



Hangzhou Great Star Industrial Co., Ltd

The Annual Report for 2021

2022-012

April, 2022



Geelong Thailand Base



Vietnam New Base South Cambridge



Guangdong Zhongshan Geelong



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Section I Important Notes, Table of Contents and Interpretation

The Board of Directors, the Board of Supervisors, and the Directors, Supervisors, and senior management of the Company guarantee the truthfulness, accuracy, and completeness of the contents of the annual report, and that there are no false records, misleading statements, or material omissions, and assume individual and joint legal responsibility.

Qiu Jianping, the person in charge of the company, Ni Shuyi, the person in charge of accounting work, and Ni Shuyi, the person in charge of the accounting institution (accounting officer in charge), declare that they guarantee the truthfulness, accuracy, and completeness of the financial report in this annual report.

All directors have attended the board meeting at which this report was considered.

This annual report involves forward-looking statements such as future plans, which do not constitute material commitments by the Company to investors. Investors and related parties should maintain sufficient risk awareness in this regard and should understand the differences between plans, forecasts, and commitments.

The Company plans not to pay cash dividends, not to grant bonus shares, and not to increase its share capital by transferring its provident fund.

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Catalog of Available Documents

- I. Financial statements containing the signatures and seals of the person in charge of the company, the person in charge of accounting work, and the person in charge of the accounting institution.
- II. The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.
- III. Original copies of all company documents and announcements that have been publicly disclosed in the newspapers designated by the CSRC during the reporting period.

Hangzhou Great Star Industrial Co., Ltd

Chairman: Qiu Jianping

April 11, 2022

Paraphrase

Items	Refers to	Meaning
Reporting Period	Refers to	January 1,2021 – December 31, 2021
Company, Our Company, Listed Company, GreatStar	Refers to	Hangzhou GreatStar Industrial Co.,Ltd
Sheffield, Sheffield Tools	Refers to	Hangzhou GreatStar Sheffield Tools Co., Ltd.
Sheffield	Refers to	Hangzhou GreatStar Sheffield Trading Co.,Ltd
Guozhi Robotics	Refers to	Zhejiang Guozhi Robotic Co., Ltd
Arrow	Refers to	Arrow Fastener Co., LLC
Huada Kejie	Refers to	Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd.
OLE-SYSTEMS	Refers to	Hangzhou OLE-SYSTEMS CO., LTD Co., Ltd
Donghai Bank	Refers to	Ningbo Donghai Bank Co., Ltd
Weiming Investment	Refers to	Hangzhou Weiming Investment Management Co., Ltd
PT Company	Refers to	PRIM'TOOLS LIMITED
GreatStar Group	Refers to	GreatStar Holdings Group Co., Ltd
Lista	Refers to	Lista Holding AG
Prime-Line	Refers to	Prime-Line Products, LLC
United Machinery	Refers to	Hangzhou United Machinery Co., Ltd
Haining Intelligent Company	Refers to	Haining GreatStar Intelligent Equipment Co., LTD
Zhongce Haichao	Refers to	Hangzhou Zhongce Haichao Enterprise Management Co., Ltd
Hangcha Group	Refers to	Hangcha Group Co.,Ltd
Hangzhou Haichao	Refers to	Hangzhou Haichao Enterprise Management Partnership(Limited Partnership)
GreatStar Europe	Refers to	GreatStar Europe AG
JFB AG, BeA	Refers to	Joh. Friedrich Behrens AG
Geelong	Refers to	Geelong Holdings Limited

Section II Company Profile and Key Financial Indicators

I. Company Profile

Stock Abbreviation	GreatStar	Stock Code	002444
Stock Listing Stock Exchange	The Shenzhen Stock Exchange		
Chinese name of the Company	杭州巨星科技股份有限公司		
Abbreviation of the company's Chinese name	巨星科技		
Foreign name of the Company (if any)	HANGZHOU GREATSTAR INDUSTRIAL CO., LTD		
Abbreviation of the company's foreign name (if any)	GreatStar		
Legal representative of the company	Qiu Jianping		
Registered address	No. 35, Jiuhuan Road, Shangcheng District, Hangzhou		
Postal code of the registered address	310019		
Historical change of the company's registered address	Changed from No. 35, Jiuhuan Road, Jianggan District, Hangzhou to No. 35, Jiuhuan Road, Shangcheng District, Hangzhou		
Office address	No. 35, Jiuhuan Road, Shangcheng District, Hangzhou		
Postal code of office address	310019		
Company website	www.greatstartools.com		
E-mail address	zq@greatstartools.com		

II. Contact Person and Contact Information

	Secretary of the Board	Securities Affairs Representative
Name	Zhou Siyuan	Lu Haidong
Contact address	No. 35, Jiuhuan Road, Shangcheng District, Hangzhou	No. 35, Jiuhuan Road, Shangcheng District, Hangzhou
Phone number	0571-81601076	0571-81601076
Fax	0571-81601088	0571-81601088
E-mail address	zq@greatstartools.com	zq@greatstartools.com

III. Information Disclosure and Preparation Location

Website of the stock exchange where the company discloses its annual report	http://www.szse.cn/
Name and website of the media where the company discloses its annual report	Securities Times, Securities Daily, Juchao Info(http://www.cninfo.com.cn)
Place where the company's annual report is available	Company Board Office

IV. Registration Change

Organization code	91330000731506099D
Changes in the main business of the Company since its listing (if any)	No change
Changes in controlling shareholders (if any)	No change

V. Other Relevant Information

Accounting firm hired by the company

Accounting firm name	Pan-China Certified Public Accountants (Special General Partnership)
Accounting firm office address	Block B, China Resources Building, No. 1366 Qianjiang Road, Hangzhou, Zhejiang Province
Name of signing CPA	Fei Fanghua, Li Qian

The sponsor engaged by the Company to perform continuous supervision duties during the reporting period

Applicable Not Applicable

Name of sponsor institution	Office address of the sponsor institution	Name of sponsor representative	Continuing sponsor period
CITIC Capital Securities Co.,Ltd	Room 2203, North Tower, Shanghai Securities Building, No. 528 Pudong South Road, Pudong New Area, Shanghai	Fu Xinxiong, Li Huajun	Completion of the issue to December 31, 2021

Financial advisors engaged by the Company to perform ongoing supervisory duties during the reporting period

Applicable Not Applicable

VI. Main Accounting Data and Financial Indicators

Whether the company is required to retroactively adjust or restate the accounting data of previous years

Yes No

	FY 2021	FY 2020	Year-on-year increase/decrease	FY 2019
Operating income(yuan)	10,919,683,344.37	8,544,440,154.30	27.80%	6,625,464,121.34

Net profit attributable to shareholders of the listed company(yuan)	1,270,003,396.40	1,350,132,516.91	-5.93%	895,030,139.78
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss(yuan)	1,073,557,965.88	1,233,758,395.96	-12.98%	820,214,354.48
Net cash flow from operating activities(yuan)	18,632,169.67	771,150,625.24	-97.58%	809,887,123.60
Basic earnings per share (yuan/share)	1.13	1.27	-11.02%	0.84
Diluted earnings per share (yuan/share)	1.13	1.25	-9.60%	0.84
Return on equity weighted average(ROEWA)	12.70%	16.67%	-3.97%	12.54%
	End of 2021	End of 2020	Increase or decrease at the end of the current year compared with the end of the previous year	End of 2019
Total assets(yuan)	17,307,154,886.67	13,677,779,045.68	26.53%	11,132,498,783.42
Net assets attributable to shareholders of listed companies (yuan)	10,598,896,746.70	8,826,190,578.28	20.08%	7,430,589,865.25

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

Yes No

The lower of net income before or after deducting non-recurring gains or losses is negative

Yes No

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

1. Differences in net profit and net assets in financial reports disclosed simultaneously under IAS and under PRC GAAP

Applicable Not Applicable

There is no difference between the net profit and net assets of the company in the financial report disclosed in accordance with IAS and in accordance with PRC GAAP for the reporting period.

2. Differences in net profit and net assets between financial reports disclosed in accordance with foreign accounting standards and those disclosed in accordance with PRC GAAP at the same time

Applicable Not Applicable

There is no difference between the net profit and net assets of the company in the financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards in the reporting period.

VIII. Key Financial Indicators by Quarter

Unit: Yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	1,980,467,449.72	2,469,386,160.66	3,230,013,552.58	3,239,816,181.41
Net profit attributable to shareholders of the listed company	256,735,674.36	471,372,916.18	422,651,002.42	119,243,803.44
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	225,880,981.89	354,966,464.92	415,931,007.91	76,779,511.16
Net cash flow from operating activities	-67,541,515.95	163,624,323.18	-414,057,204.07	336,606,566.51

Whether the above financial indicators or their sums are materially different from the relevant financial indicators in the disclosed quarterly and semi-annual reports of the Company

Yes No

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

Applicable Not Applicable

Unit: Yuan

Item	Amount of FY2021	Amount of FY2020	Amount of FY2019	Note
Gains or losses on disposal of non-current assets	-4,813,678.28	-688,830.06	-2,121,302.12	
Government subsidies recognized in current profit or loss (except those closely related to the company's normal business operations, which are in accordance with national policies and are continuously enjoyed in accordance with certain standards in fixed or quantitative amounts)	43,080,948.70	30,007,164.80	72,827,246.21	
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than the gain arising from	82,984,773.90	53,341,459.79		

the fair value of the identifiable net assets of the investee to which the enterprise is entitled at the time the investment is acquired				
Gains or losses from entrusting others to invest or manage assets	1,808,120.10	1,792,735.16	4,763,145.26	
Gains or losses from changes in the fair value of financial assets and liabilities held for trading, and investment income from disposal of financial assets and liabilities for trading and available-for-sale financial assets, except for effective hedging activities related to the Company's normal business operations	95,687,869.64	62,235,238.75	13,326,704.55	
Non-operating income and expenses other than those mentioned above	-127,210.71	-632,799.21	826,929.67	
Other profit or loss items that meet the definition of non-recurring profit or loss	502,892.56	267,035.13	28,040.91	
Less: Income tax affected amount	17,156,521.94	25,137,742.09	11,751,861.59	
Amount of minority interest affected	5,521,763.45	4,810,141.32	3,083,117.59	
Total	196,445,430.52	116,374,120.95	74,815,785.30	--

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

Applicable Not Applicable

The Company does not have other details of gain or loss items that meet the definition of non-recurring gain or loss.

Definition of non-recurring items of profit or loss listed in "Explanatory Announcement No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" as recurring items of profit or loss

Applicable Not Applicable

The Company does not have any items of non-recurring gains and losses listed in the "Explanatory Announcement No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Gains and Losses" that are defined as items of recurring gains and losses.

Section III Discussion and Analysis by Management

I. Situation of the industry in which the company operates during the reporting period

The company is in the Tools & storage industry, and its main products include Hand Tools, Power Tools, Laser Measurement, and Storage, which are mainly used in the fields of household home maintenance, construction work, vehicle repair and maintenance, and map measurement and mapping. Among them, home construction and its related repair and maintenance industry is the most important application channel, which also accounts for the highest percentage.

In North America and most parts of Europe, the large number of detached buildings and the large area per capita have resulted in costly and time-consuming repair and maintenance of residential houses. Due to the relatively high labor cost, residents in Europe and North America are more willing to carry out the repair and maintenance of their houses and ancillary buildings by themselves, thus giving rise to the famous DIY culture in Europe and America. At the same time, European and American families have a large number of cars, and the daily repair and maintenance of cars, including the inspection and replacement of vehicle parts, is also an important part of DIY in Europe and America. As one of the necessities for repair and maintenance, there is a large demand for professional and DIY level tools in North America and Europe, thus making North America and Europe the most important and largest market for the global tool industry.

As the oldest industry, it can be said that the tool industry has developed with the birth of mankind, and has been in the process of rising in size in recent centuries as the global population continues to grow. Thanks to the characteristics of the product just demand and short replacement cycle, the industry growth rate is relatively stable, even if encountered the financial crisis in 2008, the industry can still maintain positive growth after a short period of volatility. During 2015-2019, the global tool market maintained a steady growth trend, with the market size exceeding USD 80 billion. Since the onset of the COVID-19 in 2020, the global macroeconomy has been significantly negatively impacted, with the European and North American economies experiencing a temporary decline and the global tool market experiencing brief volatility; subsequently, the European and North American economies were gradually recovered and the North American and European construction industries saw stronger growth in 2021. In 2021, the global tools market benefited from the growth of the construction industry, and industry demand was very strong, with growth reaching a new high in the past decade and exceeding \$90 billion in size for the first time. According to the Frost & Sullivan report, the global tools market is expected to maintain an annual growth rate of around 5% in the next five years, driven by continued urbanization in emerging economies and economic recovery in developed countries.

II. Main business of the Company during the reporting period

During the reporting period, the company continued to develop its main business around the global tool consumption field, continued to increase the market share of hand tools, rapidly developed the field of laser measurement and tool cabinets, and strengthened the foundation of the power tool business development. Investment in new product development continued to increase, and non-hand tool products became the key direction of research and development. In terms of channels, in addition to continuing to maintain high double-digit revenue growth in the North American and European cross-border e-commerce direct sales channel, the company has also expanded its e-commerce direct sales channel targeting Southeast Asia and other regions;

meanwhile, with the normalization of the epidemic related to Europe and North America, the local retail distribution channel has gradually recovered, which also brings new opportunities and challenges for the company's business development.

1. Hand Tools Business

During the reporting period, the Company seized the strategic opportunities brought by the changes in the global hand tool market demand and supply chain pattern, and continued to increase its market share with its stable supply chain, R&D advantages and channel management capabilities. During the reporting period, the number of new products independently developed by the Company reached a record high and gradually entered more product categories. The competitive advantages of the company's products continued to be strengthened, and the output value of independently developed new products achieved growth beyond expectations. Important progress was also made in new customer development and new market expansion, and the acquisition of SK, a high-end auto repair tool brand, was completed to strengthen the company's product and brand matrix. Although the shipment volume of the Southeast Asia manufacturing base was far below expectations due to the repeated impact of the epidemic, the company ensured stable business growth by transferring orders from Southeast Asia to domestic shipments in a timely manner, while successfully completing the commissioning of the new base in Thailand and the second phase of the base in Vietnam. As a strategic focus of the company, cross-border e-commerce continued to maintain rapid growth and gradually went online the power tool product line, with revenue scale exceeding USD 100 million for the first time. In FY 2021, the sales revenue of hand tool business was RMB 6.553 billion, an increase of 14.52% year-on-year.

2. Power Tools Business

During the reporting period, the company gradually restored the vacuum cleaner business based on shop-vac's original production capacity and utilized its own R&D and channel advantages, and acquired the European power nail gun BEA business to increase the power tool product line, and utilized BEA's sales network to strengthen the European sales network system and enhance the company's channel resources. For the online market, the company innovated and developed a 20V lithium battery platform, gradually launched a full range of power tool products, and achieved an important breakthrough in power tool online sales. The power tools business achieved sales revenue of 1.021 billion yuan in FY 2021, an increase of 453.77% year-on-year.

3. Laser Measurement Business

During the reporting period, the company's laser measurement business, with several years of technology accumulation, gained recognition from international giants and achieved rapid growth. The smooth delivery of the company's new platform and new products for laser tools has enhanced the company's influence in the field of laser tools in North America and laid the foundation for customer diversification and business increment. Meanwhile, in response to the needs of the domestic market, the Laser Division actively adjusted its product positioning, grasped the cost performance and steadily promoted the layout of the domestic market. Special laser instruments such as LIDAR also successfully achieved mass production and use, laying the foundation for the company's new future performance growth. In FY 2021, laser measurement instruments achieved sales revenue of RMB889 million, an increase of 73.13% year-on-year.

4. Storage Cabinet Business

During the reporting period, the company's storage cabinet business market share increased significantly, the original European Lista business recovered strongly, and orders in the U.S. market continued to grow; the company completed the acquisition of 100% of the shares of Kilon in July, and through the active integration of research and development, supply chain management and production capacity, etc., became the world's leading manufacturer of storage cabinets. At the same time, the company actively researches and develops and expands its storage cabinet products. In addition to the original cabinet products for garage workplace, the company also

actively enters into the cabinet products for indoor living scenarios and has made significant breakthroughs. In FY 2021, the storage cabinet business achieved sales revenue of RMB 2.371 billion, an increase of 152.36% year-on-year.

III. Analysis of Core Competitiveness

1. Innovation Advantages

Innovation has always been the soul of the company's development. The company has a senior professional tool research and development team, always committed to new product development and innovation, uphold the concept of details determine success or failure, improve the functionality and added value of products to ensure the long-term core competitiveness of the company. During the reporting period, the company invested RMB 310 million in R&D, designed 1,838 new products, and applied and obtained more than 300 new patents. The company's central laboratory, as one of the earliest CNAS laboratories in the domestic hand tool industry, passed the CNAS reassessment again during the reporting period. The company innovated and developed a number of products including multi-functional pipe cutters, reversible 216-tooth ratchet wrenches and dual-position squeeze guns and achieved good market feedback, winning several customer awards, including HOME DEPOT 2021 Annual Innovation Award and ProTool Innovation Award. During the reporting period, the company started the large-scale innovation of power tools, especially lithium battery power tools, and successfully developed a large number of cost-effective products and put them into cross-border e-commerce channels for trial production and sales. Facing the economic fluctuations brought by the COVID-19 and the changes occurring in the global tool industry, the company's innovation advantages ensure that the company can respond and grasp market opportunities in a timely manner, continue to gain market share and maintain long-term stable development.



2. Channel Advantages

The company has sales channels and customer trust, which is the guarantee of the continuous development of

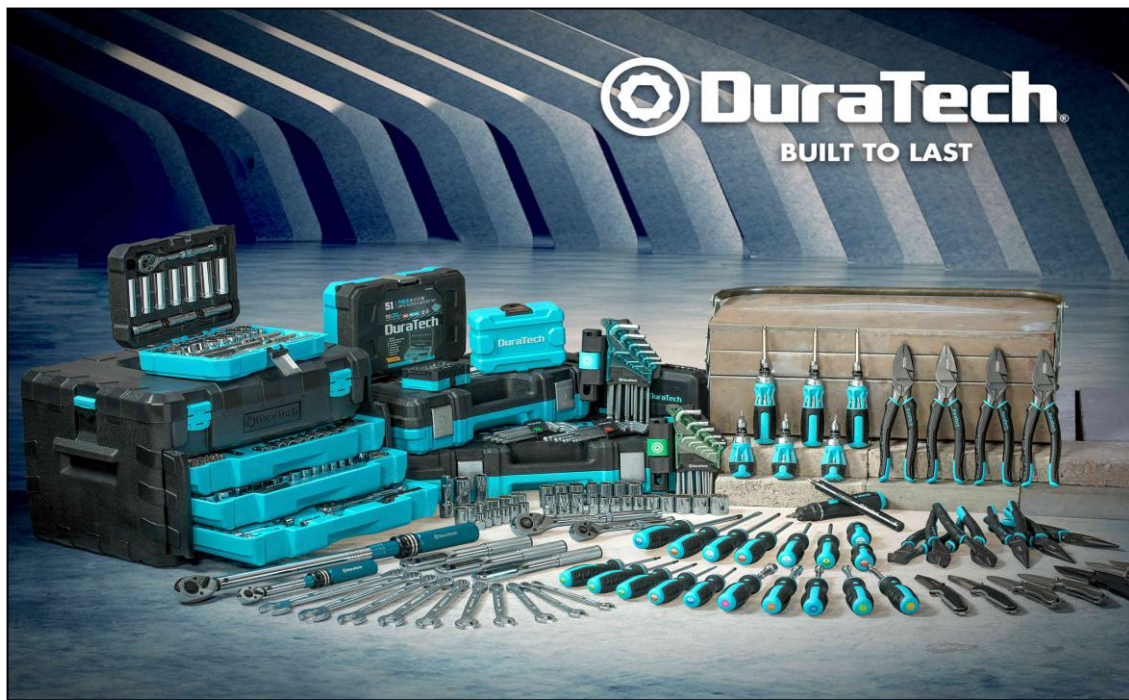
the giant star. The company's diversified product structure and continuous innovation ability not only can meet the one-stop purchasing needs of channel customers to the greatest extent, but also continuously save the purchasing cost and management cost of channel customers, and continuously improve the stickiness of channel customers. The company has become one of the largest suppliers of Tools and Storage to many large supermarket chains such as HOME DEPOT, WALMART, LOWES, Kingfisher, CTC, and so on, and is constantly expanding new product categories. At present, there are more than 20,000 large hardware, building materials, auto parts and other supermarket chains selling the company's various products at the same time, which effectively ensure the rapid development of the company's various innovative products. During the reporting period, the company acquired the channel resources of Joh. Friedrich Behrens AG in Europe through the acquisition of its relevant assets, enhancing the company's warehouse and logistics distribution system throughout Europe and expanding its market boundaries. These channels have effectively ensured the rapid development of the Company's various innovative products. At the same time, the company continues to make efforts in the new sales channel of cross-border e-commerce, which has become the most important sales channel for the GreatStar in addition to the traditional large supermarket chains. As an effective supplement to traditional channels, this channel not only provides a new market for the company to develop its own brand, but also allows the company to better exploit its advantages of rapid innovation, forming a product development model with positive cycle of product development - online validation - secondary development - offline pop-ups.

3. Supply Chain Advantages

After decades of development, the Company has established a global supply chain management system with China as the core, and has established good cooperation with thousands of suppliers worldwide, ensuring that the company can respond quickly to market demand and complete timely delivery of various large orders without being limited to its own production capacity. Even in the face of the adverse impact of the COVID-19, as a global tool industry leader with roots in China, the Company can still maintain a stable supply capacity thanks to China's supply chain system, which is the most complete in the world in terms of basic categories, laying the foundation for the company to continue to boost its market share. At the same time, the efficiency and flexibility brought by China's large volume and ultra-detailed supply chain network also allows the company to centralize procurement in China and distribute it globally, which greatly reduces the comprehensive procurement cost and enhances the market competitiveness of the company's products. At present, the company has 21 manufacturing bases around the world, which can fully meet various demands and cope with the complex external environment of each.

4. Brand Advantages

The company's main products are durable consumer goods for families and industrial-grade products for professionals, while the brand is the most effective guarantee for the company to provide products and services to consumers in the long term, so the company has long been committed to the creation and development of its own brand. During the reporting period, the company continued to improve its own brand matrix and strengthen the advantages of its own brands. Undertook the professional-grade power fastening tool brand BeA by acquiring the related assets of Joh. Friedrich Behrens AG and completed the acquisition of high-end auto repair tool brand SK. Own brands, especially e-commerce brands, continued to grow, with sales revenue of WORKPRO, PONY JORGENSE, DURATECH, SWISSTECH and other brands increasing significantly year-on-year and sales revenue of own brands reaching RMB 3.8 billion for the first time. Brand advantages not only further enhance the international competitiveness of the company's products, but also effectively improve the company's gross profit margin and business stability, providing assurance for the long-term healthy development of the company.



5. International Advantages

During the reporting period, the domestic and international economic situation was complicated. As a company with international development layout, the company made full use of the manufacturing capacity and sales market in different regions of the world to actively cope with the risks and look for opportunities.

During the reporting period, the company continued to improve its global manufacturing division of labor. Facing the background of the New Crown epidemic affecting the production capacity of the Southeast Asian manufacturing base, the company actively promoted the production of the Southeast Asian manufacturing base as soon as possible and transferred some orders to domestic production and delivery in a timely manner, fully reflecting the advantages of the company's international layout and the flexibility of its production capacity. At the

same time, in the face of the stagnant international staff flow, the company actively takes advantage of the local team in Europe and the United States to continue to provide customers with a perfect service system in the vicinity, ensuring the mutual matching of orders and after-sales service. The internationalization advantage effectively ensures that the company is able to compete with other international competitors by leveraging the advantages of China's manufacturing clusters while taking advantage of manufacturing costs in Southeast Asia and local channel services in the European and American markets, thereby building stronger core competitiveness. The company is accelerating to become a global resource allocation company integrating local services in Europe and America, manufacturing in Asian industry chain and management R&D in China.

IV. Main Business Analysis

1. Overview

In 2021, the global economy produced many profound changes and continued turbulence against the backdrop of the ongoing and repeated outbreak of COVID-19 continuing to increase its unprecedented impact on the world and increasing international frictions, and the global tool market continued to see a number of changes in the demand and supply chain landscape that favored the Company's long-term competitiveness, which mainly include the following aspects. Due to the strong growth of China's economy and excellent control of the epidemic, the value of the RMB continued to rise relative to the currencies of other major economies, objectively causing a reduction in RMB revenue for Chinese foreign exporters. The U.S. real estate market continues to remain buoyant and prosperous, bringing a steady upswing in demand for various tools. Since the second quarter, the prices of raw materials and commodities have been rising, global freight rates have been increasing and international logistics capacity has been tight, which has had a significant negative impact on the company's profitability but has highlighted the advantages of the company's global layout and has continued to gain market share. Although some international small and medium-sized tooling companies relied on the market boom to obtain orders, due to the cost rise much faster than the rise in revenue, resulting in a continuous deterioration of cash flow, following the early 2020, the second half of 2021 saw a wave of bankruptcy, the industry further got clear. Under these profound changes, the Company continued to gain market share by virtue of its comprehensive competitiveness, and its annual operating revenue achieved more than expected growth, while net profit was basically the same as the same period last year due to three negative factors: RMB exchange rate, raw material price and international shipping cost. During the reporting period, the company achieved total operating revenue of 10.920 billion yuan, an increase of 27.80% year-on-year, and net profit attributable to shareholders of the listed company was 1.270 billion yuan, a decrease of 5.93% year-on-year. The performance of each business segment is as follows:

1. Hand Tools Business

During the reporting period, the Company seized the opportunity of rising demand but continuous supply voidance in the industry, gave full play to its advantages in innovation, supply chain, brand, channel and internationalization, accelerated product innovation and category expansion, and continued to invest in cross-border e-commerce business and private brand construction, achieving further increase in market share.

