.00
<b>Total</b>	<b>2,570,773,422.23</b>	<b>394,083,237.85</b>	<b>2,364,484,013.25</b>	<b>362,897,841.89</b>

**(2) Deferred income tax liabilities before offset**

In RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Asset appraisal appreciation arising from business merger where the acquired company is not controlled by the same party after the merger	15,528,850.80	2,329,327.62	17,528,191.69	2,629,228.75
Right-of-use assets	3,260,199.24	815,049.81	3,260,199.24	815,049.81
Temporary taxable difference incurred from pre-tax deduction of fixed assets	104,923,491.60	15,738,523.74	112,448,544.27	16,867,281.64
Accrued interest on fixed deposits	72,988,481.40	10,948,272.22	54,046,698.73	8,107,004.81
<b>Total</b>	<b>196,701,023.04</b>	<b>29,831,173.39</b>	<b>187,283,633.93</b>	<b>28,418,565.01</b>

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

In RMB

Item	Amount of deferred income tax assets offset against deferred income tax liabilities at the end of the period	Ending balance of deferred income tax assets or liabilities after offset	Initial amount of deferred income tax assets offset against deferred income tax liabilities	Beginning balance of deferred income tax assets or liabilities after offset
Deferred tax assets:		394,083,237.85		362,897,841.89
Deferred income tax liabilities		29,831,173.39		28,418,565.01

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

In RMB

Item	Ending balance	Beginning balance
Deductible temporary differences	15,410,458.85	13,929,952.65
Deductible tax losses	132,223,154.72	102,787,541.49
Total	147,633,613.57	116,717,494.14

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

In RMB

Year	Ending amount	Beginning amount	Remarks
2024 years		5,602.28	
2025	9,556,499.12	9,556,499.12	
2026 years	10,380,561.57	10,380,561.57	
2027 years	24,349,032.53	24,349,032.53	
2028	58,495,845.99	58,495,845.99	
2029	29,441,215.51		
Total	132,223,154.72	102,787,541.49	

**20 Other non-current assets**

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Fixed-term deposit for more than 1 year	3,240,000,000.00		3,240,000,000.00	1,770,000,000.00		1,770,000,000.00
Properties exchanged for construction services *1	108,252,840.51	37,888,494.18	70,364,346.33	97,041,317.94	33,964,461.28	63,076,856.66
Prepayment for house purchase	87,153,575.80		87,153,575.80	76,602,510.25		76,602,510.25
Prepayments for equipment purchase	20,550,850.00		20,550,850.00	12,455,961.74		12,455,961.74
Prepayment for the project	194,000.00		194,000.00	194,000.00		194,000.00
Total	3,456,151,266.31	37,888,494.18	3,418,262,772.13	1,956,293,789.93	33,964,461.28	1,922,329,328.65

Other description:

Properties exchanged for construction services: It refers to the properties and parking space that the Company has signed a debt restructuring agreement at the end of the period and completed the procedures for property transfer, with a total value of RMB 108,252,800 and a provision for impairment of RMB 37,888,500. For details, please refer to Section XVIII Other Important Matters 1 of this report on the Company's debt restructuring matters.

**21. Assets with limited ownership and right to use**

In RMB

Item	Ending of the period				Beginning of the period			
	Book balance	Book value	Type of restriction	Restrictions	Book balance	Book value	Type of restriction	Restrictions
Cash and cash equivalents	89,105,875.26	89,105,875.26	L/G margin		83,153,343.90	83,153,343.90	L/G margin	
Cash and cash equivalents	41,826,555.86	41,826,555.86	Bill acceptance margin		23,717,043.12	23,717,043.12	Bill acceptance margin	
Cash and cash equivalents	16,000.00	16,000.00	ETC security deposits		14,000.00	14,000.00	ETC security deposits	
Fixed assets	152,993,151.92	135,979,588.89	Mortgage loan		108,455,603.60	99,401,869.39	Mortgage loan	
Intangible assets	34,367,725.00	31,222,615.70	Mortgage loan		28,181,534.50	25,884,399.80	Mortgage loan	
<b>Total</b>	<b>318,309,308.04</b>	<b>298,150,635.71</b>			<b>243,521,525.12</b>	<b>232,170,656.21</b>		

**22. Short-term borrowings****(I) Short-term borrowing classification**

In RMB

Item	Ending balance	Beginning balance
Mortgage loan	99,000,000.00	49,500,000.00
Credit borrowings	1,500,000.00	31,500,000.00
Accounts receivable factoring	14,503,320.70	14,003,320.70
<b>Total</b>	<b>115,003,320.70</b>	<b>95,003,320.70</b>

Description on the classification of short-term borrowings:

Credit loans refer to working capital loans obtained by the Company's subsidiary, Cooking Future (a subsidiary of Shengzhou Kinde), from the Shaoxing Shengzhou Small and Micro Enterprise Branch of Zhejiang Tailong Commercial Bank Co., Ltd. The loan term is within one year, with an interest rate range of 3.25%-6.18%.

Mortgage loans: On June 1, 2023, the Company's subsidiary, Shengzhou Kinde, signed a mortgage loan agreement with the Shaoxing Shengzhou Branch of Bank of Communications Co., Ltd., securing a credit limit of RMB 160 million with an interest rate ranging from 3.25% to 3.35%. The collateral for this loan is its Factory No. 1 building and the land located at 888 Ruanpeng Road, Shengzhou City, with a combined net value of RMB 125 million. Additionally, on October 7, 2023, Shengzhou Kinde signed another mortgage loan agreement with China Minsheng Bank,

obtaining a credit limit of RMB 50 million with an interest rate ranging from 3.25% to 3.6%. The collateral for this loan is the office building and the land located at 888 Ruanpeng Road, Shengzhou City, with a combined net value of RMB 35 million.

## (2) Overdue Short-term Loans

The Company has no overdue short-term loans that have not been paid during the current period.

## 23. Notes payable

In RMB

Type	Ending balance	Beginning balance
Banker's acceptance	993,551,028.00	1,098,720,000.58
Total	993,551,028.00	1,098,720,000.58

The total amount of notes payable that were due and unpaid at the end of the period was RMB 0.00.

## 24. Accounts payable

### (1) Presentation of accounts payable

In RMB

Item	Ending balance	Beginning balance
Payment for expenses	1,124,456,863.77	1,107,539,973.00
Payment for materials	1,087,599,114.60	1,267,081,255.68
Payment for construction	159,978,831.67	164,258,188.72
Payment for equipment	11,970,618.74	9,864,344.66
Total	2,384,005,428.78	2,548,743,762.06

Other description:

As of June 30, 2024, the balance of important accounts payable with an age of more than one year totaled RMB 41,508,040.30, mainly involving the unsettled material payments and expenses.

## 25. Other payables

In RMB

Item	Ending balance	Beginning balance
Dividends payable		472,047,458.00
Other payables	290,336,577.77	283,917,461.76
Total	290,336,577.77	755,964,919.76

### (1) Dividends payable

In RMB

Item	Ending balance	Beginning balance
Dividends for ordinary shares		472,047,458.00
Total		472,047,458.00

**(2) Other payables****1) Other payables presented by nature**

In RMB

Item	Ending balance	Beginning balance
Security deposits payable	277,065,066.91	266,137,376.14
Collections by a third party	6,075,517.10	4,941,205.70
Guarantee deposits payable	3,093,537.04	6,600,507.19
Others	4,102,456.72	6,238,372.73
<b>Total</b>	<b>290,336,577.77</b>	<b>283,917,461.76</b>

**2) Important accounts payable with an age of more than one year**

Other description

As of June 30, 2024, the important accounts payable with an age of more than one year totaled RMB 217,033,999.07, mainly involving the sales deposits.

