

Stock code: 002508

Abbreviation of securities: Robam

Announcement No.:2019-032

Hangzhou Robam Appliances Co., Ltd. 2019 Semiannual Report Summary

I. Important Notes

This summary is extracted from the full semiannual report. In order to fully understand the Company's operating results, financial status and future development plan, investors should read the full semiannual report carefully disclosed on the media designated by China Securities Regulatory Commission (CSRC).

Statement of objections by directors, supervisors and senior management

Applicable Not applicable

Notes of non-standard audit opinion

Applicable Not applicable

The plan for the common stock profit distribution or the plan for converting reserved funds into share capital during the reporting period was reviewed by the board meeting

Applicable Not applicable

The company plans not to distribute cash dividends, not to send bonus stocks, not to convert reserved funds into share capital.

The plan for the distribution of preferred stock profits during the reporting period is adopted by the board of directors through resolution

Applicable Not applicable

II. Basic status of company

1. Company profile

Stock abbreviation	Robam	Stock code	002508
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact person and contact information	Secretary to the board of directors	Securities affairs representative	
Name	Wang Gang		
Office address	No. 592 Linping Av., Yuhang Economic Development Zone, Hangzhou, China		
Tel	0571-86187810		
Email	wg@robam.com		

2. Major Accounting Data and Financial Indicators

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

Yes No

	Reporting period	Amount for corresponding period last year	Increase / decrease this year compared to the previous year
Operating income (yuan)	3,527,413,882.96	3,496,662,565.47	0.88%
Net profits attributable to shareholders of listed companies	670,403,994.20	660,339,506.06	1.52%

(yuan)			
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses (yuan)	622,539,579.01	596,465,164.81	4.37%
Net cash flow from operating activities (yuan)	658,691,084.58	1,121,788,027.98	-41.28%
Basic EPS (yuan/share)	0.71	0.70	1.43%
Diluted EPS (yuan/share)	0.71	0.70	1.43%
Weighted average return on net assets	10.51%	12.07%	-1.56%
	End of the reporting period	End of previous year	Increase / decrease at the end of this reporting period compared to the end of the previous year
Total assets (yuan)	9,451,869,196.46	9,455,361,508.83	-0.04%
Net assets attributable to shareholders of listed companies (yuan)	5,960,135,662.02	6,045,384,387.57	-1.41%

3. Number and shareholding of the company's shareholders

Unit: share

Total number of common shareholders at the end of the reporting period	67,606	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any)	0			
Shareholdings of the top 10 shareholders						
Shareholder's name	Shareholder nature	Shareholding ratio	Number of shares held	Number of shares held with limited sales conditions	Pledge or freeze	
					Status of shares	Quantity
Hangzhou Robam Industrial Group Co., Ltd.	Domestic non-state legal person	49.68%	471,510,000			
Hong Kong Securities Clearing Co. Ltd.	Overseas legal person	9.00%	85,408,035			
Shen Guoying	Domestic natural person	1.29%	12,240,000			
China Merchants Bank Co. Ltd. – Everbright PGIM Advantageous Hybrid Securities Investment Fund	Other	1.16%	10,980,236			
China Construction Bank Co., Ltd. – Anxin Value Selected Stock Securities Investment Fund	Other	1.01%	9,579,475			
Hangzhou Jinchuang Investment Co., Ltd.	Domestic non-state legal person	1.00%	9,451,985			
Shenzhen Guoshi Capital Management Co., Ltd. - Guoshi Capital - Robam Agent Holding Stage 2 Structured Private Equity Fund	Other	0.88%	8,311,165			
SSF - Six Combinations	Other	0.77%	7,306,072			

Hangzhou Yinchuang Investment Co., Ltd.	Domestic non-state legal person	0.74%	7,020,000			
GIC	Overseas legal person	0.68%	6,449,837			
Description of the above-mentioned shareholder association or concerted action		The actual controller of the Company's controlling shareholder Hangzhou Robam Industrial Group Co., Ltd. and the shareholder Hangzhou Yinchuang Investment Co., Ltd. is Mr. Ren Jianhua, and the natural person shareholder Shen Guo Ying is the wife of Ren Jianhua. The above shareholders have the possibility of acting in unison.				