During the reporting period, on the basis of the rapid growth of the existing business, the Company made a breakthrough in the expansion of innovative products and new categories, and obtained a large number of large orders for garden hand tools and outdoor products, and the sales and share of core customers also continued to increase, further deepening the partnership. The company's own brand sales hit a new record high, and acquired SK, a professional-level auto repair tool brand, and continued to improve the professional-level tool brand matrix. The company's cross-border e-commerce business maintained rapid development, and continued to carry

out social media promotion of brand sponsorship and public welfare activities, maintaining high growth in brand exposure and crowd reach, and increasing online brand awareness. The company also pushed forward the layout of globalization platform, and the number of inbound platforms and new stores continued to grow. With the continuous improvement of the company's own brand matrix and the continuous growth of cross-border e-commerce business, the company's own brand sales exceeded RMB 3.8 billion for the first time, an increase of 46.06% year-on-year. Against the backdrop of sluggish global capacity additions, the company continued to promote global capacity layout, basically completed the first round of capacity layout in Southeast Asia, and acquired capacity in China and Europe through acquisitions. Finally, the company's R&D expenditure continued to reach a record high, which strongly supported the construction of the company's own brand and the acquisition of market share. The hand tool business achieved sales revenue of RMB 6.553 billion for the year, an increase of 14.52% year-on-year.

2. Power Tools Business

During the reporting period, the company re-invested in the development of power tools product line, synchronized the online and offline layout, accelerated the product innovation and channel expansion of power tools with electric vacuum cleaners and power nail guns as the core products, and launched a new 20V platform with a full range of lithium battery power tools product line. The company completed the layout and optimization of electric vacuum cleaner production capacity at the beginning of the year and resumed sales in North America in the second half of the year, and quickly resumed production capacity and orders for power nail guns in Europe after completing the acquisition of BeA's assets in June, laying a good foundation for the company's power tool business. At the same time, we launched a full range of power tool products online, and achieved good reputation in the market, especially the new lithium battery products once out of stock. As the first booming year of the company's power tools in 2021, the sales revenue of power tools business was 1.021 billion yuan, an increase of 453.77% year-on-year.

3. Laser Measurement Business

During the reporting period, the company continued to promote product development, mass production and delivery for key customers, made breakthroughs in new products and channel expansion, obtained exclusive long-term orders from important customers, and gradually established the international market influence of the company's laser tools. For the domestic market, the company readjusted its brand, product positioning and business direction, innovated specific products and achieved good growth. LIDAR products continued to go to market and customized products continued to be landed, with deliveries increasing by more than 100% year-on-year. The annual sales revenue of laser measuring instrument business was RMB889 million, an increase of 73.13% year-on-year.

4. Storage Cabinet Business

During the reporting period, the European market recovered well and LISTA business returned to growth, with annual revenue growth of more than 30%. Important progress was made in the expansion of new categories and channels in the U.S. market, and the order volume continued to increase. After completing the acquisition of Keelong, the company and Keelong carried out full integration in the existing business. Although Keelong suffered certain losses in the second half of the year due to raw material prices and freight costs, the company actively optimized costs and believes it will achieve better growth in the new year. At the same time, the company's Thailand box and cabinet production base was fully put into operation, laying the foundation of production capacity for growth in FY22. The annual storage container business achieved sales revenue of 2.371 billion yuan, an increase of 152.36% year-on-year.

2. Income and Costs

(1) Composition of operating income

Unit: Yuan

	FY 2021		FY 2020		Year-on-year increase or decrease
	Amount	Share of operating revenue	Amount	Share of operating revenue	
Total operating income	10,919,683,344.37	100%	8,544,440,154.30	100%	27.80%
By Industry					
Tool and storage cabinets	10,849,925,564.41	99.36%	8,502,327,129.89	99.51%	27.61%
Other operating income	69,757,779.96	0.64%	42,113,024.41	0.49%	65.64%
By products					
Hand Tools	6,540,834,718.85	59.90%	5,722,716,497.05	66.98%	75.74%
Power Tools	1,021,102,413.74	9.35%	184,390,488.35	2.16%	1.32%
Laser Measurement	888,587,229.84	8.14%	513,234,699.39	6.01%	7.88%
Storage cabinet	2,370,715,437.22	21.71%	939,420,434.18	10.99%	14.57%
Personal Protective Equipment	28,685,764.76	0.26%	1,142,565,010.92	13.37%	0.00%
Other operating income	69,757,779.96	0.64%	42,113,024.41	0.49%	0.48%
By Region					
Americas	7,521,994,025.83	68.89%	6,087,960,337.66	71.25%	23.56%
Europe	2,399,120,860.68	21.97%	1,597,573,574.54	18.70%	50.17%
Other	510,223,523.81	4.67%	373,208,130.61	4.37%	36.71%
Domestic (China)	418,587,154.09	3.83%	443,585,087.08	5.19%	-5.64%
Other operating income	69,757,779.96	0.64%	42,113,024.41	0.49%	65.64%
By sales model					
Owned Brands (OBM)	3,836,999,428.09	35.14%	2,626,930,299.06	30.74%	46.06%
Customer Brand (ODM)	7,012,926,136.32	64.22%	5,875,396,830.83	68.76%	19.36%
Other operating income	69,757,779.96	0.64%	42,113,024.41	0.49%	65.64%

(2) Industries, products, regions, and sales patterns that account for more than 10% of the Company's operating incomes or operating profits

√ Applicable □ Not Applicable

Unit: Yuan

	Operating income	Operating Costs	Gross margin	Increase or decrease in operating income over the same period of the previous year	Increase or decrease in operating costs over the same period of the previous year	Increase or decrease in gross margin over the same period of the previous year
By Industry						
Tool and storage cabinets	10,849,925,564.41	8,147,389,910.45	24.91%	27.61%	37.93%	-5.62%
Sub-products						
Hand Tools	6,540,834,718.85	4,716,308,916.32	27.89%	14.30%	17.84%	-2.17%
Power Tools	1,021,102,413.74	799,043,331.71	21.75%	453.77%	502.20%	-6.29%
Laser Measurement	888,587,229.84	648,486,058.41	27.02%	73.13%	77.32%	-1.72%
Storage cabinet	2,370,715,437.22	1,959,219,152.16	17.36%	152.36%	213.89%	-16.20%
Personal Protective Equipment	28,685,764.76	24,332,451.85	15.18%	-97.49%	-96.89%	-16.38%
By Region						
Americas	7,534,636,811.76	5,658,997,744.63	24.89%	23.76%	33.35%	-5.40%
Europe	2,399,120,860.68	1,750,621,444.76	27.03%	50.17%	65.09%	-6.59%
By sales model						
Owned Brands (OBM)	3,836,999,428.09	2,869,213,853.22	25.22%	46.06%	60.44%	-6.70%
Customer Brand (ODM)	7,025,568,922.25	5,282,578,820.37	24.81%	19.58%	28.27%	-5.09%

In the event that the statistical caliber of the company's main business data is adjusted in the reporting period, the company's main business data for the most recent year adjusted by the caliber at the end of the reporting period

□ Applicable √ Not Applicable

(3) Whether the company's income from physical sales is greater than its income from labor services

√ Yes □ No

Industry	Projects	Unit	FY 2021	FY 2020	Year-on-year
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Classification					increase or decrease
Tools and storage cabinets	Sales volume	PCS	444,440,557	499,606,095	-11.04%
	Production volume	PCS	497,037,108	471,227,326	5.48%
	Inventory	PCS	113,575,793	60,979,242	86.25%

Reasons for a year-on-year change of 30% or more in relevant data

Applicable Not Applicable

(4) Performance status of significant sales contracts and significant purchase contracts entered into by the Company as of the reporting period

Applicable Not Applicable

(5) Composition of operating costs

Industry and Product Categories

Unit: Yuan

Industry Classification	Items	FY 2021		FY 2020		Year-on-year increase or decrease
		Amount	Share of operating costs	Amount	Share of operating costs	
Tools and storage cabinets		8,147,389,910.45	99.65%	5,906,839,891.29	99.66%	37.93%
Other operating costs		28,733,758.05	0.35%	19,926,004.47	0.34%	44.20%

Unit: Yuan

Product Categories	Items	FY 2021		FY 2020		Year-on-year increase or decrease
		Amount	Share of operating costs	Amount	Share of operating costs	
Hand Tools		4,716,308,916.32	57.69%	4,002,226,666.13	67.52%	17.84%
Power Tools		799,043,331.71	9.77%	132,687,395.42	2.24%	502.20%
Laser Measurement		648,486,058.41	7.93%	365,707,432.15	6.17%	77.32%
Storage cabinet		1,959,219,152.16	23.96%	624,178,422.88	10.53%	213.89%
Personal Protective Equipment		24,332,451.85	0.30%	782,039,974.71	13.20%	-96.89%
Other operating costs		28,733,758.05	0.35%	19,926,004.47	0.34%	44.20%

Notes:

None

(6) Whether there was any change in the scope of consolidation during the reporting period√ Yes No

For details, see Section X. Financial Reporting: VIII. Changes in Scope of Consolidation.

(7) Significant changes or adjustments to the company's business, products or services during the reporting period Applicable √ Not Applicable**(8) Major sales customers and major suppliers**

The company's major customers

Total sales amount of the top five customers (yuan)	5,079,793,692.55
Top five customers' combined sales amount as a percentage of total annual sales	46.51%
Ratio of related party sales to total annual sales of the top five customers	0.00%

Information on the company's top 5 customers

Serial number	Customer Name	Sales (yuan)	Percentage of total annual sales
1	Customer I	2,322,454,641.25	21.27%
2	Customer II	1,193,948,350.96	10.93%
3	Customer III	1,075,619,185.78	9.85%
4	Customer IV	247,328,727.59	2.26%
5	Customer V	240,442,786.97	2.20%
Total	--	5,079,793,692.55	46.51%

Other description of major customers

 Applicable √ Not Applicable

The company's major suppliers

Total purchase amount of the top five suppliers (yuan)	425,498,210.39
Top five suppliers' combined purchase amount as a percentage of total annual purchase	5.22%
Percentage of related party purchases among the top five suppliers' purchases to total annual purchases	0.00%

Information on the company's top 5 suppliers

Serial number	Supplier Name	Purchase amount (yuan)	Percentage of total annual procurement
1	Supplier I	106,828,258.09	1.31%

2	Supplier II	99,765,980.42	1.23%
3	Supplier III	75,946,664.94	0.93%
4	Supplier IV	74,251,973.00	0.91%
5	Supplier V	68,705,333.94	0.84%
Total	--	425,498,210.39	5.22%

Other information on major suppliers

Applicable Not Applicable

3. Expense

Unit: Yuan

	FY 2021	FY 2020	Year-on-year increase or decrease	Description of significant changes
Selling expenses	593,003,103.68	458,274,408.65	29.40%	This is mainly due to the increase in the scope of consolidation in the current period.
Administration expenses	686,120,731.06	500,999,938.00	36.95%	This is mainly due to the increase in the scope of consolidation in the current period.
Finance costs	64,801,716.03	113,580,005.05	-42.95%	This is mainly due to exchange rate fluctuations.
R&D expenses	309,763,366.15	245,372,069.36	26.24%	

5. R&D Input

Applicable Not Applicable

Name of main R&D projects	Project Purpose	Project Progress	Objectives to be achieved	Expected impact on the future development of the company
Study on double extrusion casting process of aluminum alloy parts for unequal thickness hand cutting tools	Increase productivity and reduce labor costs	Already completed	Reducing the number of workers	Increase the number of product line
Research on injection molding process of high strength fixture	Improve product performance and stability	Already completed	Ensuring product stability	Increase the number of product line

handle modified by stepless nanoparticles				
Research and application of constant current driving technology of LED for high power lighting	Reduce energy loss, making the product performance more stable	Already completed	Ensuring product stability	Increase the number of product line
Research on high-strength stainless steel sheet fine blanking-extrusion composite forming technology	Increase productivity	Already completed	Reducing the number of workers	Increase the number of product line
Research and application of intelligent manufacturing technology of aluminum extrusion die for handheld lighting tools	Save material and improve material utilization	Already completed	Cutting the cost	Increase the number of product line
Research and application of high-reliable drive power technology for single high-power LED lighting	Reduce energy loss, making the product performance more stable	Already completed	Ensuring product stability	Increase the number of product line
Research on the technology of multi-station progressive die for nail gun sheet metal parts with double guiding mechanism	Improved production efficiency, fewer workers, more stable products	Already completed	Reducing the number of workers	Increase the number of product line
Research on the fundamentals of aluminum alloy rheological	Save material and improve material utilization	Already completed	Cutting the cost	Increase the number of product line

extrusion casting forming technology				
Research on rapid thermal cycle injection molding technology of polymer material modified handheld fixture	Save material, improve material utilization, improve product performance and stability	Already completed	Cutting the cost	Increase the number of product line
Research on high power LED lighting drive and control technology	Energy saving and environmental protection	Already completed	Ensuring product stability	Increase the number of product line
Study on nitrogen spring type fine blanking die holder and fine blanking forming of impact parts	Improve product performance and stability	Already completed	Ensuring product stability	Increase the number of product line
Research on a multi-station automated welding technology and equipment	Reduce labor and increase productivity	Already completed	Reducing the number of workers	Further improvement of automatic production
Research on the improvement scheme and technology of LED work light luminous performance	Reduce energy loss, making the product performance more stable	Already completed	Ensuring product stability	Increase the number of product line
RD03(2019)Research and Development of Environmentally Friendly Waste Separation and Recycling Bins	As the phenomenon of resource scarcity is becoming more and more serious, the project of renewable energy recovery is being paid more and more attention by the society, and waste separation is one of the prerequisites for renewable energy recovery, and it is also a	Research period for this project: 07/2019-06/2022 01.07.2019 - 31.12.2019: Conduct project research, market demand analysis; 01.01.2020 - 30.06.2020: design of the product development	The project provides environmentally friendly sorting and recycling bins that separate the four categories of "dry garbage", "wet garbage", "hazardous garbage" and "recyclable garbage", and at the same time set up an active carbonization layer to purify the air, raise people's awareness of garbage sorting and increase the rate of	Separate the four categories of "dry garbage", "wet garbage", "hazardous garbage" and "recyclable garbage", and at the same time set up an active carbonization layer to purify the air, raise people's awareness of garbage sorting and increase the rate of garbage sorting and recycling.

	reform of the traditional way of waste collection and disposal, as well as a scientific management method for the effective disposal of waste. In the face of increasing waste production and deteriorating environmental conditions, how to maximize the use of waste resources, reduce the amount of waste disposal and improve the living environment through waste separation management is one of the urgent issues of common concern in the current society.	program. 01. 07. 2020 - 31. 12. 2021: Determine the transformation plan for the new transformation process, and carry out trial production and put it into use. 01.01.2022 - 30. 06. 2022: Improve the product through market customer feedback; final program implementation.	garbage sorting and recycling.	
RD01(2020)Research and Development of Quick Connect Tool Cabinet	Tool box cabinet is generally used in automotive repair, enterprise workshop equipment maintenance, instrumentation maintenance, laying a variety of lines and other work occasions. The general toolbox cabinet part of the box body is welded or riveted fixed structure, the structure of this toolbox cabinet is not removable, the processing automation degree is low, and occupies a large space in the transportation process, and it is not convenient for storage and transportation. Tool cabinet quick connection	The planned period of this project: 2020.01-2020.10 (1) 2020.01.01-2020.02.29: complete market research on quick-connect tool cabinets, conduct demand analysis, and carry out initial functional target design. (2) 2020.03.01-2020.05.30: complete the splitting of the functional modules of the quick-connect tool cabinet, and refine and analyze the design ideas of each module to form	Tool cabinets are mainly used to store tools, the existing tool cabinets are mainly fixed structure, that is, the cabinet body and so on are manufactured for the whole structure, generally using the whole bending and then welding process, the installation and disassembly is inconvenient, occupy more space, transportation costs are also higher. With the progress of science and technology, there gradually appeared disassembled tool cabinets, but the existing disassembled tool cabinets take a long time to assemble, the workload is large, and the assembled cabinet is not solid. Therefore, in response to the above problems, this project	Tool cabinets are mainly used to store tools, the existing tool cabinets are mainly fixed structure, that is, the cabinet body and so on are manufactured for the whole structure, generally using the whole bending and then welding process, the installation and disassembly is inconvenient, occupy more space, transportation costs are also higher. With the progress of science and technology, there gradually appeared disassembled tool cabinets, but the existing disassembled tool cabinets take a long time to assemble, the workload is large, and the assembled cabinet is not solid. Therefore, in response to the above problems, this project

	<p>technology is favored by the market at home and abroad, the current technology is mostly focused on the use of rivet nuts or bolts and slots in the structure, this type of assembly method connection is simple and can achieve rapid installation and disassembly.</p>	<p>the implementation plan of each part of the functionalities of the quick-connect tool cabinet.</p> <p>(3) 2020.06.01-2020.08.31: complete the design and development of each part of the quick-connect tool cabinet and the production of samples, and carry out detailed refinement for the parts and specific processes.</p> <p>(4) 2020.09.01-2020.10.31: Test the quick-connect tool cabinet, complete the acceptance of the project, and summarize, conclude and review.</p>	<p>develops a quick-connect tool cabinet.</p>	<p>develops a quick-connect tool cabinet.</p>
<p>RD02(2020) Research and Development of Horizontal Toolbox</p>	<p>With the needs of people's life and production, tool boxes have been more and more widely used in people's daily life. And there is a kind of toolbox is set with a lid, the user can easily open the lid to take out the tools. But when the toolbox is in a more open environment (such as construction sites, etc.), the items in the toolbox is in an unsafe state. At present, lock</p>	<p>With the needs of people's life and production, tool boxes have been more and more widely used in people's daily life. And there is a kind of toolbox is set with a lid, the user can easily open the lid to take out the tools. But when the toolbox is in a more open environment (such as construction sites,</p>	<p>This project develops and provides a horizontal toolbox with an improved anti-pick lock system. The toolbox uses a padlock and a lock mechanism with multiple locking points that can be operated simultaneously from one end of the box. And a lock mechanism that causes damage due to moving objects into and out of the toolbox normally can be avoided, and the lock system which extends to the storage area less will be provided.</p>	<p>This project develops and provides a horizontal toolbox with an improved anti-pick lock system. The toolbox uses a padlock and a lock mechanism with multiple locking points that can be operated simultaneously from one end of the box. And a lock mechanism that causes damage due to moving objects into and out of the toolbox normally can be avoided, and the lock system which extends to the storage area less will be provided.</p>

	<p>rings are generally set on the toolbox and lid, and then use padlocks to lock them. But the lock ring and padlock in this locking way are in an exposed state, it is easy to be destroyed by external force.</p>	<p>etc.), the items in the toolbox is in an unsafe state. At present, lock rings are generally set on the toolbox and lid, and then use padlocks to lock them. But the lock ring and padlock in this locking way are in an exposed state, it is easy to be destroyed by external force.</p>		
<p>RD03(2020) Research and Development of Quick Disassembly Socket Structure</p>	<p>Most of the traditional tool cabinets and workbenches use screws to fix the sockets, which is inconvenient to install and dismantle and reduces the work efficiency. As an indispensable product for our production life, the socket module used in the current market is mostly made by placing the conductive copper reed inside the injection mold and then injection molding to get the final whole product, the conductive reed inside the socket module produced by this process and structure is not interchangeable and once damaged, the whole module can only be discarded.</p>	<p>"The planned period of this project: 2020.11-2021.10 (1) 2020.11.01-2020.12.31: Complete market research on quick-disassembly socket structure, conduct requirements analysis, and carry out initial functional target design. (2) 2021.01.01-2021.04.30: Complete the splitting of the functional modules of the quick-disassembly socket structure, and refine and analyze the design ideas of each module to form an implementation plan for the functions of each part of the quick-disassembly socket structure.</p>	<p>This project develops a quick-disassembly socket structure to achieve quick disassembly and interchangeability of socket modules for application to national socket standards, and with easy and fast installation and disassembly, reducing the need for distribution and saving transportation costs</p>	<p>This project develops a quick-disassembly socket structure to achieve quick disassembly and interchangeability of socket modules for application to national socket standards, and with easy and fast installation and disassembly, reducing the need for distribution and saving transportation costs</p>

		<p>(3) 2021.05.01-2021.10.31: Complete the design, development and production of samples for each part of the quick-disassembly socket structure, with detailed refinement for parts and specific processes.</p> <p>(4) 2021.11.01-2021.12.31: Quickly disassemble the socket structure for testing, complete the acceptance of the project, and summarize, conclude, and review. "</p>		
RD01(2021) Research and Development of Automatic Welding Equipment for Tool Cabinets	<p>With the development of digital computer technology, there is a higher requirement for the precision of tool cabinets. However, the current level of automation of the welding equipment used is not high, tool cabinet welding precision is not enough, and the performance of the machinery and equipment is not enough, which can easily lead to waste of resources and instrument damage, and the security is not high, leading to increased control difficulties,</p>	<p>"The planned period of this project: 2021.03.01-2021.12.31 (1) 2021.03.01-2021.03.31: Market research, demand analysis, preliminary work objectives and initial functional objectives design according to the work plan. (2) 2021.04.01-2021.07.31: Complete the construction of the function module of the automatic welding equipment for the tool cabinet,</p>	<p>This project carries out the research and development of automatic welding equipment for tool cabinets, using computer key technologies to achieve self-adaptive control mode, greatly reducing the pressure of employment. The use of machines instead of manpower also greatly improves the work efficiency and reduces the difficulty of management and control. With the help of database technology, the welding equipment can enter the full automatic mode, which can not only randomly correct the possible deviation, improve the welding precision of the tool cabinet, but also greatly</p>	<p>The use of machines instead of manpower also greatly improves the work efficiency and reduces the difficulty of management and control. And with the help of database technology, the welding equipment can enter the full automatic mode, which can not only randomly correct the possible deviation, improve the welding precision of the tool cabinet, but also greatly reduce the risk problems in the production process.</p>

	<p>making our company tool cabinet welding manufacturing technology limited. The use of machines instead of manual also greatly improve the efficiency, reduce control difficulties, and with the help of database technology, the welding equipment can enter the fully automatic mode, not only can randomly correct possible deviations, improve the tool cabinet welding precision, but also can greatly reduce the risk problems in the production process.</p>	<p>split and assemble each module of the equipment, and carry out each design according to the design function goal, focusing on the automatic welding function and automatic switching control function of the equipment.</p> <p>(3) 2021.08.01-2021.09.30: The test department conducts the first round of testing, evaluates the quality of the automatic control welding function of the equipment, determines the quality grade of the equipment through the analysis of product precision, analyzes and summarizes the test verification records, and points out the existing problems and deficiencies and puts forward suggestions for improvement.</p> <p>(4) 2021.10.01-2021.11.30: The R & D department optimizes the details of the equipment according to the results of the last round of tests,</p>	<p>reduce the risk problems in the production process.</p>	
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		<p>mainly optimizing its performance problems such as switching deviation in practical application, and putting it into practical application after further improvement. This stage examines the advantages of this equipment compared with traditional equipment.</p> <p>(5) 2021.12.01-2021.12.31: Summarize the project, analyze the trial results, and plan for the equipment to be officially launched.”</p>		
RD02(2021) Research and Development of Multifunctional Combined Gas Furnace	<p>With the improvement of people's living standards and the influence of technological innovation and market competition, some new stoves have been introduced in the market in recent years, among which gas stoves and tool cabinets have received great attention from the market. A variety of new gas stoves and tool cabinets are constantly launched on the market, and the upgrading and innovation of these tools has become a development trend of stoves. However, at present, the gas stove on</p>	<p>"The planned period of this project: 2021.11.01-2022.10.31 (1) 2021.11.01-2021.12.31: conduct initial research, investigate market demand, refer to the characteristics of similar products in the market, and consumer feedback of similar products in the market, calculate the cost and analyze the production feasibility, and determine the direction of research and development.</p>	<p>In view of the shortcomings of the existing technology, the gas diversion technology and related welding technology are proposed to transform the traditional gas furnace to realize the multi-function of the gas furnace, so that it has the functions of household use, outdoor use, removable, easy to carry, adjustable heating speed and so on. And the multi-function gas furnace really realizes the integration of tool cabinet and gas furnace, which provides great convenience for users.</p>	<p>It realizes the multi-function of the gas furnace, makes it have the functions of household, outdoor use, disassembly, easy to carry, adjustable heating speed, etc., and the multi-function gas furnace really realizes the integration of tool cabinet and gas furnace, which provides great convenience for users.</p>