**26. Contract liabilities**

In RMB

Item	Ending balance	Beginning balance
Advances on sales	777,554,890.02	1,019,942,923.58
<b>Total</b>	<b>777,554,890.02</b>	<b>1,019,942,923.58</b>

**27. Employee benefits payable****(1) Presentation of employee compensation payable**

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term benefits	168,988,703.61	403,243,066.48	534,995,837.53	37,235,932.56
II. Post-employment benefits defined contribution plan	8,822,260.23	34,004,530.44	41,030,075.85	1,796,714.82
III. Termination benefits	112,078.17	925,131.62	1,037,209.79	
<b>Total</b>	<b>177,923,042.01</b>	<b>438,172,728.54</b>	<b>577,063,123.17</b>	<b>39,032,647.38</b>

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

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Salaries, bonuses, subsidies and allowances	162,415,752.84	356,049,365.14	485,701,615.27	32,763,502.71



2. Employee welfare		15,389,846.92	15,255,092.62	134,754.30
3. Social insurance	5,807,041.35	20,937,168.04	25,669,421.63	1,074,787.76
Including: medical insurance	5,492,914.20	19,567,806.69	24,024,877.14	1,035,843.75
Work-related injury insurance	314,127.15	1,369,361.35	1,644,544.49	38,944.01
4. Housing funds	347,140.00	3,559,060.00	3,488,111.00	418,089.00
5. Labor union and staff education expenses	418,769.42	7,307,626.38	4,881,597.01	2,844,798.79
Total	168,988,703.61	403,243,066.48	534,995,837.53	37,235,932.56

### (3) Presentation of the defined contribution plans

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic pensions	8,524,886.32	32,892,612.68	39,676,179.95	1,741,319.05
2. Unemployment insurance	297,373.91	1,111,917.76	1,353,895.90	55,395.77
Total	8,822,260.23	34,004,530.44	41,030,075.85	1,796,714.82

### 28. Taxes payable

In RMB

Item	Ending balance	Beginning balance
Added-value tax	87,733,886.16	61,072,058.37
Corporate income tax	94,349,065.01	61,750,915.22
Individual income tax	9,870,590.21	3,100,246.18
City maintenance and construction tax	6,170,483.55	4,330,476.87
House tax	1,236,947.92	13,625,288.12
Land use tax	657,111.90	5,696,022.16
Education surcharge	2,644,492.89	1,855,918.59
Stamp tax	1,356,304.80	1,697,472.12
Local education surcharge	1,762,995.38	1,237,279.17
Other taxes	22,062.18	
Total	205,803,940.00	154,365,676.80

### 29. Non-current liabilities due within one year

In RMB

Item	Ending balance	Beginning balance
Lease liabilities due within one year	2,163,637.20	4,522,658.42
Total	2,163,637.20	4,522,658.42

### 30. Other current liabilities

In RMB

Item	Ending balance	Beginning balance
Output VAT to be carried forward	94,072,365.82	118,041,351.23
Total	94,072,365.82	118,041,351.23

### 31. Lease liabilities

In RMB

Item	Ending balance	Beginning balance
Lease payment amount	14,474,209.54	17,643,054.87
Unrecognized financial expenses	-1,967,112.51	-2,369,603.55
Non-current liabilities due within one year after reclassification	-2,163,637.20	-4,522,658.42
Total	10,343,459.83	10,750,792.90

### 32. Deferred income

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Cause of formation
Government grants	136,538,254.74		11,038,705.47	125,499,549.27	Government funding
Total	136,538,254.74		11,038,705.47	125,499,549.27	

Other description:

Items with government grants:

In RMB

Liability	Beginning of the period Balance	Added subsidy amount in the current period	Amount included in non-operating income in the current period	Amount included in other income in the current period	Amount of cost deduction in current period	Others Change	Ending of the period Balance	Related to assets / income
Subsidies for factory buildings, infrastructure construction, equipment, etc. in new Chengnan District	35,064,585.90			961,898.10			34,102,687.80	Related to assets

Funds for intelligent manufacturing, integrated standard and new model application program	21,165,836.86			4,269,752.82			16,896,084.04	Related to assets
"Open, complete, and achieve" incentives for industrial projects	20,257,269.28			554,007.84			19,703,261.44	Related to assets
Construction of production line with an annual output of 2.25 million sets of kitchen appliances	17,176,926.62			1,293,301.41			15,883,625.21	Related to assets
Intelligent unmanned factory based on 5G and cloud technologies	13,590,218.05			1,039,424.10			12,550,793.95	Related to assets
Intelligent manufacturing enhancement project based on internet of things technology	11,470,083.46			1,006,145.04			10,463,938.42	Related to assets
Intelligent manufacturing project of integrated kitchen appliances with an annual production capacity of 300,000 units	7,408,861.45			426,351.30			6,982,510.15	Related to assets
Construction project of kitchen appliance R&D, design and testing center	4,351,759.70			705,321.60			3,646,438.10	Related to assets
Construction of production line with an annual output of 1.08 million sets of built-in kitchen appliances	2,886,861.55			341,245.62			2,545,615.93	Related to assets
Technological upgrading project with an annual output of 500,000	1,486,862.55			169,552.50			1,317,310.05	Related to assets
Robam Future Factory Project	942,839.42			81,541.90			861,297.52	Related to assets
Construction of digital intelligent workshop for smart home appliances	262,343.08			57,070.80			205,272.28	Related to assets
Recycling-centered renewal project	177,280.77			45,780.78			131,499.99	Related to assets
Development of new generation of environmentally-friendly energy-saving kitchen appliances and their production line	151,617.90			58,959.43			92,658.47	Related to assets
Academician & expert work station	122,531.16			21,860.04			100,671.12	Related to assets
Kitchen appliance R&D, design and testing center	19,697.20			3,812.40			15,884.80	Related to assets
Construction of the digital workshop with an annual output of 2.25 million sets of kitchen appliances	2,679.79			2,679.79			0.00	Related to assets
<b>Total</b>	<b>136,538,254.74</b>			<b>11,038,705.47</b>			<b>125,499,549.27</b>	—

**33. Capital stock**

In RMB

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

**34. Capital reserve**

In RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital (stock) premium	401,799,332.67			401,799,332.67
Other capital reserves	9,978,881.55	8,698,813.25		18,677,694.80
Total	411,778,214.22	8,698,813.25		420,477,027.47

Other notes, including condition and causes of variation in the current period:

The increase in other capital reserves is due to the recognition of equity-based incentives for the period. For details, please refer to Section XV "Share-Based Payment" in this report.

**35. Treasury shares**

In RMB

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

Other notes, including condition and causes of variation in the current period:

The treasury stock is repurchased by the Company from the secondary market for use in employee stock incentives.

**36. Other comprehensive incomes**

In RMB

Item	Beginning balance	Amount incurred in the current period						Ending balance
		Amount incurred before income tax in the current period	Minus: amount included in other comprehensive incomes previously and then	Minus: amount included in other comprehensive incomes previously and then	Minus: income tax expenses	Net income after tax attributable to the parent company	Net income after tax attributable to minority shareholders	

			transferred into the current profit or loss	transferred into current retained earnings				
I. Other comprehensive incomes that cannot be reclassified into profit or loss	-100,157,634.16							-100,157,634.16
Changes in the fair value of other equity instrument investments	-100,157,634.16							-100,157,634.16
(II) Other comprehensive income which will be reclassified into gains and losses		25,910.06				12,522.53	13,387.53	12,522.53
Converted difference in foreign currency statements		25,910.06				12,522.53	13,387.53	12,522.53
Total of other comprehensive incomes	-100,157,634.16	25,910.06				12,522.53	13,387.53	-100,145,111.63

### 37. Surplus reserve

In RMB

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

### 38. Undistributed profit

In RMB

Item	Current period	Previous period
Undistributed profit at the end of previous period before adjustment	8,987,773,431.71	8,199,079,015.58
Undistributed profit at the beginning of the period after adjustment	8,987,773,431.71	8,199,079,015.58
Add: Net profits attributable to owners of	759,358,954.74	1,732,789,332.13

the parent company in the current period		
Dividends payable for ordinary shares*1	472,047,458.00	944,094,916.00
Undistributed profit at the end of the period	9,275,084,928.45	8,987,773,431.71

\*1. According to the proposal on the profit distribution plan for the year 2023, which was passed at the fifth meeting of the sixth board of directors of the Company on April 24, 2024, based on the total share capital of 944,094,916.00 as of December 31, 2023, a cash dividend of RMB 5.00 (including tax) will be distributed to all shareholders for every 10 shares, totaling RMB 472,047,458.00. This profit distribution plan was approved at the shareholders' meeting held on May 16, 2024, and the distribution was implemented on May 29, 2024.

### 39. Operating income and operating cost

In RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	4,604,808,674.29	2,381,821,304.07	4,793,316,106.76	2,305,082,060.11
Other businesses	124,545,397.51	35,796,675.60	141,553,693.39	67,013,911.39
Total	4,729,354,071.80	2,417,617,979.67	4,934,869,800.15	2,372,095,971.50

### 40. Taxes and surcharges

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
City maintenance and construction tax	17,669,194.72	19,865,052.45
Education surcharge	12,620,853.38	14,189,320.42
House tax	1,713,879.73	1,211,155.82
Land use tax	682,400.35	-4,374,871.70
Vehicle and vessel usage tax	6,999.84	5,139.84
Stamp tax	2,461,235.11	1,306,922.24
Others	75,951.77	5,252.13
Total	35,230,514.90	32,207,971.20

### 41. Administrative expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee remuneration	107,282,124.59	109,523,028.03
Depreciation and amortization	37,235,102.64	31,430,035.98
Consulting service fees	16,639,627.93	13,684,786.20
Costs of equity incentive	8,698,813.25	3,473,641.59
Office expenses	8,110,263.60	6,714,440.34
Material consumption	6,540,776.25	4,742,269.13
Rental and property fees	6,538,191.34	4,762,887.30
Business hospitality cost	3,844,343.10	4,660,750.07
Maintenance expenses	2,592,881.06	2,281,377.24