4. Changes in controlling shareholder or actual controller

Change of controlling shareholders during the reporting period

Applicable Not applicable

No change in controlling shareholders during the reporting period.

Changes in actual controller during the reporting period

Applicable Not applicable

No change in actual controller during the reporting period.

5. Total number of preferred shareholders and the top 10 preferred shareholders' shareholdings of the Company

Applicable Not applicable

During the reporting period, the Company did not have preferred shareholders holding shares.

6. Corporate Bond

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

No

III. Discussion and Analysis of Operation

1. Overview of Business Operation during the Reporting Period

Does the Company need to follow the disclosure requirements of special industries

No

In the first half of 2019, the international political and geopolitical situation was complicated, the domestic real estate industry was affected by the increasingly strict regulatory policy of "one policy for one city", and the kitchen appliance industry as a whole continued depression. According to the retail monitoring report published by The Yee, the sales amount of range hoods, gas stoves and disinfection cabinets, as the main kitchen appliances, was increased by -5.86%, -4.09% and -17.72% respectively.

In the face of the sluggish market, the company, as the leading enterprise in the kitchen appliance industry, established the working policy of "practicing internal skills to keep out the winter and seeking improvement in stability to promote growth" for 2019 at the end of last year, and strove to ensure the company's stable performance and steady increase of market share. During the reporting period, the company achieved the operating income of 3,527,413,882.96 yuan, an increase of 0.88%, and realized the net profits attributable to shareholders of listed companies of 670,403,994.20 yuan, an increase of 1.52%.

According to the retail monitoring report published by The Yee, the market share and market position of the retail sales of company's major product categories as of the end of June 2019 are shown in the following table:

	Range hood	Gas stoves	Built-in microwave oven	Built-in disinfection cabinet	Built-in steam oven	Built-in steam oven-oven	Built-in oven	Built-in dishwasher
Retail sales share	25.54%	23.13%	34.95%	26.58%	31.67%	17.39%	25.92%	8.00%
Market position	1	1	1	2	2	2	3	3

In the first half of 2019, the marketing sector practiced innovation for customer requirements centered on the customer, and made concerted efforts with multiple channels to ensure the company's performance growth in the face of the overall industry downturn. In terms of retail, the company, in the face of overall KA channel downturn, continued to optimize the franchised store system, strengthened the integration of multiple channels, realized the coordinated online and offline development and adhered to provide customers with quality services and actively explore the primary and secondary stock market. In terms of real estate channels, benefiting from the national real estate refined decoration policy, the company continued to deepen the cooperation with the real estate developers such as Evergrande, Vanke, Country Garden and Sunac with differentiated products and high-quality brand services and continued to boost the development of strategic real estate channel customers through the central purifier system. The real estate channel sales increased 80% year-on-year. According to the monthly real estate refined decoration monitoring data published by AVC, the market share of ROBAM range hood was 37.8%, firmly ranking first in the industry. In terms of innovation, the company actively explored the new retail mode, developed the innovative channels and regional outlets and stimulated the vitality of the home decoration market through in-depth cooperation with the cabinet companies such as OPPEIN and SCHMIDT and the family decorating companies such as ikongjian, Gold Mantis and Dongyirisheng. In terms of overseas development, the company made its first appearance at the 2019 Decorex SA exhibition in South Africa, made positive progress in the development of overseas markets in Asia Pacific, Australia and New Zealand, and steadily promoted brand globalization.

In the first half of 2019, the technology sector was committed to building an innovation-oriented R&D mechanism, creating an open innovation platform, building an efficient organization and creating a first-class technical team in the industry, and made remarkable achievements in new category expansion, patent development and national standard establishment. In the first half of the year, the company applied for 274 patents, including 64 invention patents and obtained 237 patents licenses, including 8 invention patents. The range hood 27X6 and steam oven-oven C906 won the "German Red Dot Award" and "American IDEA Award", while the range hood 700X, gas stove 666B, steam ovens S228 and SZ01 won the "American IDEA Award". Meanwhile, the company led the establishment of industry standards such as *Environment Friendly Range Hoods*, *Steam Oven-Oven*, *Minimum Allowable Values of Energy*

Efficiency and Energy Efficiency Grades for Electric Ovens, Zhejiang Manufacturing Standard for Dishwashers and Electric Steam Ovens, in which, the *Zhejiang Manufacturing Standard for Dishwashers* won the standard innovation award. Moreover, the company actively created the second type of Chinese style steam ovens, such as SZ01 lower built-in steam oven, ST01 desktop steam oven and C906/905 steam oven-oven, to meet different customer needs with diverse product forms, inherit and carry forward China's excellent cooking and food culture, and meet the people's demand for health, nutrition and cooking efficiency of high-quality life.