	<p>the market has few functions, and most of them are only used as household gas stoves to heat food, and its simple structure makes the function of the gas stove single. And the carbon deposits and dirt on the bottom of the disk and the heater of some gas-fired gas furnaces can not be cleaned and maintained in time, which not only conducts heat slowly but also wastes effective heat energy, which directly affects the heating quality and the service life of the furnace. And the stove is relatively closed, resulting in soft fire and waste of gas, and then the furnace plate can not heat up quickly, and the ingenious combination of tool cabinet and gas furnace can not be realized. Taking up too much space and cumbersomeness will be the biggest problem.</p>	<p>(2) 2022.01.01-2022.04.30: after determining the R & D direction, the R & D department develops the product, determines the function of the product category, designs the R & D sample through the relevant technology, and then the test department carries on the function test to the R & D sample to test whether its automatic temperature regulation function and other structural functions are qualified, and the R & D department will improve the sample after it is qualified.</p> <p>(3) 2022.05.01-2022.07.31: improve the product, refine the selling point of the product through the feedback of different users, and formulate a detailed optimization and improvement plan.</p> <p>(4) 2022.08.01-2022.09.30: the testing department conducts the second round of testing of the</p>		
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		<p>product, mainly testing whether the technical specifications of the product are up to the standard and whether the performance meets the expected level, so as to ensure that it reaches the advanced level and completeness of the industry.</p> <p>(5) 2022.10.01-2022.10.31: complete the acceptance of the project, and summarize and review. "</p>		
Research and Development of Processing Technology of High Strength and Environmental Protection ABS Material for Hand Tools	It can reduce material cost, save energy and materials.	Already completed	Its products can be used for a long time in low temperature environment, and have environmental protection and flame retardancy.	
Research and Development of Wear-resistant and Environment-friendly Nylon Material Processing Technology for Hand Tools	To seek the balance of strength, toughness and flame retardancy in the process of alloy preparation	Already completed	This kind of nylon alloy has the advantages of low water absorption, good dimensional stability, good dry and low temperature toughness, flame retardancy and heat resistance.	
Research and Development of Multifunctional Utility Knife Assembly Machine	Save manpower, cost and efficiency	Already completed	Improve work efficiency.	
Research and	Surface Oxidation	Already completed	The surface wear resistance of	

Development of New Aluminum Alloy Material Easily Oxidized	treatment of Aluminum Alloy		the aluminum alloy strip is better.	
Research and Development of Heat Treatment Process of New Stainless Steel for Hand Tools	Improvement of heat treatment process of stainless steel in existing technology	Already completed	After heat treatment, the stainless steel has better quality, higher mechanical strength, less deformation and better corrosion resistance.	
Research and Development of Heat Treatment Process for New Powder Metallurgy Parts for Hand Tools	In the process of heat treatment, multiple tools with different shapes are heat treated at the same time.	In process	Improve work efficiency	
Application and Development of Uniform Visible Laser Instrument with Sensing Function	In the intelligent era, the current traditional laser instruments are added to more position, angle, temperature and other sensors to achieve intelligent sensing, alarm, self-diagnosis functions.	Already completed	In the line projector represented by MK, three laser lines perpendicular to each other form an omni-directional working face, and high-brightness laser modules produce high-visibility laser lines. For the series of products represented by SP, the leveling system of the instrument is controlled by electronic sensors, which can achieve high precision leveling; the optical path design made by visual laser and optical components makes the laser line clearly visible and easy to use when the instrument is used for a long distance.	It can effectively enhance the competitiveness of products, expand the current product line, and attract more customers in the instrument industry because these customers have higher requirements for laser instruments. Finally, it can continue to improve sales.
Application and Research of 3D Depth Camera in Mobile Robot	3D (TOF) technology has rich application scenarios and has been applied in many fields. At present, the demand for 3D (TOF)	Already completed	Wide-angle molded lens; core board hardware circuit; multi-function interface board and data protocol and format; pseudo-color rendering; small	It opens up new product lines and enter the fields of robot, self-driving, intelligent warehousing, industrial security and so on.

	depth imaging technology is becoming increasingly prominent in many industries, such as robot navigation, intelligent security, AR/VR and so on.		batch production of industrial depth camera; SDK development package	With good applications, it will continue to increase the share of non-laser tools in the next few years.
Establishment and Research of High-power and High-precision 3D Laser Architecture Instrument Platform	At present, the demand of users for high-power omni-directional 3D laser is more urgent, because there are outdoor applications or indoor applications, the current middle and low-end products are mainly the lack of laser visibility.	Pilot stage (55%)	Design of green light using high power 80mW to 140mW and red light of 200mW; mechanism design of high power temperature rise and heat dissipation optimization; design of temperature sensor and temperature control and temperature protection program; design of high capacity battery module.	It can occupy the advantage and leading position in the market competition, lead the market in the application and promotion of high-power products, and finally win the market effectively.
Application and Development of Panoramic Real-time Indoor and Outdoor Movable Space Laser Measuring Instrument	In order to solve the problem that it is impossible to observe and aim in indoor long-distance laser ranging, it can effectively improve the accuracy and user experience.	Pilot stage (60%)	Image output of panoramic camera, development of 4x image magnification and detail enhancement algorithm, development of high precision ranging module up to 200m working distance, supporting APP development and stereotyping	It makes a breakthrough in the professional field of long-distance ranging applications, prompting product competitiveness and enriching product lines.
Study on Injection Molding Process of Hand Tool Plastic Storage Box Based on Blending Modification Technology	20% reduction in cost	Trial production in small batch	Reduce the scrap rate	Increase corporate profits
Study on Injection Molding Technology of Ultra-thick Wall Screwdriver Handle	Increase the original production efficiency by 1.5 to 2 times	Trial production in small batch	Improve production efficiency	Increase corporate profits
Study on the Production Technology of Assembled Putty	20% increase in efficiency compared with the original production	Production in small batch	Improve production efficiency	Increase corporate profits

Knife with Split Inner Core Structure				
Research on Riveting Process of Tail Nail Reinforced by Putty Cutter Based on Industrial Robot	10% reduction in cost	Production in small batch	Reduce the scrap rate	Increase corporate profits
Study on Two-step Precision Injection Molding Process of High Weather-resistant TPE for Tool Handle	The runner increased from original 0.5MM to 1 to 2MM.	Production in small batch	Improve production efficiency	Increase corporate profits
Research on Non-uniform Shrinkage Control Technology of Thick-walled Plastic Parts of Long Handle Hand Tools	The scrap rate of the latter process is reduced to less than 1 %.	Production in small batch	Reduce the scrap rate	Increase corporate profits
Study on Precision Injection Molding Process of Low Color Difference Fiber-added Nylon	Reduce the molding temperature by 3%	Production in small batch	Improve production efficiency	Increase corporate profits
Research on the Processing Technology of Lighting Tool Lamp with Non-screw Connection Structure	Increase productivity by 30%	Production in small batch	Improve production efficiency	Increase corporate profits
Study on High Peel Strength Thermoplastic Elastomer for Encapsulating	Polypropylene composites filled with 20% and 40% ultra-fine talc powder	Production in small batch	Reduce the scrap rate	Increase corporate profits

Nylon Handle of Hand Tools and Its Application				
Research on High Efficiency Stamping Production Line of Stainless Steel Sheet for Putty Knife	Make the depth of the handle plate uniform, adjusting from depth 3MM to 1.5MM	Trial production	Improve production efficiency	Increase corporate profits
Study on Low Shrinkage Polypropylene Composites Filled with Calcium Carbonate and Molding Process of Plastic Parts	2. The rivet column is higher than the bottom of countersunk hole of other fittings after assembly. 1. 5 to 2MM.	Pilot run	Improve production efficiency	Increase corporate profits
The Picking and Unloading System of Screwdriver Arbor Manipulator Based on PLC	10% reduction in cost	Trial production	Reduce the scrap rate	Increase corporate profits
Multi-specification Screwdriver Arbor Injection Mould Based on Rapid Positioning Technology	Cost reduction	Trial production	Reduce the scrap rate	Increase corporate profits
Study on Manufacturing Technology of Folding Assembly Plastic Operating Platform for Woodworking Decoration	Improve work efficiency	Pilot run	Improve production efficiency	Increase corporate profits
Research and Development of Cloud Platform for Foreign Trade Lean Supply Chain	Flexible business to realize the integration of industry and finance	Completed	Meet multi-mode business expansion	

Development and Application of Ultra-high Frequency Pulse Automatic Quenching in Cutting Tools	Increase product functions, improve product performance, and develop new products	Completed	Realize sales and expand market share	
Development and Research of Hybrid Power Tools	Increase product functions, improve product performance, and develop new products	Completed	Achieve sales and meet customer needs for professional-grade hybrid tools at home and abroad	
Research and Application of Communication Protocol in Electric Tools	Increase product functions, improve product performance, and develop new products	Under development	It meets the needs of customers of power tool series products at home and abroad, increases the export volume of the company's products, and improves the company's international reputation	
Application of Modified and Reinforced Thermal Conducting Plastics in Lighting Products	Increase product functions, improve product performance, and develop new products	Completed	Realize sales and expand market share	
Research and Development of High-precision Long-distance Bidirectional Laser Ranging Products	Increase product functions, improve product performance, and develop new products	Completed	Realize sales and expand market share of smart products	
Development and Application of Power Lithium Battery Pack Based on BMS Integrated Control System in Electric Tools	Increase product functions, improve product performance, and develop new products	Under development	Truly meet the customer needs of professional tool DC products, and improve the expansion and sales of the entire DC product	
Research and Development of a Laser Ranging Module with Image	Increase product functions, improve product performance, and develop new products	Under development	Realize sales and expand market share of smart products	

Function				
Research and Development of Tool Cabinet with Drawer Slide-rail Fixed Structure	<p>The assembly mode is still very tedious in the thread fixing operation part, and it is still very time-consuming in assembling or disassembling and repairing each slide rail, and it is well known that there is a lack of stable assembly structure between the two outer walls of the slide rail and the drawer, so that when the drawer places many heavy tools and is used for a long time, it is easy to cause the slide rail of the drawer to be loose and damaged.</p> <p>In order to overcome the above disadvantages, the tool cabinet with drawer slide rail fixed structure is developed.</p>	2021-10-30Already completed	<p>The placement function of the tool cabinet is enhanced, the shelves are kept at a distance between each other and can be conveniently disassembled and assembled, and the frame and the rack also have the safety function of protecting the tool cabinet body from shock and collision.</p>	Improve the core competitiveness and creativity of enterprises, improve product quality, reduce operating costs, and promote the sustainable and healthy development of enterprises.
Research and Development of a Assembled Drawer Cabinet	<p>The existing assembled bucket cabinet has a single structure and is not convenient to assemble.</p> <p>At present, most assembled bucket cabinets only use the cooperation of insertion boards and slots to complete the assembly and disassembly of assembled bucket cabinets.</p> <p>Although the assembled bucket cabinet has the characteristics of easy disassembly and</p>	2021-08-25Already completed	<p>The connection mode of the roof and bottom plate is through the slot insertion and bolt fastening, and the stability of the whole is improved.</p> <p>Finally, the supporting foot is installed at the connection between the side plate and the front and rear door frame, which strengthens the stability between the side plate and the front door frame and the back door frame.</p>	Improve the core competitiveness and creativity of enterprises, improve product quality, reduce operating costs, and promote the sustainable and healthy development of enterprises.

	<p>convenient transportation, the structure of the assembled bucket cabinet assembled in this way is unstable and prone to deformation.</p> <p>In order to overcome the above disadvantages, the assembled tool cabinet is developed.</p>			
<p>Research and Development of Large-capacity Up-down Combined Tool Cabinet</p>	<p>"the cabinets of traditional tool cabinets are all single-body. The structure of the tool cabinet is single, and the objects that can be stored are relatively small and single because of the limitation of the accommodation space and structure of the tool cabinet.</p> <p>It is often necessary to purchase multiple tool cabinets with different specifications to meet the storage needs of a variety of objects, which leads to more purchase costs of storage equipment on the one hand and low utilization of storage space on the other.</p> <p>In order to make better use of storage space and meet the high-capacity requirements of consumers, large-capacity up-and-down tool cabinets are developed. "</p>	<p>2021-12-31Already completed</p>	<p>The utility model not only greatly increases the accommodation space of the tool cabinet, but also improves the utilization rate of the storage space; for example, the utility model has the advantages of simple structure, reasonable design, large accommodation space, and can store a variety of tools and articles.</p> <p>The utilization rate of storage space is high, which greatly reduces the purchase cost of storage equipment for users.</p>	<p>Improve the core competitiveness and creativity of enterprises, improve product quality, reduce operating costs, and promote the sustainable and healthy development of enterprises.</p>
<p>Development of</p>	<p>Increase product</p>	<p>Mass Production</p>	<p>Increase output value</p>	<p>Expanded product line</p>

Key Technology of Multi-function Fingertip Gyroscope	functionality or improve performance			
Research on Automatic Printing Technology of High Precision Linear Level	Increase labor productivity	Device not completed	Reduce labor	Automated production goes a step further
Study on the Key Technology of Mask Production	Increase labor productivity	Mass Production	Reduce labor	Automated production goes a step further
Research and Development of Key Technology of High Precision Level with High Cost Performance	Increase product functionality or improve performance	Product proofing successful	Increase output value	Expanded product line
Study on the Technology of High Performance Aluminum Welding L-Type Gauge	Reduce energy consumption or improve energy efficiency	Device not completed	Reduce production costs	Further innovation in production technology
Development of Key Technologies of Two-in-one Horizontal Ruler	Increase product functionality or improve performance	Product proofing successful	Increase output value	Expanded product line
Research on the Key Technology of Milling the Basic Surface of Level	Save raw materials	Mass Production	Ensure stable quality	Further innovation in production technology
Research and Development of Automatic Assembly Technology for End Cover of Linear Level	Develop new products	Mass Production	Increase output value	Automated production goes a step further
Research and Development of Automatic Assembly	Increase labor productivity	Device not completed	Reduce labor	Automated production goes a step further

Technology for L-Square				
Research and Development of Automatic Assembly Technology for Angle Square	Increase product functionality or improve performance	Device not completed	Reduce labor and ensure stable quality	Automated production goes a step further
Vehicle-mounted Glass Lamp	Facing users, improve the convenience of product use; improve the technical requirements of enterprise products, and gradually transform to mid-end products	Completed	The company's sales in 2021 increased by about 10 million yuan	Enable the company's products to enter the professional field smoothly; improve profit margins
Dry Lithium Universal Induction Head Lamp	Facing users, improve the convenience of product use; improve the technical requirements of enterprise products, and gradually transform to mid-end products	Completed	The company's sales in 2021 increased by about 20 million yuan	Enable the company's products to enter the professional field smoothly; improve profit margins
Solar Rechargeable Hand Three-in-one Camping Light	Facing users, improve the convenience of product use; improve the technical requirements of enterprise products, and gradually transform to mid-end products	Completed	The company's sales in 2021 increased by about 20 million yuan	Enable the company's products to enter the professional field smoothly; improve profit margins
Outdoor High-protection Laser Rangefinder	The market urgently needs a high-protection rangefinder product that can withstand cruel environmental tests	Completed	Actively develop laser rangefinder products that can be used in outdoor environment, at the same time, on the basis of conventional rangefinder, integrate high-precision ranging algorithm, develop an outdoor laser rangefinder with high protection and high precision.	
Electronic Level Laser Line	The market urgently needs a laser line	Completed	A fast and stable electronic leveling laser line catcher has	

Projector	projector product that can not be affected by high-altitude floor wind		been developed.	
Wall Body Detector	The market needs an efficient instrument that can detect different substances in the wall and their exact location	Completed	Actively develop the products of wall detector, realize the identification of steel bar, wire, water pipe and other materials from the design of internal signal processing, and develop a kind of wall detector for rapid detection.	
Easy Maintenance Laser Line Casting Instrument	The market urgently needs a laser line projector product that quickly cleans up stucco pollution	Completed	Actively develop the corresponding easy-to-clean products, start with the structure design and protection degree, realize the water flushing cleaning of the laser window, and develop a kind of easy-to-maintain laser line-up instrument.	
Study on File and Planing Tool	Development of new products and processes	Small trial	Achieve breakthrough changes in existing products and processes	Increase sales
Development of Semi-automatic Riveting Technology for Pipe Cutter Holder	Development of new products and processes	Middle trial	Achieve breakthrough changes in existing products and processes	Increase sales
Development of Automatic Loading and Unloading Process for Saw Grinding Based on Robot Technology	Development of new products and processes	Small trial	Achieve breakthrough changes in existing products and processes	Increase sales
Research on Single-side Grinding Process of Pipe Cutter Based on Five-axis CNC Machining Technology	Development of new products and processes	Small trial	Achieve breakthrough changes in existing products and processes	Increase sales
Research on the	Development of new	Small trial	Achieve breakthrough	Increase sales

Pipe Wrench with the Opening Size Quickly Adjusted According to the Outside Diameter of Pipe	products and processes		changes in existing products and processes	
Research and Development of CNC Precision Single-side Grinding Process for Trowel	Development of new products and processes	Small trial	Achieve breakthrough changes in existing products and processes	Increase sales
Research and Development of Multi-station Tooth Cutting Process with Manual Knives and Scissors	Development of new products and processes	Small trial	Achieve breakthrough changes in existing products and processes	Increase sales
D-curve Water Pump Pliers	Open up new markets	Already in production	It is expected that the warp style will be more used in Applicable pipe construction and will have a certain market share after its launch.	After successful development, it has stable market orders and brings good benefits to the enterprise
WORKPRO Adjustable Wrench with Smooth Handle	Open up new markets	Already in production	Live wrench is one of the necessary tools for equipment and infrastructure installation, which is widely used in the market, and the mid-range products meet the current market demand.	After successful development, it has stable market orders and brings good benefits to the enterprise
New Ratchet Nipper	Open up new markets	Trial production	This high-grade live wrench is one of the company's products sold to the professional-grade live wrench market. After successful development, it has a stable market order and brings good benefits for the enterprise.	After successful development, it has stable market orders and brings good benefits to the enterprise
ERBAO Large Open Spring Wrench	Open up new markets	Trial production	This high-grade live wrench is one of the company's products sold to the	After successful development, it has stable market orders and brings good benefits to the

			professional-grade live wrench market. After successful development, it has a stable market order and brings good benefits for the enterprise.	enterprise
SK Premium Adjustable Wrench	Open up new markets	Trial production	This high-grade live wrench is one of the company's main live wrench products. After successful development, it has a stable market order and brings good benefits for the enterprise.	After successful development, it has stable market orders and brings good benefits to the enterprise
WOPKPRO Mid-range Light Handle Adjustable Wrench	Open up new markets	Trial production	This high-grade live wrench is one of the company's products sold to the professional-grade live wrench market. After successful development, it has a stable market order and brings good benefits for the enterprise.	After successful development, it has stable market orders and brings good benefits to the enterprise
Erbao Adjustable Wrench	Open up new markets	Process design	This high-grade live wrench is one of the company's products sold to the professional-grade live wrench market. After successful development, it has a stable market order and brings good benefits for the enterprise.	After successful development, it has stable market orders and brings good benefits to the enterprise
Research and Development of Professional Ratchet Wrench	It achieves a partial market share of ratchet wrenches.	Completed	Because the shape is different from the ordinary ratchet wrench, it has a certain advantage in the ordinary ratchet wrench market and occupies part of the market share of the ratchet wrench.	It achieves a partial market share of ratchet wrenches.
Development of Multi-functional Slip Joint Pliers	It solves the problems that the tooth shape of ordinary carp pliers is easy to slip and cut wire pliers.	Completed	The utility model solves the problems of common carp pliers, such as easy to slip and wire cutters, etc., and is suitable for use in the process	It enhances customer satisfaction and increases the product's share in the carp tongs market.

			of shearing size specifications.	
Research and Development of Anti-skid Water Pump Pliers	It can quickly adjust between pipes of various sizes to improve work efficiency.	Completed	The utility model solves the problems of common water pump clamp tooth bite, such as easy to slip, tedious adjustment of clamp size and so on. This product can be quickly adjusted between tubes of all sizes to improve work efficiency. It increases the market share of products in water pump pliers.	It can quickly adjust between pipes of various sizes and improve work efficiency. It increases the market share of products in pump pliers.
Development of Multipurpose Wrench with Quick Reversing Direction	It solve the problems that a product on the general market can only use one specification of nuts.	Completed	Quick reversing multi-purpose wrench belongs to high-end ratchet wrench, which solves the problem that only one specification nut can be used for a product in the ordinary market. It reduces customers' unnecessary choices, increases the share of products in the high-end market, increases the added value of products, and improves the profits of enterprises.	It increases the share of products in the high-end market, increases the added value of products, and improves the profitability of enterprises.
Research and Development of Professional Wrench with Large Torque	It realizes the company's products entering the high-end market.	Completed	Due to the different shape, torque and conventional dual-use wrench, it has certain advantages in the professional market and high-end customers, to achieve the company's products into the high-end market, enhance the status of enterprises in the industry, and guide the development direction of products.	It realizes the company's products entering the high-end market, enhances the company's position among peers, and guides the development direction of products.
Development of anti-dislodging oil pipe wrench	Tightening of oil pipe joint bolts to achieve good performance and enhance business benefits	Completed	Anti-disengagement oil pipe wrench is applied to the tightening of oil pipe joint bolts to achieve good	It can quickly occupy the hand tool market and enhance the business efficiency.

			performance. This product is produced by fewer domestic manufacturers, which can quickly occupy the hand tool market and enhance enterprise benefits.	
Development of ratchet 6 pawl energy-saving quick wrench	Quick reference to improvements in other products	In process	The 6-claw energy-saving quick wrench belongs to the high-end ratchet wrench, which has no such patented product in China and is in the leading position in China. Enhance the share of the product in the high-end market. This design can also be quickly quoted in other products for improvement.	Increase the share of the product in the high-end market. This design can also be quickly quoted to improve on other products.
Development of CNC embossing process	Solve labor shortage, stable quality control and improve production efficiency	In process	Solve the lack of labor, stable quality control and improve production efficiency. Realize semi-automatic production and provide a new development direction for the company's production process reform.	Realize semi-automatic production and provide a new development direction for the company's production process reform.
Development of automatic heat dissipation type laser level for construction works	Provide a kind of automatic heat dissipation laser level meter for construction project, using heat-conducting plate and heat dissipation fan to effectively dissipate heat to the body of laser level meter and ensure the working quality of laser level meter.	Already completed	<ol style="list-style-type: none"> 1. Effectively improve the heat dissipation efficiency and ensure the working quality of the laser level 2. Obtain 1-2 patents conversion 3. Improve company benefit 	<ol style="list-style-type: none"> 1. Laying the foundation for later research and development; 2. Protecting our intellectual property; 3. Improving the company's production efficiency and economic efficiency
Development of tunnel laser surveyor projector	The problems solved include: most of the existing laser measuring instruments cannot achieve automatic leveling, and the	Already completed	<ol style="list-style-type: none"> 1. The measurement data is more accurate, and the cooling fan is set to cool the laser projector well and improve the service life of the laser projector; 	<ol style="list-style-type: none"> 1. Laying the foundation for later research and development; 2. Protecting our intellectual property; 3. Improving the company's

	<p>measurement angle is also relatively single, and the equipment has to be moved after measuring a direction; when the laser projector works, it is easy to generate a lot of heat, and most of the existing equipment lacks a cooling device for the laser projector, which is very inconvenient to use.</p>		<p>2. Obtain 1-2 patents conversion 3. Improve company benefit</p>	<p>production efficiency and economic efficiency</p>
<p>Development of sixteen-line electronic leveling laser level technology</p>	<p>The problems solved include: when using the existing level meter, it requires plane $\leq 3^\circ$ to the environment, and secondly, the existing level meter needs staff to look at the level meter and site at the same time, which requires dual use, resulting low work efficiency.</p>	<p>Already completed</p>	<p>1. Through the real person voice prompts, the whole operation is guided, recording without distraction, sensing sensitive, rapid adjustment and more intelligent and faster than the existing products; 2. Obtain 1-2 patents conversion; 3. Improve the production efficiency and economic benefits of the company</p>	<p>1. Laying the foundation for later research and development; 2. Protecting our intellectual property; 3. Improving the company's production efficiency and economic efficiency</p>
<p>Development of laser distance leveling system based on BIM technology</p>	<p>Provide a laser distance measuring level system based on BIM technology to solve the technical problem of poor measurement accuracy caused by the inability to import measurement data into computer and the difficulty in controlling the measurement direction due to the use of tape measure or laser distance measuring instrument for measurement.</p>	<p>Already completed</p>	<p>1.The unification of field line-out and BIM model is realized, improving the efficiency and accuracy; 2. Obtain 1-2 patents conversion; 3.Improve the production efficiency and economic benefits of the company</p>	<p>1. Laying the foundation for later research and development; 2. Protecting our intellectual property; 3. Improving the company's production efficiency and economic efficiency</p>
<p>R&D of pipeline</p>	<p>Solve the technical</p>	<p>Already completed</p>	<p>1. It has established a</p>	<p>1. Laying the foundation for</p>

quality inspection technology based on laser and industrial camera	problems of high energy consumption for long-distance steel pipe inspection, and it is difficult to ensure the synchronization of the first and last movements after long-term use; if part of the steel pipe is intercepted for measurement, it is a lossy inspection, the detection efficiency is limited and the cost is high.		complete technical system of pipe size measurement structure, measurement method, evaluation index and intelligent improvement. Evaluation indicators can use different applications and site adaptability enhancement, compact structure, cost reduction. 2. Obtain 1-2 patents conversion 3. Improve the production efficiency and economic benefits of the company	later research and development; 2. Protecting our intellectual property; 3. Improving the company's production efficiency and economic efficiency
Development of laser level pendulum counterweight adjustment technology	"To provide a counterweight adjustment technology applied to the pendulum body of laser level meter, to solve the problem that the existing pendulum body of laser level meter does not have a center of gravity adjustment mechanism installed on it, and the measurement accuracy of the equipment is prone to deviation after adding additional parts to the pendulum body or using it for a long time."	Already completed	1. Provides a technology that facilitates fine adjustment and can improve the accuracy of adjusting the center of gravity to prevent deviations in the measurement accuracy of equipment after installation of the motherboard or after a long period of use 2. Obtain 1-2 patents conversion 3. Improve company benefit	1. Laying the foundation for later research and development; 2. Protecting our intellectual property; 3. Improving the company's production efficiency and economic efficiency
Development of a laser level with rapid positioning for body protection in the circumferential direction	To solve the technical problem that the existing laser level meter usually needs to be installed and positioned before use, and the traditional positioning device has a more complicated structure, and the operation steps in the positioning process are	In process	1. Clamping both sides of the laser level body by rotation, to achieve rapid positioning of the laser level body, the protection device can protect the laser level body in the circumferential direction, to prevent people from colliding with the laser level body, affecting the accuracy;	1. Laying the foundation for later research and development; 2. Protecting our intellectual property; 3. Improving the company's production efficiency and economic efficiency

	more and more complicated.		2. Obtain 1-2 patents conversion 3. Improve company benefit	
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Company R&D personnel

	FY 2021	FY 2020	Change ratio
Number of R&D personnel (people)	978	701	39.51%
Number of R&D personnel as a percentage	9.07%	9.50%	-0.43%
Educational structure of R&D personnel	—	—	—
Undergraduate	361	283	27.56%
Master	20	21	-4.76%
Age composition of R&D staff	—	—	—
Under 30 years old	141	114	23.68%
30~40 years old	378	390	-3.08%

Company R&D investment

	FY 2021	FY 2020	Change ratio
Amount of R&D investment (yuan)	309,763,366.15	245,372,069.36	26.24%
R&D investment as a percentage of operating revenue	2.84%	2.87%	-0.03%
Amount of R&D investment capitalized (yuan)	0.00	0.00	
Capitalized R&D investment as a percentage of R&D investment	0.00%	0.00%	

Reasons for and effects of significant changes in the composition of the Company's R&D staff

 Applicable Not Applicable

Reasons for the significant change in total R&D investment as a percentage of operating revenue compared to the previous year

 Applicable Not Applicable

Reasons for the significant change in capitalization rate of R&D investment and its reasonableness

 Applicable Not Applicable**5. Cash Flow**

Unit: Yuan

Items	FY 2021	FY 2020	Year-on-year increase or
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			decrease
Subtotal cash inflow from operating activities	11,353,982,165.74	8,733,248,296.13	30.01%
Subtotal cash outflow from operating activities	11,335,349,996.07	7,962,097,670.89	42.37%
Net cash flows from operating activities	18,632,169.67	771,150,625.24	-97.58%
Subtotal cash inflow from investing activities	576,965,254.73	371,506,589.54	55.30%
Subtotal cash outflow from investing activities	1,790,034,046.53	770,100,603.46	132.44%
Net cash flows from investing activities	-1,213,068,791.80	-398,594,013.92	204.34%
Subtotal cash inflow from financing activities	4,415,766,206.58	3,889,710,965.44	13.52%
Subtotal cash outflow from financing activities	2,884,992,006.99	2,730,585,831.23	5.65%
Net cash flows from financing activities	1,530,774,199.59	1,159,125,134.21	32.06%
Net increase in cash and cash equivalents	270,923,023.10	1,602,805,770.74	-83.10%

Explanation of the main influencing factors for the significant year-on-year change in relevant data

√ Applicable □ Not Applicable

Item	FY 2021	FY 2020	Year-on-year increase or decrease	Cause of Change
Net cash flows from operating activities	18,632,169.67	771,150,625.24	-97.58%	Mainly due to the increase in the scope of consolidation and the increase in stock preparation during the period
Net cash flows from investing activities	-1,213,068,791.80	-398,594,013.92	204.34%	Mainly due to the investment payment for the acquisition of Keelong and BeA during the period.
Net cash flows from financing activities	1,530,774,199.59	1,159,125,134.21	32.06%	Mainly due to the receipt of loans from Qiu Jianping and Wang Lingling during the period.