Travel expenses	2,490,615.16	2,465,253.34
Communication expense	2,419,485.36	3,460,975.01
Travel expenses	1,124,876.84	4,142,395.01
Others	10,749,981.97	12,083,977.01
<b>Total</b>	<b>214,267,083.09</b>	<b>203,425,816.25</b>

## 42. Sales expense

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Marketing service expenses	543,754,230.80	650,120,122.89
Advertisement expenses	291,017,797.65	356,749,434.59
Employee remuneration	160,756,327.97	166,363,948.22
Booth decoration expenses	50,651,703.80	60,230,248.91
Promotional activity expenses	41,830,970.70	33,830,183.32
Material consumption	38,651,942.85	38,389,111.98
Travel expenses	15,190,671.32	11,697,748.47
Intermediary service fees	12,503,361.04	10,695,310.63
Office expenses	11,487,489.39	7,850,063.78
Rental fees	8,009,305.98	7,933,192.97
Business hospitality cost	7,518,561.54	9,309,526.51
Others	8,382,037.14	7,652,481.14
<b>Total</b>	<b>1,189,754,400.18</b>	<b>1,360,821,373.41</b>

## 43. R&D expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee remuneration	93,845,469.46	88,567,764.03
Direct input	63,046,936.47	65,160,510.13
Depreciation and amortization	6,563,059.30	7,419,085.38
Design fees	2,215,742.57	2,146,030.75
Other expenses	12,702,612.68	9,440,750.86
<b>Total</b>	<b>178,373,820.48</b>	<b>172,734,141.15</b>

## 44. Financial expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	1,294,179.47	2,707,272.10
Less: Interest income	97,172,965.14	69,274,034.42
Add: foreign exchange gain/loss	-552,919.95	-3,213,064.29
Add: other expenses	1,041,292.17	820,841.52
<b>Total</b>	<b>-95,390,413.45</b>	<b>-68,958,985.09</b>

## 45. Other incomes

In RMB

Sources generating other incomes	Amount incurred in the current period	Amount incurred in the previous period
Financial support fund to boost the corporate development	25,750,000.00	44,730,000.00

Amortization of deferred income	11,038,705.47	9,823,767.55
Embedded software tax refund	17,599,690.73	9,453,997.74
Special funds for industrial development	7,597,400.00	3,289,700.00
VAT exemption or reduction	19,633,908.52	922,350.00
Post allowance and social insurance allowance	819,745.08	723,791.56
Handling fee refund	582,214.67	684,354.91
R&D input grants	959,700.00	382,847.00
Patent awards	175,470.00	
Other grants	1,057,200.00	648,750.00
Total	85,214,034.47	70,659,558.76

#### 46. Investment income

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the equity method	-3,448,513.93	-1,263,184.05
Investment income during holding of financial assets for trading	21,508,694.19	22,986,802.86
Total	18,060,180.26	21,723,618.81

#### 47. Loss from credit impairment

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt losses on notes receivable	157,222.78	14,373,972.06
Bad debt losses from accounts receivable	803,571.44	11,131,980.38
Bad debt losses of other receivables	2,378,889.45	-2,215,366.04
Total	3,339,683.67	23,290,586.40

#### 48. Loss from asset impairment

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Loss from obsolete inventory and from impairment of the cost of contract performance	-203,395.43	5,634,807.91
II. Other	-6,441,873.91	-9,556,264.05
Total	-6,645,269.34	-3,921,456.14

#### 49. Asset disposal income

In RMB

Sources of asset disposal income	Amount incurred in the current period	Amount incurred in the previous period
Gains on disposal of assets held for sale		
Non-current asset disposal income	-242,184.96	115,350.08
Including: Gains on disposal of non-current assets classified as held for sale		



Including: income from disposal of fixed assets		
Right-of-use asset disposal income		
Gains on disposal of non-current assets not classified as held for sale	-242,184.96	115,350.08
Including: income from disposal of fixed assets	-242,184.96	-19,655.41
Right-of-use asset disposal income		135,005.49
Gains on exchange of non-monetary assets		
Gain on disposal of non-current assets in debt restructuring	-519,058.40	-692,068.49
Total	-761,243.36	-576,718.41

## 50. Non-operating revenue

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in the current non-recurring gains and losses
Non-current asset scrapping income		410.00	
Others	885,943.04	2,803,549.50	885,943.04
Total	885,943.04	2,803,959.50	885,943.04

## 51. Non-operating expenditures

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in the current non-recurring gains and losses
External donations	1,506,720.46	1,120,457.50	1,506,720.46
Amercement outlay	4,796.33	14,450.00	4,796.33
Losses from non-current asset damage or retirement	1,521.37	673.95	1,521.37
Others	1,579,508.54	314,293.04	1,579,508.54
Total	3,092,546.70	1,449,874.49	3,092,546.70

## 52. Income tax expenses

### (1) Presentation of income tax expenses

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expenses	167,368,358.21	187,282,866.64
Deferred income tax expenses	-29,772,787.58	-35,451,939.13
Total	137,595,570.63	151,830,927.51

### (2) Adjustment of accounting profit and income tax expense

In RMB

Item	Amount incurred in the current period
Total profit	886,501,468.97
Income tax expense calculated based on statutory/applicable tax rate	132,975,220.36
Effects of the subsidiaries' application of different tax rates	-355,967.81
Effects of the non-deductible costs, expenses and losses	1,689,446.34
Effects of the deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	4,750,492.31
Unrealized internal gains and losses	-1,463,620.57
Income tax expense	137,595,570.63

### 53. Other comprehensive incomes

See Note "VII. 36 Other Comprehensive Incomes" for details.

### 54. Cash flow statement items

#### (1) Cash related to operating activities

Other cash received relating to operating activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Government grants	37,850,227.58	56,322,854.76
Interest revenue on deposits	30,950,627.08	69,274,034.42
Revenue collected and payment made on behalf of other agencies	20,085,722.00	5,493,388.35
Guarantee and security deposits	17,824,926.10	14,303,618.62
Other payments	8,143,953.69	6,266,385.36
Cash reserve	652,861.09	1,343,606.65
Letter of credit and acceptance bill margin		9,984,355.85
Total	115,508,317.54	162,988,244.01

Other cash paid relating to operating activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Period expenses	1,266,026,997.91	1,243,206,922.01
Letter of credit and acceptance bill margin	15,101,782.96	21,285,415.74
Revenue collected and payment made on behalf of other agencies	11,087,898.28	10,398,113.72
Cash reserve	3,665,426.42	4,097,943.96
Others	2,626,171.61	1,336,189.77
Guarantee and security deposits	2,153,199.68	8,133,397.66
Total	1,300,661,476.86	1,288,457,982.86

#### (2) Cash related to investment activities

Other cash received in relation to investment activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Fixed deposit maturity	3,100,000,000.00	
Fixed deposit interest	47,278,944.57	
<b>Total</b>	<b>3,147,278,944.57</b>	

Other cash paid relating to investment activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Fixed deposit	3,450,000,000.00	
<b>Total</b>	<b>3,450,000,000.00</b>	

**(3) Cash related to financing activities**

Other cash received in relation to financing activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from accounts receivable factoring	500,000.00	6,482,178.88
<b>Total</b>	<b>500,000.00</b>	<b>6,482,178.88</b>

Other cash paid in relation to financing activities

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Rental	3,198,439.08	3,212,200.53
<b>Total</b>	<b>3,198,439.08</b>	<b>3,212,200.53</b>

Changes in liabilities arising from financing activities

Applicable Not applicable**55. Supplementary information of Cash Flow Statement****(1) Supplementary information of Cash Flow Statement**

In RMB

Supplementary information	Current amount	Amount of the previous period
1.Reconciliation of net profit to cash flow from operating activities:		
Net profit	748,905,898.34	823,242,258.65
Add: Asset impairment provision	3,305,585.67	-19,369,130.26
Depreciation of fixed assets, depreciation of oil and gas assets, and depreciation of productive biological assets	83,105,764.28	76,275,036.48
Depreciation of right-of-use assets	2,597,529.36	2,662,033.50
Amortization of intangible assets	7,103,799.90	6,770,682.50
Amortization of long-term deferred expenses	2,126,181.41	2,079,639.11

Losses arising from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	761,243.36	576,718.41
Losses on disposal of fixed assets (gains indicated with "-")	1,521.37	673.95
Losses from fair value change (gains expressed with "-")		
Financial expenses (profit shall be indicated with "-")	-46,072,895.01	-1,152,076.14
Investment losses (gains expressed with "-")	-18,060,180.26	-21,723,618.81
Decrease in deferred income tax assets (increase shall be indicated with "-")	-31,185,395.96	-34,832,967.10
Increase in deferred income tax liabilities (decrease shall be indicated with "-")	1,412,608.38	-618,972.03
Decrease in inventories (increase shall be indicated with "-")	125,001,086.13	83,112,866.12
Decrease in operating receivables (increase shall be indicated with "-")	202,662,034.39	80,656,601.27
Increase in operating payables (decrease expressed with "-")	-667,659,189.97	-37,946,892.42
Others		
Net cash flow from operating activities	414,005,591.39	959,732,853.23
2. Non-cash flow-involved major investing and financing activities:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under financing leases		
3. Net increase/decrease in cash and cash equivalents:		
Ending balance of cash	1,016,889,300.64	5,777,869,909.08
Less: cash beginning balance	1,878,166,358.09	5,196,414,341.74
Add: ending balance of cash equivalents		
Less: cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	-861,277,057.45	581,455,567.34