In the first half of 2019, the production sector strove to build a first-class manufacturing benchmark in three directions: "comprehensively build the industry-leading supply chain system", "technology-driven comprehensive innovation", "deepen lean production and build a sustainable and efficient organization", improved the delivery consistency and timeliness and promoted supply chain collaboration projects; reduced WIP and sluggish inventory, started pull production projects, formed a systematic and scientific control system, and promoted the efficient operation capacity of production system informatization. Moreover, Maoshan Intelligent Manufacturing Park project of the company was constructed smoothly and, after its completion, it will promote the iteration of the company's intelligent and integrated high-end kitchen electric appliances and upgrading of the intelligent manufacturing, laying a solid foundation for the company's long-term development.

In the first half of 2019, the brand sector fully implemented the concept of "creating a new Chinese kitchen", creating a high-tech, high-end, professional and young brand image. The company participated in 2019 AWE and created the exhibition theme of "Robam 40 years, creating new Chinese kitchen". Robam exclusively sponsors the CCTV column Chinese Flavor and serves as the food creator of *Chinese Restaurant 3* to transmit Chinese cooking culture; held the press conference of "Steamed flavor of China. Exploring flavor of ten cities" and offline activities such as "Lei Jiayin, a high-power player in the kitchen, is challenged to cook 100 steamed dishes", invited cooking masters and intangible cultural heritage inheritors to create a steam culture tour of "one city, one flavor and one inheritor", published *China's Steamed Flavor Map - 100 Steamed Dishes, Long Volume of China's Steaming Feast*, etc and cooperated with local TV stations, print media and local transportation media (high-speed rail, airport, subway, etc.) to occupy the commanding heights of brand communication, continuously interact with consumers, enhance brand exposure, and convey brand value.

In the first half of 2019, Mingqi put forward the new strategic layout of "big business recruitment, Suning cooperation, engineering layout and home decoration integration" based on the core channel idea of "strengthening counties, piloting cities and digging towns"; with "focus on the oven, expand Shuangshui and innovate new retail of integrated stove" as the new category promotion model, the company shipped up to 14% gas heaters and purifiers in the first half of the year and won TOP10 integrated stove in online and offline activities of Jingdong 618; promoted and completed more than a thousand light blasting activities around the "monthly activities and weekly blasting" and created a new high sales volume of nationwide linkage activities in "Mingqi tenth anniversary celebration, Gratitude to regular customers".

In the first half of 2019, the company continued to be recognized by the capital market in terms of

corporate governance, internal management and shareholder returns, and won the "Best Board Award", "Best New Media Operator Award" and "Best Board Secretary Award" at the "Tianma Award - The 10th Listed Company Investor Relations Selection" of Securities Times, the 13th China listed company value selection "Top 50 SMEs Board Value", "Excellent SMEs Board Secretary", "Outstanding Board Secretary of Information Disclosure" and other awards at the 13th Chinese Listed Companies Value Appraisal.

2. Matters related to financial statements

(1) Explanation of changes in accounting policy, accounting estimates and accounting methods when compared to the financial statements of the previous accounting period

Applicable Not applicable

The 12th meeting of the 4th Board of Directors reviewed and adopted the *Proposal on Changing Some Accounting Standards*. Relevant accounting policies were implemented according to the *Notice on Revising and Issuing the Format of Financial Statements for Ordinary Enterprises in 2019* (CK [2019] No.6) released by the Ministry of Finance. This change of accounting policies is conducted according to the laws, administrative regulations or unified national accounting system requirements, only involves the presentation and adjustment of financial statements, and has no substantial impact on the company's total assets, net assets, operating income and net profit.

(2) Explanation of rectification of major accounting error in the reporting period which needs to be tracked and restated

Applicable Not applicable

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

(3) Explanation of changes in the scope of combined financial statements when compared with financial statements of the previous accounting period

Applicable Not applicable

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