Explanation of the reasons for the significant difference between the net cash flow from operating activities and the net profit of the

year during the reporting period

Applicable Not Applicable

V. Analysis of Non-main business

Applicable Not Applicable

VI. Analysis of Assets and Liabilities

1. Significant changes in the composition of assets

Unit: Yuan

	End of 2021		Beginning of 2021		Weight gain/loss	Description of significant changes
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Monetary Funds	4,033,707,240.16	23.31%	3,750,506,068.39	27.42%	-4.11%	
Accounts Receivable	1,798,265,505.53	10.39%	1,260,096,723.75	9.21%	1.18%	This is mainly due to the increase in the scope of consolidation in the current period.
Contract Assets		0.00%		0.00%	0.00%	
Inventory	2,835,777,996.84	16.39%	1,386,320,837.86	10.14%	6.25%	This is mainly due to the increase in the scope of consolidation and the increase in stock preparation due to the growth of international e-commerce business, the epidemic and the increase in raw material prices during the period.
Investment properties	127,058,966.69	0.73%		0.00%	0.73%	
Long-term equity investments	2,353,942,699.80	13.60%	2,207,878,459.67	16.14%	-2.54%	
Fixed Assets	1,494,547,487.29	8.64%	1,348,034,595.31	9.86%	-1.22%	
Construction in progress	113,750,851.49	0.66%	166,268,204.96	1.22%	-0.56%	
Right-of-use assets	411,722,761.66	2.38%	393,054,180.95	2.87%	-0.49%	
Short-term borrowings	1,806,901,201.39	10.44%	1,015,117,910.75	7.42%	3.02%	This is mainly due to the new trade financing (U.S. dollar), which has a greater advantage of U.S. dollar

						interest rate compared with RMB interest rate and can effectively hedge the company's exchange rate risk.
Contractual Liabilities	91,235,951.19	0.53%	72,490,372.55	0.53%	0.00%	
Long-term borrowings	1,015,445,732.07	5.87%	509,555,882.91	3.73%	2.14%	This is mainly due to the new merger and acquisition loans in the current period.
Lease obligations	289,196,511.02	1.67%	337,599,418.27	2.47%	-0.80%	

High percentage of foreign assets

√ Applicable □ Not Applicable

Asset specifics	Reasons for formation	Asset Size	Location	Operating Model	Control measures to safeguard the security of assets	Earnings	Foreign assets as a percentage of the company's net assets	Whether there is a significant risk of impairment
Lista Holding AG 100% shareholding	Equity acquisition	231.5341million	Switzerland	Independent accounting	Financial monitoring, commissioning external audit	Profitable	2.14%	No
Arrow Fastener Co.,LLC 100% shareholding	Equity acquisition	369.4661million	United States	Independent accounting	Financial monitoring, commissioning external audit	Profitable	3.42%	No

2. Assets and liabilities measured at fair value

√ Applicable □ Not Applicable

Unit: Yuan

Item	Opening balance	Gains or losses on changes in fair value for the period	Accumulated fair value changes included in equity	Impairment charged during the period	Purchase amount for the period	Amount sold during the period	Other changes	Closing balance
Financial Assets								
1. Financial	27,191,411.52					27,022,757.5		

assets held for trading (excluding derivative financial assets)						0		
2. Derivative financial assets	36,027,480.86	-31,447,528.93						4,330,070.00
3. Other debt investments	532,386.17	8,814,958.09						9,227,687.75
Subtotal financial assets	63,751,278.55	-22,632,570.84				27,022,757.50		13,557,757.75
Total of the above	63,751,278.55	-22,632,570.84				27,022,757.50		13,557,757.75
Financial liabilities	0.00	-978,031.91						978,031.91

Other changes

Whether there were any significant changes in the measurement attributes of the Company's major assets during the reporting period

Yes No

3. Restricted rights of assets as of the end of the reporting period

Item	Carrying value at the end of the period	Restricted Reasons
Monetary Funds	27,725,700.00	Bank Acceptance Deposit
Monetary Funds	2,295,252.00	Margin for forward exchange settlement
Monetary Funds	1,975,140.00	Customs deposit
Monetary Funds	492,906.98	Project performance bond
Monetary Funds	32,000.00	ETC margin
Fixed Assets	29,720,650.63	For the opening of bankers' acceptances
Fixed Assets	10,873,242.70	Used as collateral for bank loans
Intangible assets	2,110,603.58	For the opening of bankers' acceptances
Intangible assets	1,483,459.51	Used as collateral for bank loans
100.00% equity interest in Arrow Fastener Co., LLC [Note]	388,146,927.39	Pledge for bank loan
100.00% equity interest in Geelong Orchid Holding Limited [Note]	205,959,077.97	Pledge for bank loan

Total	670,814,960.76	
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[Note] 100.00% equity interest in Arrow Fastener Co., LLC is the net assets of Arrow Fastener Co., LLC at the end of the reporting period; 100.00% equity interest in Geelong Orchid Holding Limited is the net assets of Geelong Orchid Holding Limited at the end of the reporting period.

VII. Analysis of Investment Status

1. Overall situation

Applicable Not Applicable

Amount invested in the reporting period (yuan)	Investment amount in the same period of the previous year (yuan)	Change range
1,123,031,335.02	540,855,823.95	107.64%

2. Significant equity investments acquired during the reporting period

Applicable Not Applicable

Unit: Yuan

Name of investee company	Main businesses	Investment Method	Investment amount	Shareholding ratio	Funding Sources	Partners	Investment Term	Product Type	Progress as of the balance sheet date	Expected revenue	Profit and loss on investments for the period	Whether it is involved in a lawsuit	Date of disclosure (if any)	Disclosure Index (if any)
BeA	Professional Fastener Tools	Acquisitions	243,418,722.10	100.00%	Own funds	None	Permanent	Long-term equity investments	Already completed acquisition	1,397,100.57	1,397,100.57	No	June 03, 2021	Announcement number : 2021-057
Geelong	Toolbox cabinet	Acquisitions	794,236,994.50	100.00%	Raise \$13,494,200,000, the remaining part is own funds	None	Permanent	Long-term equity investments	Already completed acquisition	-19,877,804.61	-19,877,804.61	No	July 03, 2021	Announcement number : 2021-068
Total	--	--	1,037,655,716.60	--	--	--	--	--	--	-18,480,704.04	-18,480,704.04	--	--	--

3. Significant non-equity investments in progress during the reporting period

Applicable Not Applicable

4. Investment in financial assets

(1) Portfolio investments

Applicable Not Applicable

Unit: Yuan

Variety of securities	Stock Code	Stock short name	Initial investment cost	Accounting measurement model	Opening book value	Gains or losses on changes in fair value for the period	Accumulated fair value changes included in equity	Purchase amount for the period	Amount sold during the period	Profit or loss for the reporting period	Carrying value at the end of the period	Accounting accounts	Funding sources
Bonds	Isin:USY9896RAB79	ZOOMLIOM	39,592,347.31	Fair value measurement	20,494,906.65				20,312,601.90	599,191.32	0.00	Financial assets held for trading	Own funds
Bonds	Isin:XSL839368831	NEW METRO	13,937,100.21	Fair value measurement	6,696,504.87				6,710,155.60	193,580.36	0.00	Financial assets held for trading	Own funds
Total			53,529,447.52	--	27,191,411.52	0.00	0.00	0.00	27,022,757.50	792,771.68	0.00	--	--
Date of disclosure of announcement of shareholders' meeting for approval of securities investment													
Date of disclosure of announcement of shareholders' meeting for approval of securities investment (if any)													

(2) Investment in derivatives

Applicable Not Applicable

Unit:10,000 yuan

Name of derivative investment operator	Affiliations	Whether related transactions	Types of Derivatives Investments	Initial investment amount of derivative investment	Start Date	End date	Opening investment amount	Amount purchased during the reporting period	Amount sold during the reporting period	Amount of provision for impairment (if any)	End of period investment amount	Investment amount at the end of the period as a percentage of the Company's net assets at the end of the reporting period	Actual amount of gain or loss for the reporting period
Banks	None	No	Forward foreign exchange	8,425.2	February 21, 2020	February 25, 2021	1,304.98		1,304.98			0.00%	174.82
Banks	None	No	Forward foreign exchange	12,836.88	May 04, 2020	May 07, 2021	6,524.9		6,524.9			0.00%	684.45
Banks	None	No	Forward foreign exchange	10,896.16	September 24, 2020	September 28, 2021	10,439.84		10,439.84			0.00%	618.32
Banks	None	No	Forward foreign exchange	3,405.05	September 09, 2020	September 10, 2021	3,262.45		3,262.45			0.00%	268.66
Banks	None	No	Forward foreign exchange	13,620.2	September 25, 2020	September 29th, 2021	13,049.8		13,049.8			0.00%	
Banks	None	No	Forward foreign exchange	3,285.65	March 08, 2021	March 10, 2022		3,285.65			3,187.85	0.29%	
Banks	None	No	Forward foreign exchange	3,285.65	March 26, 2021	July 23rd, 2021		3,285.65	3,285.65			0.00%	70.39
Banks	None	No	Forward foreign exchange	3,285.65	March 29th,	July 28th,		3,285.65	3,285.65			0.00%	75.88

			exchange		2021	2021							
Banks	None	No	Forward foreign exchange	22,610.35	June 17, 2021	December 31, 2021		22,610.35	22,610.35			0.00%	147.21
Banks	None	No	Forward foreign exchange	6,460.2	July 28th, 2021	October 29, 2021		6,460.2	6,460.2			0.00%	82.21
Banks	None	No	Forward foreign exchange	33,724.08	September 24, 2021	November 03, 2021		33,724.08	33,724.08			0.00%	-307.53
Banks	None	No	Swaps	100.04	September 28, 2021	September 28, 2021		100.04	100.04			0.00%	99.56
Banks	None	No	Swaps	91.5	October 11, 2021	October 11, 2021		91.5	91.5			0.00%	91.06
Banks	None	No	Swaps	1,216	October 11, 2021	October 11, 2021		1,216	1,216			0.00%	1,210.19
Banks	None	No	Swaps	169.4	October 20, 2021	October 20, 2021		169.4	169.4			0.00%	168.59
Banks	None	No	Swaps	3,195	October 25, 2021	October 25, 2021		3,195	3,195			0.00%	53.74
Banks	None	No	Swaps	6,390	October 25, 2021	October 25, 2021		6,390	6,390			0.00%	81.61
Banks	None	No	Swaps	12,760	October 27, 2021	October 27, 2021		12,760	12,760			0.00%	183.12
Banks	None	No	Forward foreign exchange	6,810.1	September 18, 2020	December 31, 2021	6,524.9		6,524.9			0.00%	457.21
Banks	None	No	Forward foreign exchange	13,620.2	September 21, 2020	December 31, 2021	13,049.8		13,049.8			0.00%	951.56
Banks	None	No	Forward foreign exchange	13,620.2	September 23, 2020	December 31, 2021	13,049.8		13,049.8			0.00%	989.48
Banks	None	No	Forward foreign exchange	13,142.6	January 13, 2021	December 31, 2021		13,142.6	13,142.6			0.00%	757.12
Banks	None	No	Forward foreign exchange	6,571.3	January 14, 2021	December 31, 2021		6,571.3	6,571.3			0.00%	443.24

Banks	None	No	Forward foreign exchange	6,571.3	January 16, 2021	December 31, 2021		6,571.3	6,571.3			0.00%	425.25
Banks	None	No	Forward foreign exchange	6,571.3	January 23rd, 2021	December 31, 2021		6,571.3	6,571.3			0.00%	394.02
Banks	None	No	Forward foreign exchange	6,571.3	January 26, 2021	December 31, 2021		6,571.3	6,571.3			0.00%	378.18
Banks	None	No	Forward foreign exchange	6,571.3	January 27, 2021	December 31, 2021		6,571.3	6,571.3			0.00%	386.47
Banks	None	No	Forward foreign exchange	6,571.3	January 28, 2021	December 31, 2021		6,571.3	6,571.3			0.00%	440.11
Banks	None	No	Forward foreign exchange	6,571.3	January 30, 2021	November 15, 2021		6,571.3	6,571.3			0.00%	368.29
Banks	None	No	Forward foreign exchange	3,285.65	January 30, 2021	December 07, 2021		3,285.65	3,285.65			0.00%	150.8
Banks	None	No	Forward foreign exchange	3,285.65	February 09, 2021	December 13, 2021		3,285.65	3,285.65			0.00%	155.85
Banks	None	No	Forward foreign exchange	3,285.65	February 11, 2021	December 07, 2021		3,285.65	3,285.65			0.00%	154.3
Banks	None	No	Forward foreign exchange	6,571.3	February 14, 2021	December 07, 2021		6,571.3	6,571.3			0.00%	307.6
Banks	None	No	Forward foreign exchange	6,571.3	January 01, 2021	December 21, 2021		6,571.3	6,571.3			0.00%	302.9
Banks	None	No	Forward foreign exchange	6,571.3	January 01, 2021	December 21, 2021		6,571.3	6,571.3			0.00%	299.1
Banks	None	No	Forward foreign exchange	19,713.9	February 25, 2021	March 10, 2021		19,713.9	19,713.9			0.00%	87.6
Banks	None	No	Forward	12,909.2	June 21,	December		12,909.2	5,258.36		7,650.84	0.71%	236.7

			foreign exchange		2021	er 31, 2021							6
Banks	None	No	Forward foreign exchange	6,474.4	June 25, 2021	December 31, 2021		6,474.4	2,011.41		4,462.99	0.41%	108.43
Banks	None	No	Forward foreign exchange	7,077.18	August 15, 2021	Aug. 18, 2021		7,077.18	7,077.18			0.00%	21.67
Banks	None	No	Forward foreign exchange	6,421.38	October 31, 2021	November 01, 2021		6,421.38	6,421.38			0.00%	6.33
Banks	None	No	Options		February 09, 2021	February 23rd, 2021						0.00%	17.1
Banks	None	No	Options		March 01, 2021	March 10, 2021						0.00%	9.28
Banks	None	No	Forward foreign exchange	3,605.69	January 01, 2021	July 22nd, 2021		3,605.69	3,605.69			0.00%	65.64
Banks	None	No	Forward foreign exchange	5,572.43	January 01, 2021	July 28th, 2021		5,572.43	5,572.43			0.00%	121.99
Banks	None	No	Forward foreign exchange	7,106.22	July 22nd, 2021	December 21, 2021		7,106.22	7,106.22			0.00%	42.51
Banks	None	No	Forward foreign exchange	3,230.1	July 22nd, 2021	December 28, 2021		3,230.1	3,230.1			0.00%	17.84
Total				340,630.56	--	--	67,206.47	257,396.57	309,203.56		15,301.68	1.41%	11,798.91
Derivatives Investment Funding Sources				Own funds									
Involvement in lawsuits (e.g. Applicable)				Not Applicable									
Date of disclosure of board of directors' announcement for approval of derivative investments (if any)				April 15, 2021									
Date of disclosure of announcement of shareholders' meeting for approval of derivative investment (if any)													

Risk analysis of derivative positions and description of control measures for the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	To prevent exchange rate risk, the Company and its subsidiaries conduct derivative business. The Company and its subsidiaries strictly implement the Foreign Exchange Hedging Business Management System.
Changes in market prices or product fair values of invested derivatives during the reporting period, and the analysis of the fair value of derivatives should disclose the specific methods used and the setting of relevant assumptions and parameters	The fair value floating gain on invested derivatives at the beginning of the reporting period was RMB31,510,700 and the fair value floating gain on derivatives at the end of the reporting period was RMB-31,447,500.
Explanation of whether the accounting policy and specific principles of accounting for derivatives of the company in the reporting period have changed significantly compared with the previous reporting period	No change
Special opinion of independent directors on the company's derivative investment and risk control	It is necessary for the Company to carry out foreign exchange derivative transactions in line with the actual operation needs of the Company, which can reduce the impact of exchange rate fluctuations on the Company's profit to a certain extent. The Company has established the "Foreign Exchange Derivatives Trading Business Management System" and effective risk control measures in accordance with the requirements of relevant laws and regulations. We agree with the Company's proposal to carry out foreign exchange derivative transactions for the year 2021.

5. Use of proceeds

Applicable Not Applicable

(1) Overall use of proceeds

Applicable Not Applicable

Unit:10,000 yuan

Year of raising	Method of raising	Total Funds Raised	Total amount of proceeds used during the period	Total accumulated use of proceeds	Total amount of funds raised during the reporting	Total cumulative change in use of proceeds	Proportion of the total amount of proceeds from the cumulative	Total unused proceeds	Use and destination of unused proceeds	Amount of funds raised that have been idle for more than

					period that changed use		change of use			two years
2020 年	Issuance of convertible bonds	97,260	13,910.15	53,730.92	13,494.42	13,494.42	13.87%	44,986.46	Deposited in the special account for fund raising	0
Total	--	97,260	13,910.15	53,730.92	13,494.42	13,494.42	13.87%	44,986.46	--	0
Description of the overall use of proceeds										
<p>Approved by the China Securities Regulatory Commission under license No. 2656 [2019] and agreed by the Shenzhen Stock Exchange, the Company is permitted to issue convertible bonds in public not exceeding RMB 972,600,000.00. The lead underwriter CITIC Construction Investment Securities Co., Ltd. will adopt the preferential placement to the original shareholders of the Company, and the balance after the preferential placement by the original shareholders (including the part of the original shareholders' waiver of the preferential placement) will be issued to public investors through online, and the part of the issue subscription amount less than RMB972,600,000.00 will be underwritten by the lead underwriter. The actual public offering of 9,726,000 convertible bonds with par value of RMB100.00 each, raising a total of RMB972,600,000.00, after deducting underwriting and sponsorship expenses of RMB5,188,679.25 (excluding tax), amounted to RMB967,411,320.75, which has been remitted to the Company's custody account of the proceeds by the lead underwriter, CITIC Capital Securities Co., Ltd. After deducting the underwriting and sponsorship fees, audit and capital verification fees, attorney's fees, credit rating fees, information disclosure fees for the issue, lottery fees and bond issue registration fees and other external expenses directly related to the issue of convertible bonds of RMB2,289,867.92, the net proceeds raised by the Company amounted to RMB965,121,452.83. The above-mentioned availability of proceeds was verified by Tianjian Certified Public Accountants (Special Ordinary Partnership), which issued the Verification Report (Pan-China Verification [2020] No. 244).</p> <p>As of December 31, 2021, the Company has invested a total of RMB 537,309,200 in the fund-raising funds, with net interest income of RMB18,123,500 and foreign exchange gain/loss of RMB-1,900,400 on the fund-raising funds in fiscal year 2021, and the balance of the fund-raising account was RMB449,864,600 as of December 31, 2021.</p>										

(2) Commitment of fund-raising projects

√ Applicable □ Not Applicable

Unit: 10,000 yuan

Commitment of investment projects and investment of excess funds	Whether the project has been changed (including partial change)	Total committed investment of proceeds	Adjusted total investment(1)	Amount of input in the current reporting period	Cumulative input amount as of the end of the period(2)	Investment progress as of the end of the period (3) = (2)/(1)	Date the project reaches its intended useable state	Benefits realized in the current reporting period	Whether projected benefits are met	Whether there is a significant change in project feasibility

Committed Investment Projects										
1. Laser measuring instrument and smart home production base construction project	No	20,426	20,426	5,472.45	8,594.2	42.07%	December 31, 2022		Not Applicable	No
2. Toolbox cabinet production base construction project	Yes	26,776	13,281.58	2,556.91	13,281.58	100.00%			Not Applicable	Yes
3. Intelligent storage and logistics base construction project	No	22,542.15	22,542.15	495.84	7,470.19	33.14%	December 31, 2022		Not Applicable	No
4. R&D center construction project	No	7,768	7,768	12.36	12.36	0.16%	December 31, 2022		Not Applicable	No
5. Supplemental working capital	No	19,000	19,000		19,000	100.00%			Not Applicable	No
6. Capital increase in subsidiary and acquisition of 100% equity interest in Geelong Holdings Limited held through Geelong Orchid Holdings Ltd	No		13,494.42	5,372.59	5,372.59	39.81%	July 02, 2021	-1,987.78	Not Applicable	No
Subtotal of committed investment projects	--	96,512.15	96,512.15	13,910.15	53,730.92	--	--	-1,987.78	--	--
Investment of overraised funds										
Not Applicable										
Total	--	96,512.15	96,512.15	13,910.15	53,730.92	--	--	-1,987.78	--	--
Failure to meet planned progress or projected earnings and reasons (by specific project)	<p>I. The reasons why the company's fund-raising investment projects did not reach the planned schedule are as follows:</p> <p>1. The main body of the laser measuring instrument and smart home production base construction project is the wholly-owned secondary subsidiary Haining GreatStar Intelligent Equipment Co. Ltd. and the wholly-owned subsidiary Vietnam GreatStar Intelligence Co., Ltd. The implementation site is located in Lianhang Economic and Technological Development Zone, Haining City, Zhejiang Province and Nam Cameo Industrial Zone, Shuiyuan County, Hai Phong City, Vietnam, with the original construction period of two years and planned to be completed by the end of December 2020. The company added a new implementation subject Vietnam GreatStar Intelligence Co., Ltd. in the process of project implementation, which, together with the sudden outbreak of the COVID-19, had a certain impact on the company's project construction progress and delayed the completion time of the project. The Company intends to add</p>									