## (2) Composition of cash and cash equivalents

In RMB

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

I. Cash	1,016,889,300.64	1,878,166,358.09
Including: cash on hand	232,660.84	62,267.64
deposits available for payment at any time	1,015,800,859.35	1,877,703,911.46
other cash and cash equivalents available for payment at any time	855,780.45	400,178.99
III. Balance of cash and cash equivalents at the end of the period	1,016,889,300.64	1,878,166,358.09

## 56. Foreign currency monetary item

### (1) Foreign currency monetary item

In RMB

Item	Ending balance in foreign currency	Exchange rate for conversion	Ending balance in RMB
Cash and cash equivalents			
Including: USD	2,114,505.84	7.1268	15,069,660.22
EUR	5,853.93	7.6617	44,851.06
Hong Kong Dollar	21.90	0.91268	19.99
Australian Dollar	513.85	4.765	2,448.50
Accounts receivable			
Including: USD	3,849,841.39	7.1268	27,437,049.62
EUR			
Hong Kong Dollar			
Australian Dollar	30.00	4.765	142.95

(2) Description for overseas operating entities, including the disclosure of the main business location overseas, bookkeeping base currency and selection basis for the important business entity overseas as well as the reason for the change of bookkeeping base currency (if any).

Applicable Not applicable

## VIII. R&D expenditure

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Total	178,373,820.48	172,734,141.15
Including: Expensed R&D expenditure	178,373,820.48	172,734,141.15

## IX. Changes in the scope of consolidated financial statements

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

On January 26, 2024, the General Manager's Office Meeting passed the following resolution: Robam Appliances Holding (HK) Co., Ltd. establishes a wholly-owned subsidiary, Robam Appliances U.S.

Holding Co., Ltd., with a registered capital of USD 5,000. Robam Appliances U.S. Holding Co., Ltd. and WGSZ HOLDING LLC jointly establishes Robam Appliances Los Angeles Trade, with a registered capital of USD 10,000. Robam Appliances U.S. Holding Co., Ltd. holds 70% of the shares, while WGSZ HOLDING LLC holds 30%. Robam Appliances Los Angeles Trade will primarily engage in the sales of large household kitchen appliances.

On January 29, 2024, Robam Appliances U.S. Holding Co., Ltd. was officially established and obtained its registration certificate. The registered address is: 8 The Green, Ste A, Dover, DE 19901.

On March 26, 2024, Robam Appliances Los Angeles Trade was officially established and obtained its registration certificate. The registered address is: 324 S Diamond Bar Blvd, Unit Num 717, Diamond Bar, CA 91765.

On March 11, 2024, the General Manager's Office Meeting passed a resolution to establish Chengdu Robam Innovation Technology Co., Ltd. The Chengdu subsidiary completed its business registration on March 27, 2024, with a registered capital of RMB 5,000,000. The Unified Social Credit Code is 91510100MADF89W069. The legal representative is Ge Hao. The registered address is: 2902, 2903, 2904, Building A, No. 500, Tianfu Avenue Middle Section, Chengdu High-tech Zone, China (Sichuan) Pilot Free Trade Zone. The main business scope includes technology development and services.

## X. Interests in Other Entities

### 1. Equity in subsidiaries

#### (1) Composition of the Robam Group

In RMB

Subsidiary	Principal place of business	Registration place	Nature of business	Shareholding ratio		Acquisition method
				Direct	Indirect	
Beijing Robam Appliances Sales Co., Ltd.	Beijing	Beijing	Sales of kitchen appliances	100.00%		Business merger under common control
Shanghai Robam Appliances Sales Co., Ltd.	Shanghai	Shanghai	Sales of kitchen appliances	100.00%		Business merger under common control
Hangzhou MingQi Electric Co., Ltd.	Hangzhou	Hangzhou	Sales of kitchen appliances	100.00%		Acquisition upon its establishment
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of kitchen appliances	51.00%		Acquisition upon its establishment
Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.	Shengzhou	Shengzhou	Production and sales of kitchen appliances	51.00%		Business merger not under common control
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	Hangzhou	Hangzhou	Asset, investment management, etc.	100.00%		Acquisition upon its establishment
Zhejiang Cookingfuture Technology Co., Ltd.	Shengzhou	Shengzhou	Smart kitchen design		32.13%	Acquisition upon its establishment
Hangzhou Jinhe Electric	Hangzhou	Hangzhou	Sales of kitchen	100.00%		Acquisition upon its

Appliances Co., Ltd.	u	u	appliances	%		establishment
Robam Appliances Holding (HK) Co., Ltd.	Hong Kong	Hong Kong	Asset, investment management, etc.	100.00%		Acquisition upon its establishment
Robam International (HK) Trading Co., Ltd.	Hong Kong	Hong Kong	International trade of kitchen appliances		100.00%	Acquisition upon its establishment
Chengdu Robam Innovation Technology Co., Ltd.	Chengdu City	Chengdu City	Technology development and services	100.00%		Acquisition upon its establishment
Robam Appliances U.S. Holding Co., Ltd.	United States	United States	Asset, investment management, etc.		100.00%	Acquisition upon its establishment
Robam Appliances Los Angeles Trade Co., Ltd.	United States	United States	Sales of kitchen appliances		70.00%	Acquisition upon its establishment

Other description:

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

On January 6, 2022, Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd., a subsidiary of the Company, signed an *Equity Transfer Agreement* with Gongqingcheng Binglan Investment Partnership (Limited Partnership). According to the agreement, Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd. shall transfer its 7% equity stake in Cooking Future Technology Co., Ltd. to Gongqingcheng Binglan Investment Partnership (Limited Partnership). As a result, the equity stake of Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd. shall decrease from 70% to 63%, and the Company's stake shall decrease from 35.70% to 32.13%.

## (2) Major non-wholly owned subsidiaries

In RMB

Subsidiary	Proportion of shares held by minority shareholders	Gains/losses attributable to minority shareholders in the current period	Dividend declared and distributed to minority shareholders in the current period	Shengzhou Kinde Intelligent Kitchen
Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.	49.00%	-6,703,313.43		-98,129,106.28
Zhejiang Cookingfuture Technology Co., Ltd.	37.00%	-2,700,699.30		3,457,434.62
Robam Appliances Los Angeles Trade Co., Ltd.	30.00%	-1,049,009.80		-1,049,009.80

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

In RMB

Subsidiary	Ending balance						Beginning balance					
	Curren	Non-	Total	Curren	Non-	Total	Curren	Non-	Total	Curren	Non-	Total

	t assets	current assets	assets	t liabilities	current liabilities	liabilities	t assets	current assets	assets	t liabilities	current liabilities	liabilities
Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.	111,732,108.81	329,629,631.12	441,361,739.93	197,422,945.98	42,090,948.04	239,513,894.02	109,441,329.81	341,074,155.13	450,515,484.94	188,644,246.55	41,769,390.83	230,413,637.38
Zhejiang Cookingfuture Technology Co., Ltd.	24,279,040.43	6,854,603.08	31,133,643.51	21,789,225.65		21,789,225.65	17,730,954.22	7,438,578.53	25,169,532.75	8,525,927.58		8,525,927.58
Robam Appliances Los Angeles Trade Co., Ltd.	18,686,423.41		18,686,423.41	9,724,347.63		9,724,347.63						

In RMB

Subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating income	Net profit	Total comprehensive income	Operating cash flow	Operating income	Net profit	Total comprehensive income	Operating cash flow
Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.	52,276,506.48	-16,380,401.60	-16,380,401.60	-19,588,199.17	67,284,556.69	-10,892,781.85	-10,892,781.85	-37,399,921.57
Zhejiang Cookingfuture Technology Co., Ltd.	3,303,023.08	-7,299,187.31	-7,299,187.31	3,530,135.56	1,510,766.45	-6,034,482.41	-6,034,482.41	-8,517,161.83
Robam Appliances Los Angeles Trade Co., Ltd.	2,451,606.70	-3,496,699.32	-3,496,699.32	7,998,182.79				



## 2. Equity in joint ventures or associates

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

In RMB

	Ending balance/amount incurred in current period	Beginning balance/ amount incurred in last period
Joint venture:		
Total book value of investment	1,097,575.77	4,321,729.39
Totals of the following items calculated as per respective shareholding proportion		
--Net profit	-3,224,153.62	497,269.36
-Total comprehensive income	-3,224,153.62	497,269.36
Associated company:		
Total book value of investment	3,881,360.54	4,105,720.85
Totals of the following items calculated as per respective shareholding proportion		
--Net profit	-224,360.31	-788,324.74
-Total comprehensive income	-224,360.31	-788,324.74