	<p>Hangzhou GreatStar Tools Co., Ltd, a wholly-owned subsidiary, as one of the implementation subjects of the Project, add the plot No. 26 of Hangzheng Gongzhuo (2020) in Jianggan District, Hangzhou, as one of the implementation sites of the Project, and simultaneously adjust the investment structure of the Project and extend the implementation period to December 31, 2022.</p> <p>2. The main body of the implementation of the intelligent storage and logistics base construction project is a wholly-owned subsidiary, Haining GreatStar Intelligent Equipment Co., Ltd., which is located in Lianhang Economic and Technological Development Zone, Haining City, Zhejiang Province, with the original construction period of two years and planned to be completed by the end of December 2020. Due to the impact of the COVID-19, the project has been affected to varying degrees in the process of infrastructure construction, logistics and transportation, equipment installation and commissioning, resulting in a delay in the project implementation schedule compared to the plan. In order to ensure the smooth implementation of the project, considering the development plan of the company and the actual construction situation of the project, the company intends to extend the implementation period of the project to December 31, 2022 under the condition that the main body of the project, total investment and construction scale of the project remains unchanged.</p> <p>3. The main body of the R&D center construction project is the wholly-owned subsidiary Hangzhou United Machinery Co., Ltd, which is located at the northwest corner of the intersection of Hongpu Road and Jiuheng Road, Jiubao Street, Jianggan District, Hangzhou. The original construction period of the project was 3 years, and the procurement, installation and commissioning of the equipment were planned to be completed by December 31, 2020, and the recruitment and training of personnel were completed by the end of 2021. In early 2020, the sudden outbreak of the COVID-19 had a certain impact on the construction schedule of the project, resulting in a delay in the implementation schedule of the project compared to the original plan. In order to better integrate the company's existing innovative research and development resources and better support the development of the company's own brand and cross-border e-commerce business, the company intends to change the implementation subject of the project to Hangzhou GreatStar Technology Co., Ltd. and adjusts the investment structure, and extends the implementation period to December 31, 2022.</p> <p>II. The proceeds used for the toolbox cabinet production base construction project have been invested in the construction of the toolbox cabinet production base of Haining GreatStar Intelligent Equipment Co., Ltd. and Thailand New Earth Co.,Ltd(renamed as Geelong (Thailand) Co.,Ltd), which has not yet generated benefits as of the end of the period.</p>
Description of significant changes in project feasibility	<p>The sudden outbreak of the COVID-19 has a certain impact on the construction progress of the company's toolbox cabinet production base construction project, which has delayed the completion time node of the original investment project. According to the company's long-term strategic planning and current development needs, in order to improve the efficiency of the use of funds raised, to enhance the company's existing production capacity and supply capacity more quickly, and to better meet customer demand, the company's seventh board meeting of the fifth session and the 2020 annual general meeting of shareholders considered and approved that the Company used the proceeds from the toolbox cabinet production base construction project of RMB 134,944,200 that had not been invested as of April 5, 2021 for the acquisition of 100% equity interest in Geelong Holdings Limited held through Geelong Orchid Holdings Ltd, and the original toolbox cabinet production base construction project was terminated. In order to facilitate the smooth implementation of the equity acquisition and reduce transaction costs, the Company held the tenth session of the fifth board of directors meeting on June 21, 2021, and considered and passed the "Proposal to Change the Implementation Subject of Part of the Fund Raising Project", agreeing that the Company</p>

	changes the implementation subject of the equity acquisition project, and the implementation subject was changed from the Company to Hong Kong GreatStar International Limited, a wholly-owned subsidiary of the Company.
Amount, purpose and progress of use of over-issued funds	Not Applicable
Change of location for the implementation of the fund-raising investment project	Applicable
	During the reporting period
	On July 22, 2020, the Company held the thirty-seventh meeting of the fourth session of the Board of Directors to consider and approve the "Resolution on Increasing the Implementation Subject and Location of Part of the Fund Raising Project and Using Part of the Fund Raising to Increase the Capital of a Wholly-Owned Subsidiary": 1. Agree to add a wholly-owned subsidiary, Vietnam GreatStar Intelligence Co., Ltd. as one of the project implementation subjects for the laser measuring instrument and smart home production base construction project, and add Nam Cambridge Industrial Zone, Shuiyuan County, Hai Phong City, Vietnam as one of the project implementation sites;2. Agree to add wholly-owned subsidiary Thailand New Earth Co., Ltd.(renamed as Geelong (Thailand) Co.,Ltd) as one of the project implementation subjects for the tool box cabinet production base construction project and add No. 54/5, Mayangpong Township 1, Baudan District, Rayong Province, Thailand as one of the project implementation sites.
	On April 14, 2021, the Company held the eighth meeting of the fifth session of the Board of Directors to consider and approve the "Resolution on Changing the Implementation Subject and Location of the Project, Adjusting the Investment Structure of the Project and Extending the Implementation Period": 1. Agree to add Hangzhou GreatStar Tools Co., Ltd, a wholly-owned subsidiary, as one of the implementation subjects of the Project, add the plot No. 26 of Hangzheng Gongzhuo (2020) in Jianggan District, Hangzhou, as one of the implementation sites of the Project;2. Agree that the implementation subject of R&D center construction project changed to Hangzhou GreatStar Technology Co.,Ltd. On June 21, 2021, the Company held the tenth meeting of the fifth session of the Board of Directors and considered and passed the "Resolution to Change the Implementation Subject of Part of the Fund Raising Project", agreeing that the implementation subject of the Company's acquisition of 100% equity interest in Geelong Holdings Limited held through Geelong Orchid Holdings Ltd be changed from the Company to Hong Kong GreatStar International Limited, a wholly-owned subsidiary of the Company.
Adjustment of the implementation mode of the fund-raising investment projects	Not Applicable
Prior investment and replacement of funds raised for investment projects	Applicable
	On July 22, 2020, the Company held the 37th meeting of the 4th Session of the Board of Directors and considered and passed the " Resolution on the Replacement of Self-financing Funds Pre-invested in the Fund Raising Project with the Fund Raising Funds". 1. Agreed that the Company shall replace the self-financing funds pre-invested in the fund-raising project with the fund-raising funds of RMB 148,254,900. 2. Agreed that the issue expenses paid by the Company with its own funds are RMB 1,723,800, which will

	be replaced with the proceeds.
Temporary replenishment of working capital with idle proceeds	Not Applicable
Amount and reasons for the balance of proceeds from project implementation	Not Applicable
The use and purpose of unused proceeds	As of the end of the period, the unused fundraising funds amounted to RMB 449,864,600 (including the accumulated interest received from bank deposits net of bank charges of RMB 24,387,300), which were deposited in the special fundraising account.
Problems or other circumstances in the use and disclosure of proceeds	Not Applicable

(3) Change of fund-raising projects

√ Applicable □ Not Applicable

Unit: 10,000 Yuan

Changed items	Corresponding original commitment items	Total amount of proceeds to be invested in the project after the change(1)	Actual amount invested in this reporting period	Actual cumulative amount invested as of the end of the period(2)	Investment progress as of the end of the period(3)=(2)/(1)	Date the project reaches its intended useable state	Benefits achieved during this reporting period	Whether the expected benefits are achieved	Whether there is a significant change in the feasibility of the project after the change
Capital increase in subsidiary and acquisition of 100% equity interest in Geelong Holdings Limited held through	Toolbox cabinet production base construction project	13,494.42	5,372.59	5,372.59	39.81%	July 02,2021	-1,987.78	Not Applicable	No

Geelong Orchid Holdings Ltd									
Total	--	13,494.42	5,372.59	5,372.59	--	--	-1,987.78	--	--
Description of reasons for changes, decision-making procedures and information disclosure (by specific project)	<p>1. The sudden outbreak of COVID-19 had a certain impact on the construction progress of the company's toolbox cabinet production base construction project, which delayed the completion time node of the original investment project. According to the company's long-term strategic planning and the current stage of development needs, in order to improve the efficiency of the use of the funds raised, more quickly enhance the company's existing production capacity and supply capacity, to better meet customer demand, as approved by the seventh meeting of the fifth session of the board of directors and the 2020 annual general meeting of the Company, the Company used the proceeds of RMB 134,944,200 from the toolbox cabinet production base construction project that had not been invested as of April 5, 2021 to acquire 100% equity interest in Geelong Holdings Limited held through Geelong Orchid Holdings Ltd., and the original toolbox cabinet production base construction project was terminated. In order to promote the smooth implementation of the acquisition of equity and reduce transaction costs, the Company held the tenth meeting of the fifth session of the Board of Directors on 21 June 2021 and considered and passed the "Resolution on Changing the Implementation Subject of Part of the Fund Raising Project", agreeing to change the Company's acquisition.</p> <p>2. The actual benefit of Geelong Orchid Holdings Ltd for the year 2021 is the net profit achieved by Geelong Orchid Holdings Ltd from July 2, 2021, the date of purchase to December 31, 2021. Due to the recurrence of the COVID-19 and the surge in the prices of upstream steel and other bulk materials, Geelong Orchid Holdings Ltd's shipping costs and prices of main materials have increased significantly, resulting in a decrease in gross profit margin and negative net profit in the second half of 2021.</p> <p>3. According to the equity acquisition agreement, the acquisition transaction amounted to RMB 128,245,000, and the funds required for this transaction were self-financed by the Company, of which RMB 134,944,200 was used from the proceeds. The transaction price was paid in cash by Hong Kong GreatStar International Limited in stages. As of the date of this report, the Company has completed the payment of the equity transfer in accordance with the agreement, and the investment progress of this project has reached 100%.</p>								
Failure to meet planned progress or projected benefits and reasons (by specific project)	Not Applicable								
Description of significant changes in the feasibility of the changed project	Not Applicable								

VIII. Significant Asset and Equity Sales

1. Sale of Significant Assets

Applicable Not Applicable

The Company did not sell any significant assets during the reporting period.

2. Sale of Significant Equity Interests

Applicable Not Applicable

IX. Analysis of Major Holding Companies and Joint Stock Companies

Applicable Not Applicable

Major subsidiaries and joint stock companies with an impact of 10% or more on the Company's net profit

Unit: CNY

Company Name	Company Type	Main Business	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Arrow	Subsidiaries	Manufacturing	--	549,984,017.41	369,466,126.39	664,664,008.95	67,783,125.83	50,062,384.74
GreatStar Europe AG	Subsidiaries	Manufacturing	--	2,493,817,617.75	392,604,604.75	1,406,783,712.70	63,839,281.73	120,455,192.34

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not Applicable

Company Name	Mode of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production operations and results
BeA GmbH	Established	No significant impact
Hongkong Shop-Vac International Co., Limited	Established	No significant impact
SK Hand Tool, LLC	Established	No significant impact
Shenzhen Workpro Technology Co., Ltd.	Established	No significant impact
GreatStar Industrial Vietnam Co., Ltd	Established	No significant impact
Hangzhou GreatStar Power Tools Co., Ltd.	Established	No significant impact
Frontier Kitchen & Bath (Suzhou) Co., Ltd.	Canceled	No significant impact
Hangzhou GreatStar Optoelectronics Technology Co., Ltd.	Canceled	No significant impact
Eudura Holding Limited	Canceled	No significant impact

Description of major holding and joint stock companies

X. Information on Structured Subjects Controlled by the Company

Applicable Not Applicable

XI. Prospects for the Future Development of the Company

(I) Corporate Development Strategy

The overall development strategy of the company is to focus on the main business, gain a foothold in China, layout the world, and plan for the long term.

Focusing on the main business means that the Company will continue to use the existing large supermarket and e-commerce channels in Europe and the United States to focus on the main business of TOOLS as the core product, while continuing to dispose of non-core business assets to recover cash and use it for the development of the main business. The company will also rely on outbound M&A to develop non-hand tools including power tools and outdoor products.

Based in China, the company will rely on China as the core of the supply chain network in Southeast Asia and the Chinese engineer dividend to dominate the current round of global supply chain division of labor in the tool industry, continue to expand the leading position of the industry, lead the development of the international tool industry, and gradually take over the current round of Europe and the United States in the future to create customer demand as the core of the innovation economy era of industrial transfer.

For global deployment, the company continues to focus on strengthening the construction of its own brand service system in Europe and the United States and the layout of production capacity in Southeast Asia, select foreign high-quality companies for industrial mergers and acquisitions integration, better access to international resources and international markets, and gradually upgrade the company from an ODM company made in China to an international OBM company that combines Chinese design, Asian manufacturing, and local services in Europe and the United States.

Finally, planning for the long term means that the company respects the century-long development history of the tool industry, relies on the characteristics of stable cash flow in the field of consumer durables with a flat growth rate, plans its own business and development path for the long term, gradually cultivates new business growth points, and finally becomes a good company that creates long-term value for society with sound operation, sustainable growth and healthy development.

(II) Business Plan

1. Overall business objectives

The company's basic strategy is to focus on the main business, gain a foothold in China, layout the world, and plan for the long term, while actively responding to changes in the external environment and changing its business focus at the right time to seize the rare strategic development opportunities in the next three years and achieve leapfrog development. The company's overall business goal in 2022 is to strive to achieve a 20% year-on-year growth in its main business.

2. Private brand development goals

Private brand is the long-term stable core competitiveness of the company, the company will continue to maintain investment in the promotion of own brand products, to ensure that the sales revenue of private brand products in 2022 continues to increase, and strive to reach 40% of the revenue share.

3. Cross-border e-commerce development goals

Cross-border e-commerce is the core of the company's strategy for sustained growth. The company will actively integrate its internal advantageous resources, orderly increase the product categories and service capacity of cross-border e-commerce, and continue to maintain a growth of over 50% in cross-border e-commerce business in 2022.

4. Power tool development goals

Power tools as the company's new business line after laser and box, will become the company's future

second growth curve. The company will integrate domestic high-quality lithium resources, orderly promote power tool products with their own characteristics, and strive to achieve more than 50% growth in the power tool business in 2022.

(III) Possible Risks

Based on the comprehensive analysis of the company's external environment and the actual situation of the enterprise, the main business risks faced by the company include:

1. Risk of exchange rate fluctuation

At present, the company's operating revenue basically comes from the overseas market. If the RMB exchange rate fluctuates widely, it will have certain impact on the company's operating revenue. The majority of the company's main business orders are denominated in U.S. dollars, and fluctuations in the exchange rate of RMB against the U.S. dollar directly affect the price competitiveness of the products, which will have an impact on the company's operating results. In this regard, the company will continue to strengthen its overseas layout and settlement control to hedge and reduce the impact of exchange rate fluctuations on the company's performance.

2. Risk of rising raw material prices

Recently, the company's main raw material prices have been fluctuating, causing the company's production costs to fluctuate as well. Although the company's production capacity is mainly outsourcing production and has strong bargaining power with upstream outsourcing manufacturers, if raw material prices continue to rise, it may still have a certain impact on the company's profitability. In this regard, the company will continue to strengthen procurement and cost control, establish strategic cooperative relationships with suppliers and sign long-term agreements to absorb the risk of raw material price fluctuations; at the same time, continue to optimize the product structure, strengthen the research and development of new products, rely on innovative products to determine reasonable prices and maintain product gross margins.

3. Risk of trade friction

Currently, the United States is the largest single market for the company, and most of the company's exports to the United States are still subject to a 25% tariff, which has an adverse impact on the company's development. In response, the company will pay close attention to the international situation, continue to implement its internationalization strategy, promote the construction of overseas manufacturing bases, cultivate overseas supply chains, establish a global production capacity layout and supply chain system, and ensure the stable development of the company's business.

4. Shipping cycle risk

In the last 12 months, the global shipping market has seen a significant increase in shipping prices due to the epidemic and capacity cycle. The majority of the company's products need to be transported by sea to different regions of the world, and the increase in shipping prices and the occasional lack of capacity will lead to certain risks in the sales of the company's products. In response, the company actively communicates with major shipping companies around the world to lock in capacity and freight rates in advance to ensure that the company's business will not be adversely affected by fluctuations in shipping cycles.

XII. Reception of research, communication, interviews and other activities during the reporting period

Applicable Not Applicable

Reception Date	Reception Location	Reception Mode	Reception Type	Reception	The main content of the talk and the	Index of the basic situation of the research

					information provided	
January 26, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Explanation of the company's 2020 annual results forecast and redemption of convertible bonds	Explanation of the company's 2020 annual results forecast and redemption of convertible bonds
January 27, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Explanation of the company's 2020 annual results forecast and redemption of convertible bonds	Explanation of the company's 2020 annual results forecast and redemption of convertible bonds
January 28, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Explanation of the company's 2020 annual results forecast and redemption of convertible bonds	Explanation of the company's 2020 annual results forecast and redemption of convertible bonds
March 11, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	The company's first quarter earnings forecast notes	The company's first quarter earnings forecast notes
March 12, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	The company's first quarter earnings forecast notes	The company's first quarter earnings forecast notes
April 19, 2021	Company	Other	Other	Other	The company's results and operations for 2020	Record of Investor Relations Activities of Hangzhou Great Star Industrial Co., Ltd. (No. 001 of [2021]) disclosed on the Shenzhen Stock Exchange Interactive (http://irm.cninfo.com.cn/)
April 26, 2021	Company	Telephone	Other	Institutional	Company's	Company's FY2020

		communication		investors, individual investors	FY2020 results, Q1 2021 results statement	results, Q1 2021 results statement
April 27, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Company's FY2020 results, Q1 2021 results statement	Company's FY2020 results, Q1 2021 results statement
August 25, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Company's half-yearly results statement for 2021	Company's half-yearly results statement for 2021
August 26, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Company's half-yearly results statement for 2021	Company's half-yearly results statement for 2021
August 27, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Company's half-yearly results statement for 2021	Company's half-yearly results statement for 2021
October 28, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Company's first three quarters of 2021 results statement	Company's first three quarters of 2021 results statement
October 29, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Company's first three quarters of 2021 results statement	Company's first three quarters of 2021 results statement
November 01, 2021	Company	Telephone communication	Other	Institutional investors, individual investors	Company's first three quarters of 2021 results statement	Company's first three quarters of 2021 results statement

Section IV Corporate Governance

I. Basic Status of Corporate Governance

During the reporting period, the Company continued to improve its corporate governance structure, establish and improve its internal management and control system, enhance its governance level and standardize its operation in strict accordance with the requirements of the Company Law, the Securities Law, the Code on Governance of Listed Companies and the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange.

As of the end of the reporting period, the actual situation of the Company's governance basically complied with the requirements of the relevant documents on the governance of listed companies issued by the CSRC.

(I) About shareholders and general meetings of shareholders

The Company strictly follows the requirements of the Opinions on the Regulation of General Meetings of Listed Companies, the Articles of Association and the Rules of Procedure of General Meetings of Shareholders to regulate the procedures for convening, holding and voting at general meetings of shareholders, treating all shareholders equally, ensuring the right of all shareholders to know and participate in important matters of the Company, and ensuring that all shareholders can fully exercise their rights.

(II) About the Directors and the Board of Directors

The Company elects its directors in strict accordance with the election procedures stipulated in the Company Law and the Articles of Association of the Company. At present, the Company has nine directors, including three independent directors, accounting for one third of all directors. The number and composition of the Board of Directors of the Company comply with the requirements of laws and regulations. The Board of Directors has four special committees, namely, the Strategy and Development Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Audit Committee. The Board of Directors conducts its work in strict accordance with the Articles of Association, the Rules of Procedure of the Board of Directors, the Work System for Independent Directors, the Rules for the Work of the Secretary of the Board of Directors, the Guidelines for the Standardized Operation of Listed Companies on the Shenzhen Stock Exchange, etc., and exercises its functions and powers in accordance with the law. All directors of the Company attended the Board of Directors and the Shareholders' General Meeting on time, and performed their duties as directors in an honest, trustworthy, diligent and responsible manner.

(III) About the Supervisors and the Supervisory Board

The Board of Supervisors of the Company elects supervisors in strict accordance with the selection and engagement procedures of the Company Law, the Articles of Association and the Rules of Procedure for the Board of Supervisors. The Supervisory Board of the Company is composed of three Supervisors, one of whom is an employee Supervisor, and the number and composition of the Supervisory Board of the Company are in compliance with the laws and regulations. The Company's Supervisors conscientiously perform their duties and, in the spirit of responsibility to all shareholders, convene the Supervisors' meetings, attend the shareholders' meetings and attend the Board of Directors' meetings in accordance with the Rules of Procedure of the Supervisors' Committee and other rules and regulations, and effectively supervise and express independent opinions on major matters, connected transactions,

financial conditions and the performance of duties of the Directors and the President of the Company.

(IV) Regarding the relationship between controlling shareholders and listed companies

The Company and the controlling shareholder are independent in terms of personnel, assets, finance, institutions and business, and the Board of Directors, Supervisory Committee and internal institutions of the Company can operate independently. The Company's controlling shareholder acts in a standardized manner and exercises its shareholder rights and undertakes corresponding obligations through the general meeting of shareholders, without interfering directly or indirectly with the decision-making and business activities of the Company beyond the general meeting of shareholders to the detriment of the legitimate rights and interests of the Company or other shareholders.

(V) About performance evaluation and incentive and restraint mechanism

The Company has established a comprehensive performance appraisal and evaluation system, and the appointment of senior management is open, transparent and in compliance with relevant laws and regulations and the Company's internal rules and regulations. The Company has established a performance evaluation system to link employees' income to their work performance. In the future, the company will explore more forms of incentives to form a multi-level comprehensive incentive mechanism, improve performance evaluation standards, better mobilize the enthusiasm of managers, and attract and stabilize outstanding management talents and technical and business backbones.

(VI) About relevant stakeholders

The company fully respects and safeguards the legitimate rights and interests of relevant stakeholders, realizes the balance of interests of shareholders, employees and society, attaches importance to social responsibility, and promotes the sustainable and healthy development of the company together with stakeholders.

(VII) On information disclosure and transparency

The Company strictly follows the provisions of relevant laws and regulations and the Company's Information Disclosure Management System to strengthen the management of information disclosure matters and fulfill its information disclosure obligations, and designates Securities Times, Securities Daily and Cninfo as the Company's information disclosure newspapers and websites to disclose information in a true, accurate, timely and complete manner to ensure that all investors have fair access to the Company's information. The Company will continue to improve and perfect the internal rules and regulations of corporate governance in accordance with the requirements of the Code of Governance for Listed Companies and the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange to strengthen the standardized operation and promote the sustainable and stable development of the Company.

Whether there are material differences between the actual state of corporate governance and the provisions on governance of listed companies issued by laws, administrative regulations and the CSRC

Yes No

The actual state of corporate governance does not differ materially from the laws, administrative regulations and regulations issued by the CSRC regarding the governance of listed companies.

II. Independence of the Company vis-à-vis the controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finances, institutions, business and other aspects

During the reporting period, the Company was completely separated from its controlling shareholder in terms of business, assets, personnel, organization and finance, etc. The Company's production and operation were stable, its internal organization was perfect and it was able to operate independently and standardized.

(I) Business independence aspects of the Company

The Company has independent production, procurement and sales systems and is fully independent from the controlling shareholder.

(II) Independence of the Company's personnel

The Company's personnel, HR and salaries are completely independent. The president, vice president, secretary of the board of directors, chief financial officer and other senior management personnel work for the Company and receive remuneration, and do not hold any positions and receive remuneration other than those of directors and supervisors in the controlling shareholder and its subsidiaries.

(III) The integrity of the Company's assets

The property rights relationship between the Company and the controlling shareholder is clear, and the Company's funds, assets and other resources are not illegally occupied or dominated by it. The company's assets are complete, with production equipment, auxiliary production equipment and patents and other assets appropriate to the scope of production and operation, and the company has full control and domination over all assets.

(IV) Institutional independence

The Board of Directors, the Supervisory Committee, the management and other internal bodies of the Company operate independently, and each functional department is completely separated from the controlling shareholder in terms of authority, responsibility and personnel, etc. There is no superior-subordinate relationship between the controlling shareholder and its functional departments and the Company and the functional departments of the Company, and there is no phenomenon that the controlling shareholder affects the independence of the production and operation management of the Company.

(V) Financial independence

The Company has set up an independent financial department, established a sound financial and accounting management system and independent accounting, and there is no case of controlling shareholders interfering with the financial and accounting activities of the Company. The Company has independent accounts in commercial banks and does not share bank accounts with the controlling shareholder. The Company is independent in making tax returns and fulfilling its tax obligations in accordance with the law.