Other description

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

## XI. Government grants

### 1. Government grants recognized based on receivables at the end of the reporting period

Applicable Not applicable

Reasons for not receiving the projected amount of government grants at the projected point in time

Applicable Not applicable

### 2. Liabilities involving government grants

Applicable Not applicable

In RMB

Account	Beginning balance	Added subsidy amount in the current period	Amount included in non-operating income in the current period	Amount transferred to other income in the current period	Other changes this period	Ending balance	Related to assets/income
Deferred income	136,538,254.74			11,038,705.47		125,499,549.27	Related to assets
Total	136,538,254.74			11,038,705.47		125,499,549.27	

### 3. Government grants included in the current profit or loss

Applicable Not applicable

In RMB

Account	Amount incurred in the current period	Amount incurred in the previous period
Other income	85,214,034.47	70,659,558.76

Other description:

## XII. Risks Relating to Financial Instruments

### 1. Various risks arising from financial instruments

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

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

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

- Market risk price risk

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

- Credit risk

As of June 30, 2024, the biggest credit risk exposure that may bring financial loss to the Company mainly comes from the Company's financial assets loss caused by the other party's failure to perform its obligations in the contract, particularly including the loss in the book value of recognized financial assets in the consolidated balance sheet.

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

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

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

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

Total amount of the top five accounts receivable: RMB 1,721,028,638.79.

Total amount of the top five other accounts receivable: RMB 29,489,661.18

- Liquidity risk

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

Balance on June 30, 2024

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
<b>Financial asset</b>					
Cash and cash equivalents	1,147,837,731.76				1,147,837,731.76
Financial assets held for trading	2,551,000,029.50				2,551,000,029.50
Notes receivable	368,798,633.67				368,798,633.67

Accounts receivable	1,863,130,927.89				1,863,130,927.89
Other receivables	86,770,440.47				86,770,440.47
Other current assets	1,548,608,076.94				1,548,608,076.94
Other non-current financial assets		580,000,000.00			580,000,000.00
Other non-current assets		20,000,000.00	3,220,000,000.00		3,240,000,000.00
<b>Financial liabilities</b>					
Short-term loans	115,003,320.70				115,003,320.70
Notes payables	993,551,028.00				993,551,028.00
Accounts payable	2,384,005,428.78				2,384,005,428.78
Other payables	290,336,577.77				290,336,577.77
Payroll payable	39,032,647.38				39,032,647.38
Other current liabilities	94,072,365.82				94,072,365.82
Non-current liabilities due within one year	2,163,637.20				2,163,637.20
Lease liabilities		2,488,952.25	5,148,043.33	2,706,464.25	10,343,459.83

- Sensitivity analysis of foreign exchange risk

The exchange rate risk borne by the Company is mainly associated with USD, Euro and AUD, etc. The Company's main business activities priced and settled in RMB. The Company's main business activities priced and settled in RMB. As of June 30, 2024, the Company's balances of assets and liabilities are in RMB (except for the balances of the assets and liabilities in foreign currency in "VI. 56 Monetary items in foreign currency" in this Note). Exchange risk resulting from the assets and liabilities whose balances are in foreign currency may affect the Company's performance.

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

### XIII. Disclosure of Fair Value

#### 1. Fair value at end of the period of assets and liabilities measured at fair value

In RMB

Item	Ending fair value			
	Fair value measurement (Level 1)	Fair value measurement (Level 2)	Fair value measurement (Level 3)	Total
Continuous fair value measurement	--	--	--	--
(I) Financial assets held for trading			2,551,000,029.50	2,551,000,029.50
1. Financial assets measured at fair value with changes included			2,551,000,029.50	2,551,000,029.50

in current profit or loss				
(I) Financial products			2,551,000,029.50	2,551,000,029.50
(III) Investment in other equity instruments			2,116,023.22	2,116,023.22
(VI) Other non-current financial assets			580,000,000.00	580,000,000.00
I. Financial assets measured at fair value with changes included in current profit or loss			580,000,000.00	580,000,000.00
(1) Financial products			580,000,000.00	580,000,000.00
Total assets measured continuously at fair value			3,133,116,052.72	3,133,116,052.72
II. Non-continuous fair value measurement	--	--	--	--

## 2. Valuation techniques adopted and qualitative and quantitative information on important parameters for the items involved in Level 3 continuous and non-continuous fair value measurement

Item	June 30, 2024 Fair value	Valuation techniques	Significant unobservable value	Relationship between unobservable value and fair value
financial products	3,131,000,029.50	Optimal fair value estimation	Investment cost	—
Investment in other equity instruments	2,116,023.22	Optimal fair value estimation	Investment cost	—

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

## XIV. Related Party and Related Party Transactions

### 1. The Company's parent company

Parent company	Registration place	Nature of business	Registered capital	Proportion of the voting right of the parent company	Proportion of Company's shares held by the parent company in the Company
Hangzhou Robam Industrial Group Co., Ltd.	Hangzhou, Zhejiang	Investment and industrial management	RMB 60 million	49.68%	49.68%

Description of the parent company

The ultimate controlling party of the Company is Ren Jianhua.

## 2. The Company's subsidiaries

See Note "Equity in Subsidiaries" for more about the Company's subsidiaries.

## 3. The Company's joint ventures and associated companies

See Note "Immaterial joint ventures and associates" for more about the Company's joint ventures or associated companies.

## 4. Other related parties

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

## 5. Related transactions

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

Table of the purchasing of goods and receiving of labor services

In RMB

Related parties	Description of the related transaction	Amount incurred in the current period	Trading limit approved	Whether exceeds the approved limited or not (Y/N)	Amount incurred in the previous period
Hangzhou Runqun Hardware Co., Ltd.	Purchase of goods	5,024,244.72			3,569,947.74
Hangzhou Xiaozhijia Health Care Product Co., Ltd.	Purchase of goods	1,528,600.79			1,046,680.73
Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.	Purchase of goods	1,405,582.77			439,198.72
Hangzhou Amblem Household Co., Ltd.	Purchase of goods	1,015,191.01			845,058.44
Hangzhou City Garden Hotel Co., Ltd.	Receiving of labor services	852,662.55			
Hangzhou Yuhang Robam Fuel Station Co., Ltd.	Purchase of goods	394,469.78			429,770.25
Hangzhou Guoguang Touring Commodity Co., Ltd.	Purchase of goods	13,982.30			13,954.34
Hangzhou Yuhang Yaguang Spray Coating Factory	Receiving of labor services				805,737.85
Hangzhou Bonyee Daily	Purchase of				4,470.08

Necessity Technology Co., Ltd.	goods			
Total		10,234,733.92		7,154,818.15

Goods Sales/labor service provision

In RMB

Related parties	Description of the related transaction	Amount incurred in the current period	Amount incurred in the previous period
Hangzhou Linping ROBAM Charity Foundation	Sale of goods	1,124,610.65	1,001,649.72
Hangzhou Amblem Household Co., Ltd.	Sale of goods	976,921.25	1,629,834.52
Hangzhou Nbond Nonwovens Co., Ltd.	Sale of goods	15,216.05	16,429.20
Total		2,116,747.95	2,647,913.44

**(2) Related lease**

The Company acts as the lessor:

In RMB

Lessee	Type of leased asset	Rental income recognized in the current period	Rental income recognized in the previous period
Hangzhou Robam Industrial Group Co., Ltd.	Housing	14,400.00	14,400.00
Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.	Housing	339,922.70	235,163.52

The Company acts as the Lessee:

In RMB

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

**(3) Benefits of key management personnel**

Unit: RMB 10,000

Item	Amount incurred in the current period	Amount incurred in the previous period
Total remuneration	RMB 4,120,900	RMB 4,279,000

## 6. Receivables and payables of related parties

### (1) Accounts receivable

In RMB

Project	Related parties	Ending balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Hangzhou Linping ROBAM Charity Foundation	1,089,782.00	54,489.10		
Accounts receivable	De Dietrich Appliances Trading (Shanghai) Co., Ltd.	1,051,825.87	52,591.29	1,051,825.87	52,591.29
Accounts receivable	Hangzhou Amblem Household Co., Ltd.	176,456.00	8,822.80		
Prepayments	Hangzhou Amblem Household Co., Ltd.	20,000.00			
Total		2,338,063.87	115,903.19	1,051,825.87	52,591.29