III. Competition in the Same Industry

Applicable Not Applicable

IV. Information on the Annual General Meeting and Extraordinary General Meeting Held During the Reporting Period

1. Shareholders' meeting during the reporting period

Sessions	Meeting Type	Investor participation ratio	Date	Date of Disclosure	Conference Resolutions
2020 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	56.56%	May 10, 2021	May 11, 2021	Announcement number: 2021-055
First Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting of Shareholders	65.74%	September 08, 2021	September 09, 2021	Announcement number: 2021-083
Second Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting of Shareholders	58.80%	December 20, 2021	December 21, 2021	Announcement number: 2021-103

2. Preferred shareholders whose voting rights have been restored request an Extraordinary General Meeting of Shareholders

Applicable Not Applicable

V. Directors, Supervisors and Senior Management

1. Basic situation

Name	Position	Appointment Status	Gender	Age	Term Start Date	Term Expiration Date	Shares at Beginning	Increase d shares in this period	Reduced shares in this period	Other additions and deletions	Shares at Ending	Reasons for change in share
Qiu Jianping	President	incumbent	Male	59	June 16, 2008	August 30, 2023	60,884,300	0	15,066,800	0	45,817,500	Lending to the company for daily operations
Chi Xiaoheng	Vice Chairman and President	incumbent	Female	46	January 12, 2021	August 30, 2023	729,950	0	0	0	729,950	
Wang	Director,	incumbent	Female	60	June 16,	August	17,150,900	0	4,200,000	0	12,950,900	Lending

Lingling	Vice President	nt			2008	30, 2023	60		0		60	to the company for daily operations
Li Zheng	Director, Vice President	incumbent	Male	62	August 31, 2020	August 30, 2023	676,470	0	0	0	676,470	
Xu Zheng	Directors	incumbent	Female	37	June 16, 2008	August 30, 2023	0	0	0	0	0	
Cen Zhengping	Directors	incumbent	Male	59	May 24, 2019	August 30, 2023	0	0	0	0	0	
Wang Gang	Independent Directors	incumbent	Male	46	August 31, 2020	August 30, 2023	0	0	0	0	0	
Chen Zhimin	Independent Directors	incumbent	Female	61	August 31, 2020	August 30, 2023	0	0	0	0	0	
Shi Hong	Independent Directors	incumbent	Female	58	August 31, 2020	August 30, 2023	0	0	0	0	0	
Jiang Saiping	Chairman of the Supervisory Board	incumbent	Female	50	June 15, 2011	August 30, 2023	0	0	0	0	0	
Fu Yajuan	Supervisors	incumbent	Female	49	August 31, 2020	August 30, 2023	0	0	0	0	0	
Chen Jun	Supervisors	incumbent	Male	41	June 15, 2011	August 30, 2023	0	0	0	0	0	
Ni Shuyi	Chief Financial Officer	incumbent	Female	45	June 16, 2008	August 30, 2023	0	0	0	0	0	
Wang Weiyi	Vice President	incumbent	Male	51	June 16, 2008	August 30, 2023	771,525	0	0	0	771,525	
Wang Wei	Vice President	incumbent	Male	50	June 16, 2008	August 30, 2023	760,200	0	0	0	760,200	
Li Feng	Vice President	incumbent	Male	46	June 16, 2008	August 30, 2023	812,977	0	0	0	812,977	

Zhou Siyuan	Board Secretary	incumbent	Male	36	January 31, 2018	August 30, 2023	0	0	0	0	0	
Zhang Ou	Vice President	incumbent	Male	54	April 29, 2019	August 30, 2023	0	0	0	0	0	
Total	--	--	--	--	--	--	81,786,382	0	19,266,800	0	62,519,582	--

Whether there was any departure of directors and supervisors and dismissal of senior management during the reporting period

Yes No

Changes in directors, supervisors and senior management of the Company

Applicable Not Applicable

Name	Position	Type	Date	Reason
Qiu Jianping	President	Outgoing	January 12, 2021	Mr. Qiu Jianping resigned from the position of President of the Company due to the restructuring of the division of labor of the Company, and continued to serve as the Chairman of the Board of Directors and the Chairman of the Strategy and Development Committee of the Board of Directors after his resignation
Chi Xiaoheng	Vice Chairman, President	Appointments	January 12, 2021	The Board of Directors appointed Ms. Chi Xiaoheng, Vice Chairman and Vice President, as President of the Company, while Ms. Chi Xiaoheng ceased to hold the position of Vice President of the Company.

2. Service Situation

Professional background, major work experience and current major responsibilities in the company of the current directors, supervisors and senior management

1. Director

Mr. Qiu Jianping, Chairman of the Board of Directors of the Company. He is a Chinese national with no permanent residency outside China. Born in 1962, graduated from Xi'an Jiaotong University in 1985 with a postgraduate degree in mechanical casting and a master's degree in engineering. From June 2008 to January 2021, he served as the Chairman and President of the Company. From January 2021 to present, he is the Chairman of the Board of Directors of the Company.

Ms. Chi Xiaoheng, Vice Chairman and President of the Company. She is a Chinese national with no permanent residency outside China. Born in 1975, with a college degree. From June 2008 to August 2020, she served as a director and vice president of the Company. From August 2020 to January 2021, she served as Vice Chairman and Vice President of the Company. From January 2021 to present, she is the Vice Chairman and President of the Company.

Mr. Li Zheng, Director and Vice President of the Company. He is a Chinese national with no permanent residency outside China. Born in 1959, with a college degree. From 2008 to August 2020, Mr. Li served as Vice Chairman and Vice President of the

Company, and from August 2020 to present, he has served as Director and Vice President of the Company.

Ms. Wang Lingling, Director and Vice President of the Company. She is a Chinese national with no permanent residency outside China. Born in 1961, with a bachelor's degree. Since 2008, Ms. Wang has been a Director and Vice President of the Company.

Ms. Xu Zheng, Director of the Company. She is a Chinese national with no permanent residency outside China. Born in 1984, with a bachelor's degree. Since 2008, Ms. Xu has been the Secretary to the Chairman of the Board of Directors of GreatStar Holding Group Co., Ltd. Since 2011, she has been a Director of Hangcha Group. Since 2008, she has been a Director of the Company.

Mr. Cen Zhengping Director of the Company, is a Hong Kong Chinese citizen, born in 1962, holds a master's degree and is a professor-level senior engineer. He has been a Director of the Company since May 2019.

Mr. Wang Gang, an independent director of the Company. He is a Chinese national with no permanent residency outside China. He was born in October 1975, holds a master's degree, is a certified public accountant and a senior economist. Mr. Wang has been a Director, Deputy General Manager and Secretary of the Board of Directors of Hangzhou ROBAMElectric Co., Ltd. He has been an independent director of the Company since August 2020.

Ms. Shi Hong, an independent director of the Company. She is of Chinese nationality and has no permanent residency outside China. She was born in July 1963, holds a master's degree and is an associate professor. From September 2005 to July 2018, she was an associate professor in the Environmental Engineering Department of the School of Marine Science and Engineering of Shanghai Maritime University, and the director of the Environmental Engineering Laboratory. She has been an independent director of the Company since August 2020.

Ms. Chen Zhi Min, an independent director of the Company. She is a Chinese national with no permanent residency outside China. Born in April 1960, she has a master's degree. She is currently a Director of Zhejiang Caitong Asset Co., Ltd, a Supervisor of Hangzhou Tigermed Consulting Co., Ltd., and an independent director of Zhejiang Canaan Technology Limited, Zhejiang Weixing Industrial Development Co., Ltd., Hangzhou Honghua Digital Technology Stock Company LTD., and Tongkun Group Co.,Ltd. She has been an independent director of the Company since August 2020.

2. Supervisor

Ms. Jiang Saiping is the Chairman of the Supervisory Board of the Company. She is a Chinese national with no permanent residency outside China. Born in November 1971, she has a bachelor's degree. From 2009 to December 2013, she served as the Manager of External Sales Department of the Company, and from 2013 to now, she has been the Director of External Sales of the Company.

Ms. Fu Yajuan is a Supervisor of the Company. She is a Chinese national with no permanent residency outside China. She was born in September 1972, with a college degree and is a senior accountant. Since July 2008, she has been the Deputy Financial Controller of the Company.

Mr. Chen Jun is a supervisor of the Company. He is a Chinese national with no permanent residency outside China. Born in August 1980, he has a bachelor's degree and is a middle-level engineer. Since 2009, he has been the manager of the Industrial Design Department of the company, the deputy secretary general of the Corporate Science Association of the company, and the secretary of the R&D Innovation Branch of the Communist Party of China.

3. Other senior management

Mr. Zhou Siyuan, Secretary of the Board of Directors and Vice President of the Company. He is a Chinese national with no permanent residency outside China. He was born in 1986 and has a postgraduate degree. Since January 2018, he has been the Secretary of the Board of Directors of the Company.

Ms. Ni Shuyi, Chief Financial Officer of the Company. She is a Chinese national with no permanent residency outside China. Born in 1976, with a bachelor's degree. Since 2008, she has been the Chief Financial Officer of the Company.

Mr. Wang Weiyi, Vice President of the Company. He is a Chinese national with no permanent residency outside China. Born in 1970, graduated from Zhejiang University with a bachelor's degree in Mechanical Manufacturing and Technology. Since 2008, he has been the Vice President of the Company, responsible for product development and quality management, and is one of the main persons in charge of the national laboratory of the Company.

Mr. Wang Xie, Vice President of the Company. He is a Chinese national with no permanent residency outside China. He was born in 1971 and has a college degree. Since 2008, he has been the vice president of the company, responsible for the company's product procurement business.

Mr. Li Feng, Vice President of the Company. He is a Chinese national with no permanent residency outside China. He was born in 1975 and has a college degree. Since 2008, he has been the Vice President of the Company, responsible for the external sales of the Company's products.

Mr. Zhang Ou, Vice President of the Company, Chinese nationality, no permanent residence abroad, born in 1967, senior economist, professor. Since April 2019, he has been the Vice President of the Company, responsible for the operation of the laser industry segment of the Company.

Employment with shareholders

Applicable Not Applicable

Name of the incumbent	Name of shareholder unit	Positions held in shareholder units	Term Start Date	Term Expiration Date	Whether or not you receive compensation benefits at the shareholder unit
Qiu Jianping	GreatStar Holding Group Co., Ltd.	President	Aug. 10, 2009		No
Wang Lingling	GreatStar Holding Group Co., Ltd.	Vice Chairman	January 10, 2020		No
Li Zheng	GreatStar Holding Group Co., Ltd.	Director	Aug. 10, 2009		No
Chi Xiaoheng	GreatStar Holding Group Co., Ltd.	Director	Aug. 10, 2009		No
Xu Zheng	GreatStar Holding Group Co., Ltd.	Manager	January 01, 2016		Yes
Fu Yajuan	GreatStar Holding Group Co., Ltd.	Supervisor	January 10, 2020		No
Statement of	None				

employment in shareholder units	
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Employment in other units

 Applicable Not Applicable

Name of the incumbent	Name of other units	Positions held in other units	Term Start Date	Term Expiration Date	Whether you receive compensation allowance in other units
Qiu Jianping	Zhejiang Hangcha Holding Co., Ltd.	President	February 02, 2011		No
Qiu Jianping	Hangcha Group Co., Ltd.	Director	February 02, 2011		No
Qiu Jianping	Zhejiang Zhongtai GreatStar Real Estate Co., Ltd.	Director	May 10, 2005		No
Qiu Jianping	Hangzhou GreatStar Liansheng Trading Co., Ltd.	Executive Director	March 19, 2011		No
Qiu Jianping	Hangzhou GreatStar Precision Machinery Co., Ltd.	President	December 30, 2006		No
Qiu Jianping	SMART SILVER LIMITED	Director	January 20, 2011		No
Qiu Jianping	Hong Kong Golden Deer Limited	Director	January 20, 2011		No
Qiu Jianping	Ruian Zhaowei Co., Ltd.	Director	January 20, 2011		No
Qiu Jianping	Ruian Qihao Co., Ltd.	Director	January 20, 2011		No
Qiu Jianping	Ruian Junye Co., Ltd.	Director	January 20, 2011		No
Qiu Jianping	GreatStar Industrial Co., Ltd.	Executive Director	June 20, 2013		No
Qiu Jianping	Golden Rice Investment Co., Ltd.	Director	January 20, 2011		No
Qiu Jianping	Hangzhou Xihu Tiandi Development Co., Ltd.	Director	May 13, 2011		No
Qiu Jianping	Xinjiang Lianhe Investment Limited Partnership	Managing Partner	January 10, 2012		No
Qiu Jianping	Tai Fung Limited	Director	January 20, 2011		No

			2011		
Qiu Jianping	Hangzhou Kunxia Investment Management Partnership (Limited Partnership)	Managing Partner	January 18, 2018		No
Qiu Jianping	Zhejiang Equity Services Group Co., Ltd.	Director	November 08, 2017		No
Qiu Jianping	Zhejiang Guozhi Robot Technology Co., Ltd.	Director	September 26, 2014		No
Qiu Jianping	Zhejiang Private Enterprise Joint Investment Co., Ltd.	Director	April 13, 2015		No
Qiu Jianping	Zhejiang Asteroid Investment Management Co., Ltd.	Director	June 23, 2016		No
Qiu Jianping	Hangzhou Lujing Culture Creative Co., Ltd.	Executive Director	November 26, 2015		No
Qiu Jianping	Hangzhou Xin'anjiang Hot Spring Resort Development Co., Ltd.	Director	November 28, 2011		No
Qiu Jianping	Zhejiang Youbang Microfinance Co., Ltd.	Director	December 25, 2009		No
Qiu Jianping	Hainan Haichao Good Luck Enterprise Management Partnership (Limited Partnership)	Managing Partner	April 17, 2019		No
Qiu Jianping	Hainan Haichao Weishi Enterprise Management Partnership (Limited Partnership)	Managing Partner	January 07, 2021		No
Qiu Jianping	Hainan Hai Chao Yongjin Enterprise Management Partnership (Limited Partnership)	Managing Partner	January 07, 2021		No
Qiu Jianping	Hangzhou Zhongcehaichao Enterprise Management Co., Ltd.	President	April 17, 2019		No
Qiu Jianping	Zhejiang Xin Chai Co., Ltd.	Director	December 26, 2019		No
Qiu Jianping	Zhongce Rubber Group Co., Ltd.	Director	October 21, 2019		No
Qiu Jianping	Zhejiang Zhongtai GreatStar Real Estate Co., Ltd.	Director	May 10, 2005		No
Qiu Jianping	Hangzhou Xinwin Investment Management Partnership (Limited Partnership)	Managing Partner	May 31, 2019		No
Lingling Wang	Hangzhou GreatStar Precision Machinery Co., Ltd.	Director	September 20, 2011		No
Lingling Wang	Hangzhou Fuyang Chongsheng Trading Co.,	Executive	November 11,		No

	Ltd.	Director and General Manager	2013		
Lingling Wang	Zhejiang Zhongtai GreatStar Real Estate Co., Ltd.	Supervisor	March 11, 2011		No
Lingling Wang	Zhejiang Hangcha Holding Co., Ltd.	Director	January 27, 2012		No
Li Zheng	Hangzhou GreatStar Precision Machinery Co., Ltd.	Director	September 20, 2011		No
Chi Xiaoheng	Hangzhou Kunxia Jingyuan Enterprise Management Partnership (Limited Partnership)	Managing Partner	July 10, 2019		No
Xu Zheng	Hangzhou Zhongcehaichao Enterprise Management Co., Ltd.	Supervisor	April 21, 2019		No
Xu Zheng	Hangzhou Weiming Investment Management Co., Ltd.	President and General Manager	September 01, 2017		No
Xu Zheng	Hangzhou Xinglu Trading Co., Ltd.	President	December 02, 2011		No
Xu Zheng	Hangcha Group Co., Ltd.	Director	March 25, 2011		No
Xu Zheng	Zhejiang Guozi Robot Technology Co., Ltd.	Director	September 21, 2017		No
Xu Zheng	Zhejiang Hangcha Holding Co., Ltd.	Supervisor	January 27, 2012		No
Xu Zheng	Zhongce Rubber Group Co., Ltd.	Chairman of the Supervisory Board	October 21, 2019		No
Cen Zhengping	Hanjia Design Group Co., Ltd.	President	March 18, 2007		No
Cen Zhengping	Zhejiang City Construction Group Co., Ltd.	President	February 15, 2006		No
Cen Zhengping	Shanghai Hanjia Investment Co., Ltd.	President and General Manager	September 12, 2007		No
Cen Zhengping	Zhejiang Chengjian Real Estate Group Co., Ltd.	President	September 21, 2010		Yes
Cen Zhengping	Zhejiang Hanjia Investment Co., Ltd.	Executive Director, General	October 20, 2010		No

		Manager			
Cen Zhengping	Zhejiang Dishang Investment Co., Ltd.	President	April 04, 2006		No
Cen Zhengping	Zhejiang Zhonglian Real Estate Development Co., Ltd.	Director	July 25, 2005		No
Cen Zhengping	Hangzhou Hanjia Xinde Investment Management Partnership	Managing Partner	August 28, 2014		No
Cen Zhengping	Zhejiang Jiahao Auction Co., Ltd.	Director	February 19, 2014		No
Cen Zhengping	Zhejiang Guan Yin Art Museum	Director and Curators	September 04, 2012		No
Cen Zhengping	Hangzhou Zhenda Zinc Power Energy Co., Ltd.	Director	June 21, 2017		No
Cen Zhengping	Zhejiang Kayin Holdings Co., Ltd.	Director	April 09, 2018		No
Wang Gang	Hangzhou ROBAM Electrical Appliance Co., Ltd.	Vice President, Secretary of the Board of Director, Directorship of Investment Director, Director	June 01, 2008		Yes
Wang Gang	Hangzhou Norbond Nonwoven Co., Ltd.	Director	January 01, 2013		No
Wang Gang	Tesar Household Appliances (Shanghai) Trading Co., Ltd.	Director	July 01, 2012		No
Wang Gang	Hangzhou Foster Deep-cooling Equipment Co., Ltd.	Director	January 01, 2018		No
Wang Gang	De Dietrich Trading (Shanghai) Co., Ltd.	Director	June 01, 2016		No
Wang Gang	Hangzhou Guoguang Travel Goods Co., Ltd.	Director	October 01, 2017		No
Wang Gang	Shanghai Qingke Information Technology Co., Ltd.	Supervisor	November 01, 2017		No
Wang Gang	Ningbo Qingfeng Investment Co., Ltd.	Director	December 01, 2017		No
Wang Gang	Hangzhou Boss Fu Chuang Investment Management Co., Ltd.	Supervisor	May 01, 2018		No
Wang Gang	Shengzhou Jindi Intelligent Kitchen Appliances Co., Ltd.	Director	July 01, 2018		No

Wang Gang	Hangzhou Ben Song New Material Technology Co., Ltd.	Independent Director	August 01, 2020		Yes
Wang Gang	Hangzhou Xiaodian Technology Co., Ltd.	Independent Director	September 01, 2020		Yes
Wang Gang	Hangzhou Wheeler Intelligent Technology Co., Ltd.	Director	October 01, 2020		No
Wang Gang	Hangzhou Zhu Bingren Culture and Art Co., Ltd.	Director	October 01, 2020		No
Wang Gang	Tongling Jingqiang Electronic Technology Co., Ltd.	Independent Director	December 15, 2020		Yes
Chen Zhimin	Zhejiang Caitong Asset Co., Ltd.	Director			No
Chen Zhimin	Hangzhou Tigermed Pharmaceutical Technology Co., Ltd.	Supervisor	April 22, 2020		Yes
Chen Zhimin	Zhejiang Canaan Technology Co., Ltd.	Independent Director	April 22, 2016		Yes
Chen Zhimin	Zhejiang Weixing Industrial Development Co., Ltd.	Independent Director	June 08, 2016		Yes
Chen Zhimin	Hangzhou Honghua Digital Technology Co., Ltd.	Independent Director	December 06, 2019		Yes
Chen Zhimin	Tongkun Group Co., Ltd.	Independent Director	June 23, 2020		Yes
Zhou Siyuan	Zhejiang Guozi Robot Technology Co., Ltd.	Director	September 14, 2017		No
Zhou Siyuan	Hangzhou Weiming Investment Management Co., Ltd.	Director	September 01, 2017		No
Zhou Siyuan	Hangzhou Xihu Tiandi Development Co., Ltd.	Director	May 13, 2011		No
Zhou Siyuan	Hangzhou Xihu Tiandi Management Co., Ltd.	Director	July 23, 2014		No
Zhou Siyuan	Zhejiang Hangcha Holding Co., Ltd.	Director	January 28, 2011		No
Zhou Siyuan	Ningbo Donghai Bank Co., Ltd.	Director			No

Current and outgoing directors, supervisors and senior management of the Company in the last three years of securities regulatory authority penalties

Applicable Not Applicable

3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures, basis for determining compensation for directors, supervisors and senior management, and actual

payments

1. Decision-making procedures for compensation of directors, supervisors and senior management

The remuneration of directors is proposed by the Remuneration Committee for consideration and approval by the Board of Directors and the General Meeting of Shareholders; the remuneration of supervisors is proposed by the Human Resources Department for consideration and approval by the Supervisory Board and the General Meeting of Shareholders; the remuneration of senior management is proposed by the Remuneration Committee for consideration and approval by the Board of Directors; determining the annual reward principle according to the Company's business performance, part of the performance salary is combined with the personal performance appraisal of senior executives, which shall be issued by the chairman of the board of directors after examination.

2. The basis for determining the compensation of directors, supervisors and senior management

The directors, supervisors and senior management of the Company receive their salaries according to their positions, and at the same time, based on the Company's business performance, the annual reward principle is determined, combined with individual performance appraisal, and the Chairman is authorized to issue performance salary after review.

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

Unit: CNY'0000

Name	Position	Gender	Age	Appointment Status	Total pre-tax compensation received from the company	Whether or not to receive compensation from a related party in the company
Qiu Jianping	President	Male	60	incumbent	92	No
Chi Xiaoheng	Vice Chairman, President	Female	47	incumbent	180	No
Li Zheng	Director, Vice President	Male	63	incumbent	120	No
Lingling Wang	Director, Vice President	Female	61	incumbent	40.67	No
Cen Zhengping	Director	Male	60	incumbent	0	No
Xu Zheng	Director	Female	38	incumbent	0	Yes
Shi Hong	Independent Director	Female	47	incumbent	8	No
Chen Zhimin	Independent Director	Female	59	incumbent	8	No
Wang Gang	Independent Director	Male	60	incumbent	8	No

Jiang Saiping	Chairman of the Supervisory Board	Female	51	incumbent	67.45	No
Fu Yajuan	Supervisor	Female	50	incumbent	34.34	No
Chen Jun	Supervisor	Male	42	incumbent	37.99	No
Zhou Siyuan	Secretary of the Board of Director, Vice President	Male	37	incumbent	100	No
Ni Shuyi	Chief Financial Officer	Female	46	incumbent	100	No
Wang Weiyi	Vice President	Male	52	incumbent	120	No
Wang Xie	Vice President	Male	51	incumbent	100	No
Li Feng	Vice President	Male	47	incumbent	120	No
Zhang Ou	Vice President	Male	55	incumbent	82.82	No
Total	--	--	--	--	1,219.27	--

VI. Performance of Duties by Directors During the Reporting Period

1. Board of Directors for the current reporting period

Sessions	Date	Date of Disclosure	Conference Resolutions
The Fourth Meeting of the Fifth Board of Directors	January 12, 2021	January 13, 2021	Announcement number: 2021-001
The Fifth Meeting of the Fifth Board of Directors	January 22nd, 2021	January 23rd, 2021	Announcement number: 2021-003
The Sixth Meeting of the Fifth Board of Directors	March 29th, 2021	March 30, 2021	Announcement number: 2021-026
The Seventh Meeting of the Fifth Board of Directors	April 06, 2021	April 07, 2021	Announcement number: 2021-028
The Eighth Meeting of the Fifth Board of Directors	April 14, 2021	April 15, 2021	Announcement number: 2021-036
The Ninth Meeting of the Fifth Board of Directors	April 22, 2021	April 23rd, 2021	Announcement number: 2021-052
The Tenth Meeting of the Fifth Board of Directors	June 21, 2021	June 22nd, 2021	Announcement number: 2021-060
The Eleventh Meeting of the Fifth Board of Directors	July 05, 2021	July 06, 2021	Announcement number: 2021-069
The Twelfth Meeting of the	Aug. 23, 2021	Aug. 24, 2021	Announcement number:

Fifth Board of Directors			2021-078
The Thirteenth Meeting of the Fifth Board of Directors	October 15, 2021	October 16, 2021	Announcement number: 2021-089
The Fourteenth Meeting of the Fifth Board of Directors	October 27, 2021	October 28, 2021	Announcement number: 2021-093
The Fifteenth Meeting of the Fifth Board of Directors	December 03, 2021	December 04, 2021	Announcement number: 2021-099

2. Attendance of directors at the board of directors' meetings and shareholders' meetings

Attendance of directors at board meetings and general meetings							
Name of Director	Number of board meetings to be attended during the reporting period	Number of board meetings attended on-site	Number of board meetings attended by correspondence	Number of board meetings attended by proxy	Number of board meetings missed	Failure to attend two consecutive board meetings in person	Number of shareholders' meetings attended
Qiu Jianping	12	12	0	0	0	No	3
Chi Xiaoheng	12	12	0	0	0	No	3
Lingling Wang	12	12	0	0	0	No	3
Li Zheng	12	12	0	0	0	No	3
Xu Zheng	12	12	0	0	0	No	3
Cen Zhengping	12	12	0	0	0	No	3
Wang Gang	12	12	0	0	0	No	3
Chen Zhimin	12	12	0	0	0	No	3
Shi Hong	12	12	0	0	0	No	3

Explanation of failure to attend two consecutive board meetings in person

3. Directors' objections to matters relating to the Company

Whether or not the directors have objected to the relevant matters of the Company

Yes No

The directors did not raise any objection to the relevant matters of the Company during the reporting period.

4. Other descriptions of directors' performance of duties

Whether the directors' recommendations on the company were adopted

Yes No

Notes by the directors on the relevant recommendations of the Company adopted or not adopted

During the reporting period, the directors of the Company performed their duties diligently and conscientiously in strict accordance

with the relevant laws and regulations and the provisions of the Articles of Association and the Rules of Procedure of the Board of Directors of the Company, strictly implemented the resolutions of the General Meeting of Shareholders, attended the meetings of the Board of Directors and the General Meeting of Shareholders of the Company, carefully considered the motions and actively promoted the implementation of the resolutions of the Board of Directors. Besides, each director keeps abreast of the company's operation and the construction of internal control and the implementation of the resolutions of the Board of Directors, actively advises the company, fully understands and agrees to matters such as the renewal of the appointment of financial auditors, profit distribution, connected transactions, financial assistance and shareholder return planning that occurred during the reporting period, and promotes the sustainable development of the company's businesses.

VII. Specialized committees under the Board of Directors during the reporting period

Committee Name	Membership	Number of meetings held	Date	Conference content	Important comments and suggestions made	Other performance of duties	Disagreement matters specific (if any)
Compensation and Appraisal Committee	Chen Zhimin, Shi Hong, Wang Gang, Chi Xiaoheng, Xu Zheng	1	April 14, 2021	Considered and approved the Proposal on the Remuneration Package for Directors of the Company for the Year 2021 and the Proposal on the Remuneration Package for Senior Management of the Company for the Year 2021			
Audit Committee	Wang Gang, Shi Hong, Chen Zhimin, Wang Lingling, Xu Zheng	1	March 02, 2021	Considered and approved the Report on the Annual Results Express 2020			
The Third Meeting of the Audit Committee of the Fifth Session of the	Wang Gang, Shi Hong, Chen Zhimin, Wang Lingling, Xu Zheng	1	April 14, 2021	Considered and approved the full text of the 2020 Annual Report and its summary, the			

Board of Directors				Company's 2020 Annual Audit Report, the Company's 2020 Financial Accounts Report, the Company's 2020 Annual Internal Control Self-Evaluation Report, the Proposal to Re-appoint Tianjian CPA Firm (Special Ordinary Partnership) as the Company's Auditor for 2021, the Proposal on the Company's 2021 Annual Routine Proposal on Estimated Daily Connected Transactions for 2021, Proposal on Change of Accounting Policy, Summary of the Audit Work of the Audit Department of the Company for 2020 and Audit Work			
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				Plan for 2021			
The Fourth Meeting of the Audit Committee of the Fifth Session of the Board of Directors	Wang Gang, Shi Hong, Chen Zhimin, 1 Wang Lingling, Xu Zheng		April 23rd, 2021	Considered and approved the full text and body of the First Quarter Report 2021			
The Fifth Meeting of the Audit Committee of the Fifth Session of the Board of Directors	Wang Gang, Shi Hong, Chen Zhimin, 1 Wang Lingling, Xu Zheng		Aug. 23, 2021	Considered and approved the full text of the Half-Yearly Report for 2021 and its summary, and the Special Report on the Deposit and Use of Proceeds of the Company for the Half-Yearly Period of 2021 Considered and approved the full text of the Third Quarterly Report for 2021 and its summary			
The Sixth Meeting of the Audit Committee of the Fifth Session of the Board of Directors	Wang Gang, Shi Hong, Chen Zhimin, 1 Wang Lingling, Xu Zheng		October 27, 2021	Considered and approved the full text and body of the Third Quarterly Report for 2021			

VIII. Work of the Supervisory Board

Whether the Supervisory Board has identified any risks to the company in its supervisory activities during the reporting period

Yes No

The Supervisory Board has no objection to the supervision matters during the reporting period.

IX. The Company Staff

1. Number of employees, professional composition and education level

Number of employees of the parent company in service at the end of the reporting period (persons)	1,319
Number of employees in service of major subsidiaries at the end of the reporting period (persons)	9,459
Total number of employees in service at the end of the reporting period (persons)	10,778
Total number of employees receiving remuneration in the current period (persons)	10,778
Number of retired employees for which the parent company and major subsidiaries are required to bear expenses (persons)	0
Professional Composition	
Professional composition categories	Number of professional composition (persons)
Production staff	7,462
Sales Staff	1,073
Technical Staff	973
Finance Staff	176
Administrative staff	1,094
Total	10,778
Education Level	
Education level category	Number(person)
Master and above	141
University (including college)	2,310
High school (including secondary school, technical school)	3,048
Below high school	5,279
Total	10,778

2. Compensation Policy

The Company strictly follows the relevant provisions of the national labor contract law for employee salary management and pays employees' salaries in full and on time before the 20th of each month. The average salary of employees in 2021 is higher than the provincial average salary standard in Zhejiang Province in 2021, and calculates employees' overtime salary on weekdays and weekends in full according to the regulations, and implements a comprehensive working hour system for some positions. Throughout

the year, we completed one general salary adjustment for all employees, three quarterly salary adjustments, and one external salary level survey. The calculation scheme of wages is divided into two categories: front-line employees are paid according to the overtime pay system, and hourly wages and overtime wages are calculated according to the policy provisions of national labor law; management positions are calculated according to the combination of fixed salary and performance pay.

3. Training Program

Staff training and development is an important piece of work for the company. In 2021, the training management continued to focus on three directions: new employee growth education, professional and technical training, and staff professionalism education. In 2022, in order to support the long-term sustainable development of the company, the company will focus on the improvement of management skills of middle and senior managers, and the training of reserve talents. The company will also strengthen the construction of internal trainers and build a strong faculty to meet the growing demand for training.

4. Labor Outsourcing

Applicable Not Applicable

X. Distribution of Profits and Capitalisation of Capital Reserves of the Company

The formulation, implementation or adjustment of the profit distribution policy, in particular the cash dividend policy, during the reporting period

Applicable Not Applicable

During the reporting period, the Company held the 2020 Annual General Meeting of Shareholders on May 10, 2021, and considered and adopted the “Company’s Shareholder Return Plan for the Next Three Years (2021-2023)” and the “Proposal on the Company’s Profit Distribution Proposal for 2020”; taking into account the Company’s profitability, development strategic plan, shareholder return, social capital cost, external financing environment and other factors, the The Board of Directors has formulated the “Shareholder Return Plan for the Next Three Years (2021-2023)”; taking into account the Company’s strategic development plan and the business plan for 2021, in order to better safeguard the interests of the Company and all shareholders and improve the Company’s sustainable development, the Company’s profit distribution plan for 2020 is: no cash dividends, no bonus shares, no capitalization of capital reserves in 2020, and the remaining undistributed profits will be carried forward to the Company. The remaining undistributed profits will be carried forward to the next year.

During the reporting period, the Company’s profit distribution policy was formulated and implemented in compliance with the relevant provisions of the Notice of the CSRC on Further Implementation of Matters Relating to Cash Dividends for Listed Companies, the Guideline for the Supervision of Listed Companies No. 3 - Cash Dividends for Listed Companies and the Articles of Association of the Company, and the relevant decision-making procedures and mechanisms were complete, and the independent directors were diligent and conscientious in fully safeguarding the legitimate rights and interests of the small and medium shareholders.

Special Note on Cash Dividend Policy	
Is it compliant with the provisions of the Articles of Association or the resolution of the General Meeting of Shareholders?	Yes
Are the criteria and percentage of dividends clear and unambiguous?	Yes
Are the relevant decision-making procedures and mechanisms in	Yes

place?	
Whether the independent directors have performed their duties and responsibilities and played their proper roles or not?	Yes
Whether small and medium shareholders have adequate opportunities to express their opinions and demands and whether their legitimate rights and interests are adequately protected or not?	Yes
If the cash dividend policy is adjusted or changed, are the conditions and procedures compliant and transparent?	Yes

The Company reported a profit during the reporting period and the parent company had positive profit available for distribution to shareholders but did not propose a cash dividend distribution plan

Applicable Not Applicable

Reasons for profitability during the reporting period and positive profit available for distribution to shareholders of the parent company but no proposed cash dividend distribution	Use of the Company's undistributed profits and plans for their use
In order to better safeguard the interests of the company and all shareholders and improve the company's sustainable development, the company will have larger capital expenditures in industrial mergers and acquisitions and new product development in FY2022, taking into account that some shares have been repurchased through the secondary market.	Industrial mergers and acquisitions and new product development, share repurchases.

Profit distribution and capitalisation of capital reserves for the reporting period

Applicable Not Applicable

The company plans to pay no cash dividends, send no bonus shares, or increase its share capital by transferring its public reserves for the year.

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

Applicable Not Applicable

The Company has no share incentive plan, employee stock ownership plan or other employee incentive measures and their implementation during the reporting period.

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

1. Internal control construction and implementation

During the reporting period, the Company continued to improve and perfect the Company's internal control system and system in strict accordance with the requirements of the Company Law, the Securities Law, the Code of Governance for Listed Companies, the Basic Standard for Internal Control of Enterprises and relevant laws, regulations and regulatory documents, and the Board of Directors conducted self-evaluation of the Company's internal control and disclosed the Internal Control Self-Evaluation Report

every year, and also engaged an internal control audit firm in accordance with the requirements of the Shenzhen Stock Exchange. In 2021, the Company revised its Articles of Association in accordance with the new Securities Law, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other laws, regulations and regulatory documents, taking into account the actual situation of the Company, and continuously improved and enhanced the level of corporate governance in accordance with the laws, regulations, regulatory documents and the provisions and requirements of the Articles of Association.

During the reporting period, there were no material weaknesses and significant deficiencies in internal control over financial reporting and non-financial reporting, and the Company has maintained effective internal control over financial reporting in all material respects in accordance with the requirements of the Code of Corporate Internal Control system and related regulations.

2. Details of significant deficiencies in internal control identified during the reporting period

Yes No

XIII. Management Control of the Company's Subsidiaries During the Reporting Period

Company Name	Integration Plan	Integration Progress	Problems	Solutions	Progress	Follow-up plan
Geelong Orchid Holding Limited	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
BeA Corporation	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

XIV. Internal Control Self-evaluation Report or Internal Control Audit Report

1. Internal control self-evaluation report

Date of disclosure of the full internal control evaluation report	April 12, 2022	
Full Disclosure Index of Internal Control Evaluation Report	The 2021 Annual Self-Evaluation Report on Internal Control disclosed on Cninfo (http://www.cninfo.com.cn)	
Total assets of units included in the scope of evaluation as a percentage of total assets of the company's consolidated financial statements	100.00%	
Operating revenues of the units included in the evaluation scope as a percentage of the operating revenues of the company's consolidated financial statements	100.00%	
Defect Identification Criteria		
Category	Financial Reports	Non-financial Reporting
Qualitative criteria	(1) Indications of significant deficiencies in financial reporting include: (i) fraud by	The following circumstances are identified as major defects, and other

	<p>directors, supervisors and senior management; (ii) misstatement corrections of material errors in published financial reports; (iii) the CPA found a material misstatement in the current financial report and the company's internal control failed to detect the misstatement in the course of operation; and (iv) ineffective supervision of internal control by the audit committee and internal audit organization. (2) Indications of significant deficiencies in financial reporting include: (i) accounting policies not selected and applied in accordance with GAAP; (ii) anti-fraud procedures and controls not established; (iii) no corresponding control mechanism established or not implemented and no corresponding compensating controls over the accounting treatment of extraordinary or special transactions; (3) Deficiencies other than significant deficiencies and material deficiencies are referred to as general deficiencies.</p>	<p>circumstances are identified as important defects or general defects depending on the degree of impact, respectively. (1) Unscientific decision-making procedures of the enterprise; (2) Violation of national laws and regulations, such as environmental pollution; (3) Loss of managers or technical personnel in droves; (4) Loss of managers or technical personnel in droves; (5) Results of internal control evaluation, especially significant or important deficiencies, are not rectified; and (6) Lack of system control or systemic failure of important operations.</p>
Quantitative standards	<p>A deficiency in internal control that could result in, or result in, a loss related to profit is measured by the operating income indicator. If the amount of financial reporting misstatement that may result from the deficiency alone or together with other deficiencies is less than 1% of operating revenues, it is considered to be an ordinary deficiency; if it exceeds 1% of operating revenues but is less than 3%, it is considered to be a significant deficiency; if it exceeds 3% of operating revenues, it is considered to be a material deficiency. A deficiency in internal control that may result in or lead to a loss related to the management of assets is measured by the total assets indicator. If the amount of misstatement in financial reporting that may result from the deficiency alone or together with other deficiencies is less than 1% of total assets, it is considered a general deficiency; if it exceeds 1% but is less than 3% of total assets, it is considered a</p>	<p>(1) Major defects: causing direct property damage of more than 10 million yuan; (2) Important defects: causing direct property damage of 1 million - 10 million yuan (including); (3) General defects: causing direct property losses of less than 1 million yuan (included).</p>

	significant deficiency; if it exceeds 3% of total assets, it is considered a material deficiency.	
Number of significant deficiencies in financial reporting (pcs)	0	
Number of non-financial reporting significant deficiencies (pcs)	0	
Number of significant deficiencies in financial reporting (pcs)	0	
Number of non-financial reporting significant deficiencies (pcs)	0	

2. Internal control audit report

Applicable Not Applicable

Consideration paragraph in the internal control audit report	
<p>In our opinion, Hangzhou Great Star Industrial Co., Ltd. has maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, in accordance with the “Shenzhen Stock Exchange Self-regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Main Board Listed Companies” (SZSE [2022] No. 13).</p> <p>This conclusion was formed subject to the inherent limitations noted in the attestation report.</p>	
Disclosure of internal control audit reports	Disclosed
Date of disclosure of the full internal control audit report	April 12, 2022
Full Disclosure Index of Internal Control Audit Report	Verification Report on Internal Control of Hangzhou Great Star Industrial Co., Ltd. (Tianjian Shen (2022) No.) disclosed at http://www.cninfo.com.cn
Type of opinion on internal control audit report	Standard unqualified opinion
Whether there is a material weakness in non-financial reporting	No

Whether the accounting firm issued a non-standard opinion on the internal control audit report

Yes No

Whether the internal control audit report issued by the accounting firm is consistent with the opinion of the Board of Directors' self-evaluation report

Yes No

XV. Rectification of Self-inspection Problems in Special Actions for Governance of Listed Companies

According to the requirements of the document “Notice on the Special Action of Governance of Listed Companies” in Zhejiang Securities Regulatory Bureau (No. 141 of Zhejiang Securities Regulatory Company [2020]), our company carefully combed through the situation of corporate governance in 2018, 2019 and 2020 against the self-examination list and carefully looked for the problems in corporate governance. After the self-inspection, the Company has met the requirements of relevant regulations in the operation of the three committees, investor management and administration, construction of internal control system and quality of information disclosure, etc. The directors, supervisors and senior management are diligent and responsible, and the Company does not have the situation of capital appropriation by the controlling shareholder and its related parties or irregular external guarantee. The Company will further improve its internal control system, do a good job in information disclosure, investor relations management and other related work, and continuously improve the level of corporate governance.

Section V. Environmental and Social Responsibility

I. Major Environmental Issues

Whether the listed company and its subsidiaries are among the key emission units announced by the environmental protection department

Yes No

Administrative penalties imposed for environmental issues during the reporting period

Company or subsidiary name	Reasons for Penalty	Violation	Penalty	Impact on the production and operation of listed companies	Corrective measures of the company
None	None	None	None	None	None

Other environmental information disclosed with reference to key emission units

Neither the Company nor its subsidiaries are among the key emission units announced by the state environmental protection authorities. During the reporting period, the Company was not subject to administrative penalties for environmental issues.

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

Applicable Not Applicable

In response to the national call for energy conservation and emission reduction, the company has formulated the “Energy Conservation and Emission Reduction Management System”, “Energy Management Operation Guideline”, “Greenhouse Gas Management Regulations” and other systems to integrate the concept of environmental protection into the company’s daily production and operation. Besides, the company actively designs green products, builds green factories and promotes green offices to implement the concept of energy saving and low carbon by action. The company takes environmental factors into full consideration at the product design and R&D stage, actively launches green products, continuously improves product environmental attributes, and continuously develops new environmental processes, thereby reducing material waste, environmental pollution and energy consumption; in order to help prevent and control pollution, the company has established scientific waste management control procedures, chemical management procedures and other relevant norms, so as to strictly control pollution, minimize the impact of its business operations on the environment and realize green production; the company has promoted the green transformation and upgrading of factories and realized green development by building rooftop solar energy and using electric forklifts in accordance with the principles of low-carbon energy and clean production; the company has advocated system upgrades around the concept of green office and actively promoted the popularity of green office awareness throughout the company in collaboration with the support of various departments.

Reasons for not disclosing other environmental information

None

II. Social Responsibility

(1) Protection of shareholders’ and creditors’ rights and interests

During the reporting period, the Company further strengthened its standardized operation, established a sound corporate governance structure, standardized management in the convening, holding and proceedings of shareholders' meetings, and ensured the shareholders' rights to information, participation and voting on important matters of the Company; continuously improved the Company's internal control system and amended the Articles of Association in accordance with relevant regulations; conscientiously fulfilled its information disclosure obligations, ensured the truthfulness, accuracy, completeness, timeliness and fairness of information disclosure, and strictly implemented the system of registration of insider information informants and confidentiality of insider information, and treated all shareholders and investors fairly; strengthened investor relations management, and communicated with investors through various means such as investor relations interactive platform and hotline, and protected the legitimate rights and interests of all shareholders of the Company, especially the small and medium shareholders.

(2) Employee Rights Protection

The company insists on people-oriented, takes talent strategy as the focus of enterprise development, strictly abides by the Labor Law, the Law on the Protection of Women's Rights and Interests and other relevant laws and regulations, pays the social insurance for employees' pension, medical care, unemployment, work injury and maternity on time, respects and safeguards employees' personal rights and interests, and pays practical attention to employees' health, safety and satisfaction. The company attaches importance to the cultivation of talents, regularly organizing training on safety production knowledge, basic skills training for each position, and comprehensive quality training for management personnel, so that employees can effectively improve their overall professionalism and comprehensive quality in addition to their own work, realize the common growth of employees and enterprises, and build a harmonious and stable labor-management relationship.

(3) Supplier, customer and consumer rights protection

The company has always followed the trading principles of "honesty and trustworthiness, mutual benefit and legal compliance", paid attention to communication and coordination with all relevant parties, fully respected and protected the legitimate rights and interests of suppliers and customers, and established strategic partnership with suppliers and customers. The company constantly improves the procurement system and process, and in the selection of suppliers, the company has established a fair and impartial evaluation system to screen out qualified suppliers. The company insists that the interests of customers are paramount, strictly controls product quality, constantly improves service quality, and always pays attention to product safety, so that the rights and interests of all parties are duly protected.

(4) Environmental Protection

The Company attaches great importance to environmental protection and takes environmental protection, energy conservation and emission reduction as an important task. During the reporting period, the company strictly complied with the relevant environmental protection regulations and corresponding standards for the effective comprehensive management of wastewater and exhaust gas, and the wastewater and exhaust gas treatment facilities were operating normally. In order to strengthen the management of emission reduction and pollution control, the company conducts regular inspection and the overall operation of environmental protection facilities is good, and the work of energy conservation and emission reduction is carried out in an orderly manner.

III. The Consolidation and Expansion of the Poverty Alleviation and Rural Revitalization

During the reporting period, the company did not participate in the precise consolidation and expansion of poverty eradication and rural revitalization efforts.

Section VI Important Matters

I. Implementation of Commitments

1. Commitments of the actual controller, shareholders, related parties, acquirers and the Company that have been fulfilled during the reporting period and have not been fulfilled as of the end of the reporting period

√ Applicable □ Not Applicable

Reasons for Commitment	Committed Parties	Type of Commitment	Commitment Content	Commitment Date	Commitment Period	Fulfillment
Share Reform Commitment						
Commitments made in the acquisition report or the report on changes in interests						
Commitments made at the time of the asset reorganization	GreatStar Group	Performance commitments and compensation arrangements	According to the "Letter of Commitment on Earnings Compensation" issued by GreatStar Group on June 17, 2019, and the "Earnings Compensation Agreement" and "Supplementary Earnings Compensation Agreement" signed with the listed company on August 15, 2019 and September 27, 2019, respectively, the main arrangements for the performance compensation related to this transaction are as follows: 1. The profit compensation period of the GreatStar Group to the listed company is two consecutive fiscal years in and after the date of completion of the transaction, namely	June 04, 2019	2021-12-31	In strict fulfillment

		<p>2019, 2020 and 2021 (hereinafter referred to as the “Profit Compensation Period”). 2. The GreatStar Group undertakes that the total net profit attributable to the shareholders of the parent company after deducting non-recurring profits and losses in the audited consolidated statement of Zhongce Rubber during the profit compensation period is not less than 3.1287882 billion yuan (hereinafter referred to as the “Committed Net Profit”). 3. The base date for profit compensation measurement shall be December 31, 2021. The listed company shall, within 30 working days from the base date of profit compensation measurement, engage an accounting firm with relevant securities and futures business qualification to conduct special audits on the aggregate net profit attributable to shareholders of the parent company in the consolidated statements of China Strategic Rubber for each year during the profit compensation period after deducting non-recurring gains and losses (hereinafter referred to as the “actual aggregate net profit”), and the difference between the actual aggregate net profit and the promised net profit of China Strategic Rubber during the profit compensation period shall be determined accordingly. 4. According to the special audit opinion issued by the accounting firm on the difference of profit forecast during the profit compensation period, if the actual aggregate net profit of Zhognce Rubber during the profit compensation period is less than the promised net profit, the GreatStar Group shall compensate the listed company in cash, and the compensable amount = (the promised net profit - the actual aggregate net profit during the profit compensation period) × 11.4438%. If the GreatStar Group is required to bear the responsibility of profit compensation according to the preceding paragraph, it shall pay the cash compensation to the bank account designated by the listed company within 30 working days after the issuance of the special audit opinion and the date of the written notice of compensation issued by the listed company. 5. The GreatStar Group is willing to undertake to increase the net profit of the listed company by the synergistic effect of the transaction during the period of profit compensation (hereinafter referred to as the “synergistic effect to increase net profit”). GreatStar Group</p>			
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		<p>undertakes that the total net profit of the listed company will not be less than RMB75,494,100,000 (hereinafter referred to as “the promised net profit of the Synergy Effect”) during the profit compensation period due to the Synergy Effect of the Transaction. 6. The benchmark date of the profit compensation measurement is December 31, 2021. The listed company shall, within 30 working days from the base date of the profit compensation calculation, engage an accounting firm with relevant securities and futures business qualification to conduct a special audit of the net profit from synergies achieved by the listed company in each year of the profit compensation period, and determine the difference between the actual total net profit from synergies and the promised net profit from synergies during the profit compensation period. 7. According to the special audit opinion issued by the accounting firm on the difference between the profit forecast of synergies during the profit compensation period, if the actual aggregate net profit of synergies is less than the promised net profit of synergies, the GreatStar Group shall compensate the listed company in cash, and the amount of compensation shall be = the promised net profit of synergies - the actual aggregate net profit of synergies during the profit compensation period. If the GreatStar Group is required to bear the responsibility of profit compensation according to the preceding paragraph, it shall pay the cash compensation to the bank account designated by the listed company within 30 working days after the issuance of the special audit opinion and the date of the written notice of compensation issued by the listed company. If the GreatStar Group fails to give full compensation to the listed company within the period agreed in this Agreement, the GreatStar Group shall pay to the listed company in cash for each day the compensation amount is overdue, two ten-thousandths of the late liquidated damages, until the compensation amount is paid in full by the GreatStar Group.</p>			
Qiu Jianping; Wang Lingling	Reduction and regulation of connected	1. I and the enterprises controlled by me will minimize the connected transactions with the listed company as far as possible and will not use my position as the actual controller of the listed company to seek to give preferential rights over other third parties in business	June 04, 2019	Long-term validity	In strict fulfillment

		transaction s	<p>cooperation with the listed company. 2. The Company will not use its position as the controlling shareholder of the listed company to seek the right to enter into transactions with the listed company on a priority basis. 3. If there is a necessary and unavoidable connected transaction, the Company and the enterprises controlled by the Company will enter into an agreement with the listed company in accordance with the principles of fairness, equity and equitability, and perform legal procedures, and will fulfill the obligations of information disclosure and relevant internal decision-making and approval procedures in accordance with the requirements of relevant laws, regulations and normative documents and the Articles of Association, so as to ensure that the transaction will not be carried out on terms that are unfair compared with market prices. The Company will ensure that it will not conduct transactions with the listed company on terms that are unfair compared with the market price, and will not use such transactions to engage in any acts that are detrimental to the legitimate rights and interests of the listed company and other shareholders.</p>			
GreatStar Group		Reduction and regulation of connected transaction s	<p>1. The Company and the enterprises controlled by the Company will minimize connected transactions with the listed company as far as possible and will not use its position as the controlling shareholder of the listed company to seek to give preferential rights over other third parties in business cooperation with the listed company. 2. The Company will not use its position as the controlling shareholder of the listed company to seek the right to enter into transactions with the listed company on a priority basis. 3. If there is a necessary and unavoidable connected transaction, the Company and the enterprises controlled by the Company will enter into an agreement with the listed company in accordance with the principles of fairness, equity and equitable compensation in accordance with the law and perform legal procedures, and will fulfill the obligations of information disclosure and relevant internal decision-making and approval procedures in accordance with the requirements of relevant laws, regulations and normative documents and the Articles of Association, so as to ensure that the transaction will not be conducted at a price that is unfair compared with the</p>	June 04, 2019	Long-term validity	In strict fulfillment

		market price. The Company will not enter into any transaction with the listed company on terms that are unfair compared with the market price, and will not use such transaction to engage in any act that is detrimental to the legitimate rights and interests of the listed company and other shareholders.			
Qiu Jianping; Wang Lingling	Avoiding competition from the same industry	1. I will not directly or indirectly engage or participate in any business that constitutes potential direct or indirect competition with the operation of the listed company and its subsidiaries; I guarantee that I will take legal and effective measures to ensure that other enterprises under my control will not engage or participate in any business that competes with the operation of the listed company and its subsidiaries. 2. If the listed company further expands its business scope, I and other enterprises under my control will not compete with the expanded business of the listed company; if they may compete with the expanded business of the listed company, I and other enterprises under my control will withdraw from the competition with the listed company in the following manner: A. Stop the business which is or may be in competition with the listed company; B. Incorporate the competing business into the listed company C. Transfer the competing business to an unrelated third party. 3. If I and other enterprises under my control have any business opportunity to engage in or participate in any activities that may compete with the operation of the listed company, they will immediately notify the listed company of the said business opportunity, and if the listed company gives an affirmative reply within a reasonable period specified in the notice that it is willing to make use of the business opportunity, they will try their best to give the listed company the business opportunity. 4. If I violate the above undertaking, I am willing to assume all responsibilities arising from it and fully compensate or indemnify all direct or indirect losses caused to the listed company as a result.	June 04, 2019	Long-term validity	In strict fulfillment
GreatStar Group	Avoiding competition from the same	1. The Company will not directly or indirectly engage or participate in any business that constitutes potential direct or indirect competition with the operation of the listed company and its subsidiaries; it guarantees that it will take legal and effective measures to ensure that	June 04, 2019	Long-term validity	In strict fulfillment