### (2) Accounts payable

In RMB

Project	Related parties	Book balance at the end of the period	Initial book balance at the beginning of the period
Accounts payable	Hangzhou Yuhang Robam Fuel Station Co., Ltd.	4,182,748.79	3,736,997.95
Accounts payable	Hangzhou Runqun Hardware Co., Ltd.	3,438,501.95	4,936,378.35
Accounts payable	Hangzhou Amblem Household Co., Ltd.	1,115,529.19	1,366,001.27
Accounts payable	Shaoxing Shuaige Kitchen and Bathroom Technology Co., Ltd.	423,399.45	
Accounts payable	Hangzhou Xiaozhijia Health Care Product Co., Ltd.	396,601.29	
Other payables	Hangzhou Runqun Hardware Co., Ltd.	200,000.00	200,000.00
Other payables	Hangzhou Amblem Household Co., Ltd.	5,000.00	5,000.00
Other payables	Hangzhou Guoguang Touring Commodity Co., Ltd.	2,000.00	2,000.00
Total		9,763,780.67	10,246,377.57

## XV. Share-based Payment

### 1. Overview of share payment

Applicable Not applicable

Unit: RMB 10,000

Category of	Awarded during the	Exercise during the period	Unlocking in the current	Expired in the current
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grant recipients	period				period		period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Management personnel	569.00	5,193.26			90.18	302.96	319.08	1,380.47
Total	569.00	5,193.26			90.18	302.96	319.08	1,380.47

Stock options or other equity instruments issued at the end of the period and held by external parties

Applicable Not applicable

Other description

On May 16, 2024, the Company held the 2023 Annual General Meeting of Shareholders and deliberated and adopted the *Proposal on 2024 Stock Option Incentive Plan (Draft) of the Company and Its Summary* and other related proposals. On May 20, 2021, the 6th Meeting of the 6th Board of Directors of the Company deliberated and approved the *Proposal on the Granting Stock Options to Incentive Targets*. The stock option incentive grant date was May 20, 2024. A total of 337 individuals were granted options, amounting to 5.69 million shares, with an exercise price of RMB 18.92 per share. On June 24, 2024, the stock option grants were officially registered.

On June 20, 2024, the 8th meeting of the 6th board of directors and the 8th meeting of the 6th board of supervisors reviewed and approved the *Proposal on the Achievement of Exercise Condition during the First Exercise Period of the 2023 Stock Option Incentive Plan*. The exercise condition of the first exercise period of the 2023 stock option incentive plan has been met. Of the 293 eligible individuals, a total of 901,800 stock options are exercisable at an exercise price of RMB 21.01 per share. As of June 30, 2024, no incentives have been exercised.

## 2. Equity-settled share-based payment

Applicable Not applicable

In RMB

Method for determining the fair value of equity instruments on the grant date	The Company evaluates the fair value of stock options using the internationally recognized Black-Scholes option pricing model.
Important parameters for determining the fair value of equity instruments on the grant date	Best estimate of the number of vested equity instruments
basis for determining the number of vested equity instruments	N/A
Reasons for material differences between the current estimate and the previous estimate	N/A
Cumulative amount of equity-settled share-based payments included in the capital reserve	18,333,587.85
Total expense recognized for equity-settled share-based payments in the current period	8,698,813.25

## 3. Cash-settled share-based payment

Applicable Not applicable

**4. Share-based payment for the current period**

Applicable Not applicable

In RMB

Category of grant recipients	Equity-settled share-based payment expense	Cash-settled share-based payment expense
Management personnel	8,698,813.25	
Total	8,698,813.25	

**XVI. Commitments and Contingencies****1. Major commitments****(1) Major commitments on the balance sheet date**

Investment commitments to subsidiaries and associates

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

Apart from the above-mentioned commitments, the Company has no other significant commitments.

**2. Contingencies****(1) It's also necessary to make it clear hereby that the Company has no major contingencies that need to be disclosed**

The Company has no significant or pending matters that need to be disclosed.

**XVII. Events After the Balance Sheet Date****1. Profit distribution**

The proposed dividend per 10 shares (RMB)	5
The proposed number of bonus shares per 10 shares (shares)	0
The proposed number of additional shares per 10 shares (shares)	0
The dividend per 10 shares declared and approved for distribution (RMB)	5
The number of bonus shares per 10 shares declared and approved for distribution (shares)	0
The number of additional shares per 10 shares declared and approved for distribution (shares)	0
Profit distribution	As of June 30, 2024, the undistributed profits of the parent company amounted to RMB 9,349,860,281.22. According to

	<p>the resolution of the board of directors, the Company plans to implement mid-term dividend distribution to reward its shareholders. The specific dividend distribution plan is as follows:</p> <p>(1) The Company plans to distribute cash dividends of RMB 5 per 10 shares (including tax) to all shareholders, based on the total share capital of 944,127,316 shares as of July 31, 2024. The total amount of dividends to be distributed is RMB 472,063,658.00.</p> <p>(2) Purpose of mid-term dividend distribution: first, to meet the needs of the Company's long-term stable and healthy development; second, to increase cash dividend distribution to boost market confidence, while ensuring that the Company's normal operations and long-term development are not affected; third, to actively reward shareholders, share the Company's development dividends with them, and enhance their sense of gain.</p> <p>If the Company's share capital changes due to reasons such as new shares being listed, stock option exercises, convertible bonds being converted into shares, or share repurchases between the announcement of the distribution plan and the equity registration date for the dividend distribution, adjustments will be made based on the principle of "maintaining the distribution ratio and adjusting the total distribution amount accordingly".</p>
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## 2. Subsequent events after the balance sheet date

### 1. Important non-adjustment matters

#### (1) Debt restructuring matters after the period

As of the reporting date, the Company has entered into new debt settlement agreements with accounts receivable amounting to RMB 24.0659 million. For agreements signed prior to the semi-annual period of 2024, RMB 8.9441 million has been processed through online signing and property transfer procedures between the balance sheet date and the reporting date.

Apart from the above-mentioned matters, the Company has no other significant subsequent events.

#### (2) Inventory stock cancellation

On June 3, 2024, the Company held the 7th meeting of the 6th board of directors and the 7th meeting of the 6th supervisory board, where the *Proposal to Cancel Repurchased A-shares and Reduce the Registered Capital by Amending the Articles of Association* was approved. The Company plans to cancel 4,929,134 shares held in its repurchase special securities account. On June 19, 2024, the Company's first extraordinary general meeting of shareholders for 2024 was convened, which deliberated and approved the *Proposal to Cancel Repurchased A-shares and Reduce the Registered Capital by Amending the Articles of Association*. The cancellation was completed on July 3, 2024.

## XVIII. Other Significant Events

### 1. Debt restructuring

As of June 30, 2024, the Company's situation regarding the signing of agreement on properties exchanged for construction services and the completion of procedures for purchasing houses through online signing is as follows:

Item	Amount of debt repayment agreement signed	Including: Amount required for completion of procedures for online signing and delivery of houses	Amount required in case of unfinished procedures for online signing or delivery of houses
Real estate clients	569,023,648.37	134,223,212.67	434,800,435.70
<b>Total</b>	<b>569,023,648.37</b>	<b>134,223,212.67</b>	<b>434,800,435.70</b>

The Company signed an agreement on properties exchanged for construction services with the aforementioned real estate clients, involving a total accounts receivable balance of RMB 569,023,600. The procedures for online signing and delivery of the portion of RMB 139,726,900 has been completed, and the recognition of creditor's rights on accounts receivable has been terminated. The fair value of the real estate used for debt repayment at the time point of debt restructuring is presented in the item of other non-current assets, with a fair value of the portion of RMB 139,726,900 confirmed through public market inquiry. The Company paid a price difference of RMB 5,503,700 in cash. At the time point of debt restructuring, there was no profit or loss from the restructuring. The procedures for online signing and filing of the houses have not yet been completed for the remaining portion of RMB 434,800,400. The Company has not terminated the recognition of the creditor's rights on accounts receivable and has made a bad debt provision at an expected credit loss rate of 35%.

## XIX. Notes to Main Items of the Financial Statements of the Parent Company

### 1. Accounts receivable

#### (1) Disclosure by aging of accounts

In RMB

Age	Book balance at the end of the period	Initial book balance at the beginning of the period
Within 1 year (including 1 year)	1,498,585,068.97	1,489,994,730.67
1-2 years	510,711,550.14	472,477,129.39
2-3 years	694,954,788.07	885,752,898.72
More than 3 years	308,799,643.65	45,010,462.60
3-4 years	297,161,038.69	34,537,581.13
4-5 years	5,845,857.62	6,215,681.25
More than 5 years	5,792,747.34	4,257,200.22

Total	3,013,051,050.83	2,893,235,221.38
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**(2) Classification of disclosure according to the bad debt provision method**

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Accounts receivable with individual bad debt provisions	1,542,170,003.24	51.18%	1,040,575,707.96	67.47%	501,594,295.28	1,550,300,627.39	53.58%	1,053,487,050.41	67.95%	496,813,576.98
Including:										
Accounts receivable with a collective bad debt provision	1,470,881,047.59	48.82%	93,068,383.60	6.33%	1,377,812,663.99	1,342,934,593.99	46.42%	83,899,580.41	6.25%	1,259,035,013.58
Including:										
Accounts receivable grouped according to related parties	181,016,597.89	6.01%			181,016,597.89	98,882,576.05	3.42%			98,882,576.05
Aging combination	1,289,864,449.70	42.81%	93,068,383.60	7.22%	1,196,796,066.10	1,244,052,017.94	43.00%	83,899,580.41	6.74%	1,160,152,437.53
Total	3,013,051,050.83	100.00%	1,133,644,091.56	37.62%	1,879,406,959.27	2,893,235,221.38	100.00%	1,137,386,630.82	39.31%	1,755,848,590.56

Category by individual bad debt provision:

In RMB

Name	Beginning balance		Ending balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Percentage of provision	Reasons for provision

Unit 1	660,039,726.23	660,039,726.23	658,945,936.78	658,945,936.78	100.00%	Expected to be difficult to recover
Unit 2	364,027,062.34	109,208,118.70	337,200,324.44	101,160,097.33	30.00%	Expected to be difficult to fully recover
Unit 3	201,626,455.66	86,259,958.01	241,053,412.05	105,439,212.41	43.74%	Expected to be difficult to fully recover
Unit 4	103,644,563.87	62,549,255.29	95,720,766.37	61,418,433.11	64.16%	Expected to be difficult to fully recover
Unit 5	29,833,027.36	20,883,119.15	27,931,724.10	14,952,948.85	53.53%	Expected to be difficult to fully recover
Unit 6	28,796,628.81	12,808,177.77	28,769,213.01	10,387,277.95	36.11%	Expected to be difficult to fully recover
Unit 7	25,826,189.64	17,748,183.70	23,326,159.14	14,689,394.40	62.97%	Expected to be difficult to fully recover
Unit 8	22,983,529.61	15,004,193.26	21,737,772.41	10,699,859.15	49.22%	Expected to be difficult to fully recover
Unit 9	15,100,611.29	8,471,506.90	15,028,917.55	8,113,002.52	53.98%	Expected to be difficult to fully recover
Unit 10	13,643,117.43	7,265,607.25	13,818,085.83	7,388,085.13	53.47%	Expected to be difficult to fully recover
Unit 11	11,403,482.66	6,897,017.86	9,080,624.77	5,372,708.62	59.17%	Expected to be difficult to fully recover
Unit 12	9,391,156.30	4,698,425.06	8,175,161.48	3,847,228.69	47.06%	Expected to be difficult to fully recover
Unit 13	9,180,961.06	9,180,961.06	9,180,961.06	9,180,961.06	100.00%	Expected to be difficult to recover
Unit 14	8,175,007.62	3,440,071.29	8,175,007.62	3,440,071.29	42.08%	Expected to be difficult to fully recover
Unit 15	7,305,800.75	5,114,060.53	7,151,711.18	2,896,821.17	40.51%	Expected to be difficult to fully recover
Unit 16	3,921,670.93	2,745,169.65	5,133,382.93	3,593,368.05	70.00%	Expected to be difficult to fully recover
Unit 17	3,616,362.19	2,531,453.53	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	3,584,790.07	1,672,115.95	46.64%	Expected to be difficult to fully recover
Unit 19	3,310,609.08	1,715,551.82	3,519,010.46	1,829,963.77	52.00%	Expected to be difficult to fully recover
Unit 20	3,056,422.32	1,145,907.85	1,746,554.15	1,222,587.91	70.00%	Expected to be difficult to fully

						recover
Others	22,100,988.45	14,225,744.95	19,274,125.65	11,794,180.29	61.19%	Expected to be difficult to fully recover
Total	1,550,300,627.39	1,053,487,050.41	1,542,170,003.24	1,040,575,707.96		

Category for bad debts provision by combination: In the combination, provision for bad debts of accounts receivable is provided by associated parties

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Percentage of provision
Less than 1 year	181,016,597.89		
1-2 years			
2-3 years			
3-4 years			
4-5 years			
More than 5 years			
Total	181,016,597.89		

Category for bad debt provision by combination: In the combination, bad debt provision for accounts receivable is provided by account age

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Percentage of provision
Less than 1 year	1,061,052,147.81	53,052,607.75	5.00%
1-2 years	146,747,758.44	14,674,775.84	10.00%
2-3 years	58,503,911.02	11,700,782.20	20.00%
3-4 years	18,650,546.32	9,325,273.16	50.00%
4-5 years	2,975,707.28	2,380,565.82	80.00%
More than 5 years	1,934,378.83	1,934,378.83	100.00%
Total	1,289,864,449.70	93,068,383.60	

If provision for bad debts of accounts receivable is made according to the general model of expected credit loss:

Applicable Not applicable

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

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-off	Others	
Bad debt reserves for accounts receivable	1,137,386,630.82	75,039,320.20	76,760,426.90	2,021,432.56		1,133,644,091.56
Total	1,137,386,630.82	75,039,320.20	76,760,426.90	2,021,432.56		1,133,644,091.56

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

In RMB

Unit	Amount of recovery or reversal	Reason for reversal	Recovery method	Basis and rationality of determining the original provision ratio for bad debts
Unit 1	35,932,304.06		Bank transfers, offsets	
Unit 2	12,943,912.34		Bank transfers, house mortgage	
Unit 3	8,367,635.05		Bank transfers, house mortgage	
Unit 4	2,911,247.95		Bank transfers, house mortgage	
Unit 5	2,884,489.50		Bank transfers, house mortgage	
Unit 6	2,502,618.17		Bank transfers, house mortgage	
Unit 7	2,131,401.24		Bank transfers, house mortgage	
Unit 8	1,982,739.60		Bank transfers, house mortgage	
Unit 9	1,032,855.13		Bank transfers, house mortgage	
Unit 10	912,030.00		Bank transfers, house mortgage	
Unit 11	881,524.45		Bank transfers, house mortgage	
Unit 12	853,100.00		Bank transfers, house mortgage	
Unit 13	825,000.00		Bank transfers, house mortgage	
Unit 14	675,000.00		Bank transfers, house mortgage	
Unit 15	673,076.70		Bank transfers, house mortgage	
Unit 16	552,430.80		Bank transfers, house mortgage	
Others	699,061.91		Bank transfers, house mortgage	
<b>Total</b>	<b>76,760,426.90</b>			

#### (4) Accounts receivable actually written off in the current period

In RMB

Item	Amounts written off
Accounts receivable actually written off	2,021,432.56

Important accounts receivable write-offs:

In RMB

Unit	Nature of accounts receivable	Amounts written off	Reason for write-offs	Write-off procedures performed	Whether the amount arises from an associated transaction
Unit 1	Payment for goods	881,524.45	Expected to be irrecoverable	Management approval	No



Unit 2	Payment for goods	266,206.00	Expected to be irrecoverable	Management approval	No
Unit 3	Payment for goods	260,915.00	Expected to be irrecoverable	Management approval	No
Unit 4	Payment for goods	116,277.00	Expected to be irrecoverable	Management approval	No
Unit 5	Payment for goods	85,625.00	Expected to be irrecoverable	Management approval	No
Other Subtotal	Payment for goods	410,885.11	Expected to be irrecoverable	Management approval	No
Total		2,021,432.56			

**(4) Top five debtors with the largest ending balances of accounts receivable and contract assets**

In RMB

Unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in the total ending balance of accounts receivable and contract assets	Ending balance of provision for bad debts on accounts receivable and impairment of contract assets
Unit 1	658,945,936.78		658,945,936.78	21.87%	658,945,936.78
Unit 2	337,200,324.44		337,200,324.44	11.19%	101,160,097.33
Unit 3	275,838,561.72		275,838,561.72	9.15%	13,791,928.09
Unit 4	241,053,412.05		241,053,412.05	8.00%	105,439,212.29
Unit 5	95,720,766.37		95,720,766.37	3.18%	61,418,433.11
Total	1,608,759,001.36		1,608,759,001.36	53.39%	940,755,607.60

**2. Other receivables**

In RMB

Item	Ending balance	Beginning balance
Other receivables	78,302,506.11	46,761,052.06
Total	78,302,506.11	46,761,052.06

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

In RMB

Nature of receivable	Book balance at the end of the period	Initial book balance at the beginning of the period
Collections by a third party	53,190,022.42	26,915,796.30
Guarantee and security deposits	20,529,567.47	26,557,958.62
Related transactions	4,064,000.00	4,064,000.00
Cash reserve	3,308,572.88	1,409,298.88
Withholdings	6,730,272.87	3,488,318.88
Proxy holding of properties exchanged for construction services	2,094,110.00	2,094,110.00
Others	3,205,258.76	83,894.77
Total	93,121,804.40	64,613,377.45

## 2) Disclosure by aging of accounts

In RMB

Age	Book balance at the end of the period	Initial book balance at the beginning of the period
Within 1 year (including 1 year)	73,826,959.96	39,791,252.20
1-2 years	3,858,897.97	5,238,428.30
2-3 years	4,561,836.65	4,102,774.20
More than 3 years	10,874,109.82	15,480,922.75
3-4 years	2,776,152.17	2,411,698.15
4-5 years	1,422,867.85	1,924,707.80
More than 5 years	6,675,089.80	11,144,516.80
Total	93,121,804.40	64,613,377.45

## 3) Classification of disclosure according to the bad debt provision method

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage of provision		Amount	Percentage (%)	Amount	Percentage of provision	
Provision for bad debts by individual item	2,094,110.00	2.25%	732,938.50	35.00%	1,361,171.50	2,094,110.00	3.24%	732,938.50	35.00%	1,361,171.50
Including:										
Collective bad debt provision	91,027,694.40	97.75%	14,086,359.79	15.47%	76,941,334.61	62,519,267.45	96.76%	17,119,386.89	27.38%	45,399,880.56
Including:										
Aging combination	91,027,694.40	97.75%	14,086,359.79	15.47%	76,941,334.61	62,519,267.45	96.76%	17,119,386.89	27.38%	45,399,880.56
Total	93,121,804.40	100.00%	14,819,298.29	15.91%	78,302,506.11	64,613,377.45	100.00%	17,852,325.39	27.63%	46,761,052.06

Category by individual bad debt provision:

In RMB

Name	Beginning balance		Ending balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Percentage of provision	Reasons for provision
Unit 1	800,000.00	280,000.00	800,000.00	280,000.00	35.00%	Expected impairment

Unit 2	636,327.00	222,714.45	636,327.00	222,714.45	35.00%	Expected impairment
Unit 3	657,783.00	230,224.05	657,783.00	230,224.05	35.00%	Expected impairment
Total	2,094,110.00	732,938.50	2,094,110.00	732,938.50		

Collective bad debt provision:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Percentage of provision
Within 1 year (including 1 year)	71,732,849.96	3,586,642.49	5.00%
1-2 years	3,858,897.97	385,889.80	10.00%
2-3	4,561,836.65	912,367.33	20.00%
3-4 years	2,776,152.17	1,388,076.09	50.00%
4-5	1,422,867.85	1,138,294.28	80.00%
More than 5 years	6,675,089.80	6,675,089.80	100.00%
Total	91,027,694.40	14,086,359.79	

Provision for bad debts according to the general model of expected credit loss:

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss over the entire duration (with credit impairment)	
Balance as of January 01, 2024	17,119,386.89	732,938.50		17,852,325.39
Balance on January 01, 2024 in the current period				
Provision in the current period	-3,033,027.10			-3,033,027.10
Balance as of June 30, 2024	14,086,359.79	732,938.50		14,819,298.29

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

Applicable Not applicable**4) Bad debt provision, and its recovery or reversal in the current period**

Provision for bad debts in the current period:

In RMB

Type	Beginning balance	Amount of change in the current period				Ending balance
		Provision	Recovery or reversal	Write-offs	Others	
Bad debt provision for other receivables	17,852,325.39	-3,033,027.10				14,819,298.29
Total	17,852,325.39	-3,033,027.10				14,819,298.29

**5) The actual write-off of other receivables in this period**

There are no other actual receivables written off in this period.

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

In RMB

Unit	Nature of receivable	Ending balance	Age	Proportion in the total ending balance of other accounts receivable	Ending balance of bad debt provision
Unit 1	Collections by a third party	12,986,415.91	With 1 year	13.95%	649,320.80
Unit 2	Collections by a third party	6,932,252.09	With 1 year	7.44%	346,612.60
Unit 3	Loan	4,064,000.00	More than 5 years	4.36%	4,064,000.00
Unit 4	Collections by a third party	3,672,008.02	With 1 year	3.94%	183,600.40
Unit 5	Withholdings	3,367,719.31	With 1 year	3.62%	168,385.97
Total		31,022,395.33		33.31%	5,411,919.77

**3. Long-term equity investment**

In RMB

	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	288,639,391.37	20,400,000.00	268,239,391.37	270,909,357.60	20,400,000.00	250,509,357.60
Investments in joint ventures and associated companies	1,700,104.08		1,700,104.08	4,961,672.03		4,961,672.03
Total	290,339,495.45	20,400,000.00	269,939,495.45	275,871,029.63	20,400,000.00	255,471,029.63

**(1) Investment in subsidiaries**

In RMB

Investee	Beginning balance (book value)	Beginning balance of impairment provision	Increase/decrease in the current period				Ending balance (book value)	Ending balance of impairment provision
			Additional investment	Negative investment	Impairment provision	Others		
Shengzhou Kinde Intelligent Kitchen Appliance Co., Ltd.	162,320.00	0.00	0.00				162,320.00	0.00
Hangzhou MingQi Electric	52,316,304.68		280,973.22				52,597,277.90	

Co., Ltd.								
De Dietrich Household Appliances Trading (Shanghai) Co., Ltd.	630,900.00	20,400,000.00	0.00				630,900.00	20,400,000.00
Shanghai Robam Appliances Sales Co., Ltd.	5,838,272.10		0.00				5,838,272.10	
Beijing Robam Appliances Sales Co., Ltd.	5,814,980.82		0.00				5,814,980.82	
Hangzhou Robam Fuchuang Investment Management Co., Ltd.	10,000,000.00		0.00				10,000,000.00	
Hangzhou Jinhe Electric Appliances Co., Ltd.	10,000,000.00		21,490.97				10,021,490.97	
Robam Appliances Holding (HK) Co., Ltd.	3,588,900.00		12,414,675.00				16,003,575.00	
Chengdu Robam Innovation Technology Co., Ltd.			5,012,894.58				5,012,894.58	
<b>Total</b>	<b>250,509,357.60</b>	<b>20,400,000.00</b>	<b>17,730,033.77</b>				<b>268,239,391.37</b>	<b>20,400,000.00</b>

## (2) Investment in joint ventures and associated companies

In RMB

Investor	Beginning balance (book value)	Beginning balance of impairment provision	Increase/decrease in the current period								Ending balance (book value)	Ending balance of impairment provision
			Additional investment	Negative investment	Investment profit or loss recognized using the equity method	Adjustment of other comprehensive incomes	Other changes in equity	Cash dividends or profits declared and distributed	Impairment provision	Others		
I. Joint venture												

De Dietrich Trade (Shanghai) Co., Ltd.	4,321,729.39				-	3,224,153.62					1,097,575.77	
Sub-total	4,321,729.39				-	3,224,153.62					1,097,575.77	
II. Associated companies												
Zhejiang Tingshuo Brand Operation Management Co., Ltd.	639,942.64				-	37,414.33					602,528.31	
Sub-total	639,942.64				-	37,414.33					602,528.31	
Total	4,961,672.03				-	3,261,567.95					1,700,104.08	

Recoverable amount is determined as fair value less costs of disposal

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows

Applicable Not applicable

#### 4. Operating income and operating cost

In RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	4,244,513,191.19	2,257,722,536.75	4,362,487,508.28	2,211,299,281.37
Other businesses	125,388,591.10	30,056,323.88	127,661,267.93	61,625,299.63
Total	4,369,901,782.29	2,287,778,860.63	4,490,148,776.21	2,272,924,581.00

#### 5. Investment income

In RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from long-term equity investments accounted for using the equity method	-3,261,567.95	-1,019,723.65
Investment income during holding of financial assets for trading	21,492,000.00	22,815,337.74
Total	18,230,432.05	21,795,614.09

## XX. Supplementary Information

### 1. Breakdown of non-recurring profits and losses in the current period

Applicable Not applicable

In RMB

Item	Amount	Description
Gains and losses on disposal of non-current assets	-762,764.73	
Government subsidies included in current gains and losses (excluding government subsidies closely related to the Company's normal business, enjoyed in line with national policy and established standards, and having a sustained impact on the Company's gains and losses).	47,398,220.55	
Reversal of impairment provision for accounts receivable tested for impairment separately	76,760,426.90	
Other non-operating revenues and expenses except the above items	-2,205,082.29	
Less: Affected amount of income tax	18,416,180.25	
Affected amount of minority shareholders' equity (after tax)	1,173,943.32	
Total	101,600,676.86	--

Other items of gains and losses meeting the definition of non-recurring gains and losses:

Applicable Not applicable

The Company does not have other items of gains and losses meeting the definition of non-recurring gains and losses

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

Applicable Not applicable

Item	Amount (in RMB)	Reasons
VAT exemption, reduction or refund	37,394,570.29	National tax policy, regular business
Refund of individual income tax handling fee	421,243.63	National tax policy, regular business
Total	37,815,813.92	

### 2. Return on equity and earnings per share (EPS)

Profit within the Reporting Period	Weighted average return on net assets	EPS	
		Basic EPS (RMB/share)	Diluted EPS (RMB/share)
Net profit attributable to common stockholders of the Company	7.01%	0.80	0.80
Net profit attributable to common shareholders of the	6.08%	0.69	0.69

Company after deducting non-recurring profits and losses			
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### 3. Accounting data differences under domestic and foreign accounting standards

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

### 4. Others

N/A