	industry	other enterprises controlled by the Company will not engage or participate in any business that competes with the operation of the listed company and its subsidiaries. 2. If the listed company further expands its business scope, the Company and other enterprises controlled by the Company will not compete with the expanded business of the listed company; if they may compete with the expanded business of the listed company, the Company and other enterprises controlled by the Company will withdraw from the competition with the listed company in the following manner: A. Stop the business that competes or may compete with the listed company; B. Incorporate the competing business into the operation of the listed company C. Transfer the competing business to an unrelated third party. 3. If the Company and other enterprises controlled by the Company have any business opportunity to engage in or participate in any activity that may compete with the operation of the listed company, they shall immediately notify the listed company of the said business opportunity, and if the listed company replies affirmatively within a reasonable period specified in the notice that it is willing to use the business opportunity, they shall endeavor to give the listed company the business opportunity. 4. If the above undertaking is violated, the Company is willing to assume all responsibilities arising therefrom and fully compensate or indemnify all direct or indirect losses caused to the listed company as a result.			
Qiu Jianping; Wang Lingling	Safeguarding the independence of listed companies	I undertake that after the completion of this transaction, I will ensure that the listed company will continue to improve the corporate governance structure and independent operation of the company's management system in accordance with the relevant laws and regulations and the requirements of the Articles of Association, and continue to maintain the independence of the listed company in terms of business, assets, finance, institutions and personnel, and effectively protect the interests of all shareholders.	June 04, 2019	Long-term validity	In strict fulfillment
GreatStar Group	Protecting the independence of listed	The Company undertakes that after the completion of the Transaction, it will ensure that the listed company will continue to improve its corporate governance structure and independently operated corporate management system in accordance with the relevant	June 04, 2019	Long-term validity	In strict fulfillment

	companies	laws and regulations and the requirements of the Articles of Association, continue to maintain the independence of the listed company in terms of business, assets, finance, institutions and personnel, and effectively protect the interests of all shareholders.			
All directors and senior management of the Company	Other commitments	1. I promise not to transfer benefits to other units or individuals without compensation or on unfair terms, or use other means to harm the interests of the company. 2. I promise to restrain my duty consumption behavior. 3. I promise not to use the company's assets to engage in investment or consumption activities unrelated to the performance of my duties. 4. I undertake to link the remuneration system formulated by the Board of Directors or the Remuneration and Evaluation Committee to the implementation of the Company's measures to fill returns. If I violate the above commitment and cause losses to the company or shareholders, I will bear the compensation responsibility according to the law.	June 04, 2019	Long-term validity	In strict fulfillment
GreatStar Group	Other commitments	1. Not to interfere with the operation and management activities of the Company beyond its authority and not to encroach on the interests of the Company. 2. After the date of this undertaking and before the completion of this transaction, if the CSRC makes clear provisions on the measures to fill diluted returns and its undertakings, and if the above undertakings cannot satisfy such provisions of the CSRC, the Company undertakes to issue additional undertakings in accordance with the provisions of the CSRC at that time. 3. The Company will strictly fulfill the measures to fill the diluted immediate return, and if it fails to fulfill the measures to fill the diluted immediate return, it will publicly explain the specific reasons for not fulfilling the measures to fill the diluted immediate return and apologize to the shareholders of the Company and public investors at the general meeting of the Company; if it fails to fulfill the relevant commitments and causes the investors to suffer losses in securities trading, it will compensate according to law. If any breach of the above commitments causes losses to the Company or its shareholders, the Company will bear the responsibility of compensation in accordance with the law.	June 04, 2019	Long-term validity	In strict fulfillment

	Qiu Jianping; Wang Lingling	Other commitments	1. Not to interfere with the operation and management activities of the Company beyond its authority and not to encroach on the interests of the Company. 2. After the date of this undertaking and before the completion of the implementation of this transaction, if the CSRC makes clear provisions on the measures to fill the diluted immediate return and its undertakings, and if the above undertakings cannot satisfy such provisions of the CSRC, I undertake to issue additional undertakings in accordance with the provisions of the CSRC at that time. 3. I will strictly fulfill the measures to fill the diluted immediate return, and if I fail to fulfill the measures to fill the diluted immediate return, I will publicly explain the specific reasons for not fulfilling the measures to fill the diluted immediate return and apologize to the shareholders of the Company and public investors at the general meeting of the Company; if I fail to fulfill the relevant commitments and cause the investors to suffer losses in securities trading, I will compensate according to law. If the Company or its shareholders suffer losses as a result of any breach of the above commitments, I will bear the responsibility of compensation in accordance with the law.	June 04, 2019	Long-term validity	In strict fulfillment
Commitments made at the time of initial public offering or refinancing	All directors and senior management of the Company	Other Commitments	1. We undertake not to transfer benefits to other units or individuals without compensation or on unfair terms, or use other means to harm the interests of the Company. 2. We undertake to restrain directors and senior management from spending on their duties. 3. We undertake not to use the company's assets to engage in investment or consumption activities unrelated to the performance of their duties. 4. We commit to link the remuneration system formulated by the Board of Directors or the Remuneration Committee to the implementation of the Company's measures to fill returns. 5. If the company implements the equity incentive plan in the future, it promises that the exercise conditions of the future equity incentive plan will be linked to the implementation of the measures to fill the return of the company. As one of the subjects responsible for the measures to fill the return, if I violate the above commitment or refuse to fulfill the above commitment, I agree to be punished or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by	November 23, 2018	Long-term validity	In strict fulfillment

			the CSRC and the Shenzhen Stock Exchange and other securities regulators, and I am willing to bear the corresponding legal responsibilities.			
GreatStar Group	Other commitments		The Company undertakes not to interfere with the operation and management activities of the Company beyond its authority and not to encroach on the interests of the Company. As one of the responsible subjects of the measures to fill the return, if the Company violates the above commitment or refuses to fulfill the above commitment, the Company agrees to make relevant penalties or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by the CSRC and the Shenzhen Stock Exchange, and is willing to bear the corresponding legal responsibilities.	November 23, 2018	Long-term validity	In strict fulfillment
Qiu Jianping; Wang Lingling	Other commitments		I undertake not to interfere with the management activities of the Company beyond my authority and not to misappropriate the interests of the Company. As one of the responsible subjects of the measures to fill the return, if I violate the above commitment or refuse to fulfill the above commitment, I agree to be punished or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by the CSRC and the Shenzhen Stock Exchange, and I am willing to bear the corresponding legal responsibilities.	November 23, 2019	Long-term validity	In strict fulfillment
GreatStar Group	Commitments on competition, connected transactions and capital appropriation		During the period when it is the controlling shareholder of the Issuer, GreatStar Group and its future direct or indirect control enterprises will not engage in or participate in any business or activities within or outside China in any form (including, but not limited to, investment, mergers and acquisitions, joint ventures, joint ventures, cooperation, partnerships, contracting or leasing operations, purchase of shares of listed companies) business or activities that constitute or may constitute a substantial competitive relationship to the main business of the issuer. Nor will it support in any way within or outside China that the issuer and its third parties other than wholly-owned or controlling subsidiaries engage in or participate in business or activities that constitute or may constitute material competition to the main business of the Issuer. If losses are caused to the issuer due to the failure to perform the	April 05, 2009	During the period of being the controlling shareholder of the Company	In strict fulfillment

			promises and guarantees made in the commitment letter, GreatStar Group will compensate the Issuer for all actual losses.			
	Qiu Jianping; Wang Lingling	Commitments on competition, connected transactions and capital appropriation	During the period in which they have effective control of the Issuer, Mr. and Mrs. Qiu Jianping and any other enterprises directly or indirectly controlled by them other than the Issuer and its wholly-owned or controlled subsidiaries will not engage or participate in any business or activity in any form (including but not limited to investment, merger and acquisition, joint venture, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies) within or outside the PRC that constitutes or may constitute substantial competition to the Issuer's principal business. The Company will not support any third party other than the Issuer and its wholly-owned or controlled subsidiaries to engage in or participate in any business or activity that constitutes or may constitute substantial competition to the Issuer's principal business, either within or outside the PRC. Mr. and Mrs. Qiu Jianping will indemnify the Issuer for all actual losses incurred by the Issuer as a result of any failure to perform the undertakings and warranties given in the Undertaking Letter.	April 05, 2010	Period as the actual controller of the company	In strict fulfillment
Equity Incentive Commitment						
Other commitments to small and medium-sized shareholders of the Company						
Whether the	Yes					

commit ment is fulfilled on time	
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2. The company's assets or projects have profitability forecasts and the reporting period is still in the profitability forecast period, and the company makes a statement on the assets or projects meeting the original profitability forecast and the reasons for it

Applicable Not Applicable

II. Non-operating Appropriation of Funds by Controlling Shareholders and Other Related Parties to the Listed Company

Applicable Not Applicable

There was no non-operating appropriation of funds from controlling shareholders and other related parties to the listed company during the reporting period.

III. Non-compliance with External Guarantees

Applicable Not Applicable

The Company has no irregularities in external guarantees during the reporting period.

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

Applicable Not Applicable

V. Explanation by the Board of Directors, the Supervisory Committee and the Independent Directors (If Any) on the "Non-standard Audit Report" of the Accounting Firm for the Current Reporting Period

Applicable Not Applicable

VI. Description of Changes in Accounting Policies, Accounting Estimates or Corrections of Significant Accounting Errors Compared to the Previous Year's Financial Report

Applicable Not Applicable

There were no changes in accounting policies, accounting estimates or corrections of material accounting errors in the reporting period.

VII. Description of Changes in the Scope of Consolidated Statements Compared with the Previous Year's Financial Report

Applicable Not Applicable

Please refer to Section X (VIII) Changes in the scope of consolidation.

VIII. Appointment and Dismissal of Accounting Firm

The accounting firm currently engaged

Name of domestic accounting firm	Tianjian Accounting Firm (Special General Partnership)
Compensation of domestic accounting firm (RMB million)	88.5
Consecutive years of audit services for domestic accounting firms	13 years
Name of Certified Public Accountant of the domestic accounting firm	Fei Fanghua, Li Xi
Consecutive years of audit services of certified public accountants of domestic accounting firms	1 year

Whether to change the accounting firm in the current period

Yes No

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

Applicable Not Applicable

IX. Delisting After Disclosure of Annual Report

Applicable Not Applicable

X. Bankruptcy Reorganization-related matters

Applicable Not Applicable

There were no matters related to bankruptcy reorganization during the reporting period.

XI. Significant Litigation and Arbitration Matters

Applicable Not Applicable

Basic information on litigation (arbitration)	Amount involved (CNY'000 0)	Whether a projected liability is formed	Litigation (Arbitration) Progress	Outcome and impact of litigation (arbitration) hearings	Enforcement of litigation (arbitration) judgments	Date of Disclosure	Disclosure Index
Summary of other matters not meeting the disclosure standards for material litigation	446.59	No	As of December 31, 2021, the amount settled is CNY100,000; the amount involved in the case that has been	For the litigation matters, the Company will recover the amount involved in the case through: 1) winning the lawsuit or mediation; 2) requesting the unit involved in the	Cumulative return of CNY100,000		

(Company as plaintiff)			mediated to be recovered is CNY657,680,000; and the amount involved in the case that has been successfully arbitrated and not yet executed is CNY808,177,000.	case and its affiliated legal or natural persons to provide guarantee for the execution of the debt to secure the recovery of the amount involved in the case; and 3) accruing bad debt allowance accordingly in accordance with the accounting standards and the Company's management system. In summary, the summary of this litigation matter has no significant impact on the Company.			
Summary of other matters that do not meet the disclosure standards for material litigation (company as defendant party)	23.82	No	As of December 31, 2021, the amount involved in cases that have been settled and withdrawn is CNY238,222,000	This litigation matter has no material impact on the Company.	Not Applicable		

XII. Penalties and Rectification

Applicable Not Applicable

There are no penalties and corrections for the company in the reporting period.

XIII. Integrity of the Company and Its Controlling Shareholders and Actual Controllers

Applicable Not Applicable

During the reporting period, the Company and its controlling shareholder, the GreatStar Group, and the actual controller, Mr. Qiu Jianping, were in good standing, and there were no cases of non-fulfillment of court judgments in force or large debts due and unpaid.

XIV. Significant Connected Transactions

1. Connected Transactions Related to Daily Operations

Applicable Not Applicable

There were no connected transactions related to the daily operation of the Company during the reporting period.

2. Connected Transactions Arising from the Acquisition or Sale of Assets or Equity

Applicable Not Applicable

The Company did not have any connected transactions of asset or equity acquisition or sale during the reporting period.

3. Connected Transactions of Joint Foreign Investment

Applicable Not Applicable

The Company did not have any connected transactions of joint foreign investment during the reporting period.

4. Connected Debt Transactions

Applicable Not Applicable

The company has no related debt transactions during the reporting period.

5. Transactions with finance companies with related relationships

Applicable Not Applicable

There is no deposit, loan, credit or other financial business between the company and the finance company with which the relationship exists and related parties.

6. Transactions between the finance company controlled by the company and related parties

Applicable Not Applicable

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

7. Other significant connected transactions

Applicable Not Applicable

The Company had no other significant connected transactions during the reporting period.

XV. Significant Contracts and Their Performance

1. Trusteeship, contracting and leasing matters

(1) Escrow status

Applicable Not Applicable

The Company has no escrow situation during the reporting period.

(2) Contracting status

Applicable Not Applicable

There was no contracting in the company's reporting period.

(3) Leasing situation

Applicable Not Applicable

The Company has no leases during the reporting period.

2. Material Guarantee

√ Applicable □ Not Applicable

Unit: CNY'0000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of the guarantee object	Date of disclosure of the announcement related to the guarantee amount	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee situation (if any)	Guarantee Period	Is the performance completed	Whether to guarantee for related parties
Company's guarantees to subsidiaries										
Name of the guarantee object	Date of disclosure of the announcement related to the guarantee amount	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee situation (if any)	Guarantee Period	Is the performance completed	Whether to guarantee for related parties
Arrow Fastener Co., LLC	Aug. 24, 2021	3,187.85	October 11, 2021	3,187.85	General Guarantee			1 year	No	Yes
Arrow Fastener Co., LLC	October 22, 2020	3,187.85	October 22, 2020	3,187.85	General Guarantee			1 year	Yes	Yes
New Earth Hardware Products Co., Ltd.	June 22, 2020	10,000	January 07, 2021	6,800	General Guarantee			3 years	No	Yes
Greatstar Europe AG	July 03, 2018	47,650.02	August 31, 2018	25,268.95	General Guarantee			2018/8/31-2023/7/27	No	Yes
Greatstar Europe AG	December 04, 2021	24,546.98	December 27, 2021		General Guarantee			2021/12/27-2027/6/30	No	Yes
Hongkong	October 16,	49,059.1	October 19,	49,059.1	General			2021/10/1	Yes	Yes

GreatStar International Co., Ltd.	2021		2021		Guarantee			9-2028/10/18		
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		77,515.9		Total actual amount incurred for guarantees to subsidiaries during the reporting period (B2)		86,781.78				
Total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)		138,353.77		Total actual guarantee balances to subsidiaries at the end of the reporting period (B4)		83,593.93				
Subsidiaries' guarantees to subsidiaries										
Name of the guarantee object	Date of disclosure of the announcement related to the guarantee amount	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee situation (if any)	Guarantee Period	Is the performance completed	Whether to guarantee for related parties
Total corporate guarantees (i.e., the sum of the first three major items)										
Total amount of guarantee approved during the reporting period (A1+B1+C1)		77,515.9		Total actual amount of guarantees incurred during the reporting period (A2+B2+C2)		86,781.78				
Total amount of approved guarantees at the end of the reporting period (A3+B3+C3)		138,353.77		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)		83,593.93				
Total actual guarantees (i.e. A4+B4+C4) % of the company's net assets				7.89%						
Where:										

The specific description of the use of composite guarantee

3. Entrusting others with cash asset management

(1) Entrusted financial management

√ Applicable □ Not Applicable

Overview of entrusted financial management during the reporting period

Unit: CNY'0000

Specific type	Sources of funds for entrusted wealth management	Entrusted wealth management	Outstanding balance	Amount overdue for collection	Impaired amount for overdue financial management
Bank Wealth Management Products	Own funds	241,264.23	35,000	0	0
Total		241,264.23	35,000	0	0

High-risk entrusted financial management with significant single amount or low security and low liquidity

Applicable Not Applicable

The entrusted financial management has an expected uncollectible principal or other circumstances that may lead to impairment

Applicable Not Applicable

(2) Entrusted loans

Applicable Not Applicable

The Company did not have entrusted loans during the reporting period.

4. Other major contracts

Applicable Not Applicable

The Company has no other significant contracts during the reporting period.

XVI. Description of Other Significant Matters

Applicable Not Applicable

1. On January 22, 2021, the Company held the Fifth Meeting of the Fifth Session of the Board of Directors and considered and passed the “Proposal on Early Redemption of the ‘GreatStar Convertible Bonds’”. The Company has agreed to exercise the conditional redemption right of the “GreatStar Convertible Bonds” and redeem all the unconverted “GreatStar Convertible Bonds” registered in the Shenzhen Branch of China Securities Depository and Clearing Corporation after the close of business on the redemption registration date (February 23, 2021) at the price of the face value of the bonds plus the accrued interest for the period. Upon completion of the redemption, the “GreatStar Convertible Bonds” will be delisted from the Shenzhen Stock Exchange from March 5, 2021. For details, please refer to the Announcements No. 2021-003, 2021-004 and 2021-005 disclosed at <http://www.cninfo.com.cn> on January 23, 2021, No. 2021-019 disclosed at <http://www.cninfo.com.cn> on February 24, 2021 and No. 2021-019 disclosed at <http://www.cninfo.com.cn> on February 24, 2021 and No. 2021-022 and 2021-023 on March 05, 2021 at <http://www.cninfo.com.cn>.

2. On March 29, 2021, the Sixth Meeting of the Fifth Session of the Board of Directors of the Company considered and approved the “Proposal on Capital Increase and Acquisition of Assets from Wholly-owned Subsidiary”, in which GreatStar Europe AG, a wholly-owned subsidiary of the Company, purchased the relevant assets of JFB AG by way of cash payment at a transaction price of EUR27.9 million and completed the delivery of the assets within the reporting period. For details, please refer to the Company’s Announcements No. 2021-026

and 2021-027 disclosed on March 30, 2021 at <http://www.cninfo.com.cn> and No. 2021-057 disclosed on June 3, 2021 at <http://www.cninfo.com.cn>.

3. At the Seventh Meeting of the Fifth Session of the Board of Directors held on April 1, 2021, the Company considered and approved the “Proposal on Signing the Investment Letter of Intent”, and at the Tenth Meeting of the Fifth Session of the Board of Directors held on June 15, 2021, the Company considered and approved the “Proposal on Changing the Subject of Implementation of the Acquisition”, in which Hongkong GreatStar International Co., Ltd., a wholly-owned subsidiary of the Company, purchased 100% stake in Geelong Holdings Limited by paying cash, and the final price of the transaction was \$128.24 million. The delivery of the assets was completed during the reporting period. For details, please refer to the Announcement No. 2021-030, 2021-062, 2021-065, 2021-068 disclosed at <http://www.cninfo.com.cn>.

XVII. Significant matters of the Company’s subsidiaries

Applicable Not Applicable

Section VII. Changes in Shares and Shareholders

I. Changes in Shares

1. Change of shares

Unit: Shares

	Before this change		Increase or decrease in this change (+, -)					After this change	
	Quantity	Proportion	Issue of new shares	Share Delivery	Transfer from provident fund	Other	Subtotal	Quantity	Proportion
I. Shares subject to limited sale	62,718,689	5.83%				-1,378,903	-1,378,903	61,339,786	5.36%
1. State shareholding	0	0.00%				0	0	0	0.00%
2. State-owned legal person shareholding	0	0.00%				0	0	0	0.00%
3. Other domestic shareholdings	62,718,689	5.83%				-1,378,903	-1,378,903	61,339,786	5.36%
Where: shares held by domestic legal persons	0	0.00%				0	0	0	0.00%
Domestic natural person shareholding	62,718,689	5.83%				-1,378,903	-1,378,903	61,339,786	5.36%
4. Foreign shareholding	0	0.00%				0	0	0	0.00%
Where: shares held by foreign legal persons	0	0.00%				0	0	0	0.00%
Foreign natural person shareholding	0	0.00%				0	0	0	0.00%
II. Shares with unlimited sale conditions	1,012,529,011	94.17%				69,569,695	69,569,695	1,082,098,706	94.64%
1. RMB ordinary shares	1,012,529,011	94.17%				69,569,695	69,569,695	1,082,098,706	94.64%
2. Domestic listed foreign shares	0	0.00%				0	0	0	0.00%
3. Foreign shares listed abroad	0	0.00%				0	0	0	0.00%
4. Other	0	0.00%				0	0	0	0.00%

III. Total number of shares	1,075,247,700	100.00%				68,190,792	68,190,792	1,143,438,492	100.00%
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Reasons for share changes

Applicable Not Applicable

During the reporting period, the total share capital of the Company increased by 68,190,792 shares due to the conversion of the “GreatStar Convertible Bonds”; the change in restricted shares was due to the reduction of shares held by senior management and the departure of supervisors upon the expiration of their terms of office.

Approval of share changes

Applicable Not Applicable

Transfer of share changes

Applicable Not Applicable

Effect of share changes on financial indicators such as basic and diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company for the latest year and the latest period

Applicable Not Applicable

Other content that the company considers necessary or that the securities regulator requires to be disclosed

Applicable Not Applicable

2. Change of Restricted Shares

Applicable Not Applicable

Unit: Shares

Shareholder Name	Number of restricted shares at the beginning of the period	Increase in the number of restricted shares during the period	Number of shares released from restricted sale during the period	Number of restricted shares at the end of the period	Reason for Restricted Sale	Release Date
Yu Wentian	548,610	0	548,610	0	Term of office expires	2021-03-01
Wang Weiyi	771,525	0	192,881	578,644	Executive lock-up shares	2021-01-01
Wang Xie	760,200	0	190,050	570,150	Executive lock-up shares	2021-01-01
Li Zheng	676,470	0	169,118	507,352	Executive lock-up shares	2021-01-01
Li Feng	812,977	0	203,244	609,733	Executive lock-up shares	2021-01-01
Chi Xiaoheng	622,462	0	75,000	547,462	Executive lock-up shares	2021-01-01
Total	4,192,244	0	1,378,903	2,813,341	--	--

II. Securities Issuance and Listing

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

Applicable Not Applicable

2. Description of changes in the total number of shares and shareholder structure of the company, and changes in the structure of the company's assets and liabilities

Applicable Not Applicable

On January 4, 2021, the “GreatStar Convertible Bonds” entered into the conversion period, and the bondholders implemented the conversion, resulting in a change in the total share capital of the Company. As the “GreatStar Convertible Bonds” met the conditional redemption clause, the Board of Directors of the Company decided to exercise the redemption right and the “GreatStar Convertible Bonds” ceased trading and conversion on February 24, 2021 and was delisted from Shenzhen Stock Exchange from March 5, 2021. The total share capital of the Company increased by 68,190,792 shares as a result of the conversion of the “GreatStar Convertible Bonds”, and the total share capital of the Company increased to 1,143,438,492 shares.

3. Status of existing internal employee shares

Applicable Not Applicable

III. Shareholders and Actual Controllers

1. Number of shareholders and shareholdings of the Company

Unit: Shares

Total number of ordinary shareholders at the end of the reporting period	23,535	Total number of ordinary shareholders at the end of the previous month before the date of disclosure of the annual report	70,877	Total number of preferred shareholders whose voting rights were restored at the end of the reporting period (if any) (See Note 8)	0	Total number of preferred shareholders whose voting rights were restored at the end of the previous month prior to the date of disclosure of the annual report, if any (see Note 8)	0
Shareholders holding more than 5% or the top 10 shareholders' shareholdings							
Shareholder Name	Nature of	Sharehold	Number	Increase	Number	Number	Pledged, tagged or frozen

	Shareholder	ing ratio	of shares held at the end of the reporting period	or decrease in the reporting period	of shares held with limited selling conditions	of shares held under unlimited sale conditions	Share Status	Quantity
GreatStar Holding Group Co., Ltd.	Domestic non-state legal person	40.56%	463,739,864	0.00	0	463,739,864		
Hong Kong Securities Clearing Company Limited	Offshore legal entity	6.89%	78,770,242	45755281	0	78,770,242		
Qiu Jianping	Domestic natural persons	4.01%	45,817,500	-15066800	45,663,225	154,275		
China Merchants Bank Co., Ltd - Ruiyuan Growth Value Hybrid Securities Investment Fund	Other	2.53%	28,900,546	10669061	0	28,900,546		
Industrial and Commercial Bank of China - Guangfa Stable Growth Securities Investment Fund	Other	1.92%	22,000,000	22000000	0	22,000,000		
China Merchants Bank Corporation - BOCOM Schroder New Growth Hybrid Securities Investment Fund	Other	1.70%	19,417,764	19417764	0	19,417,764		
Monetary Authority of Macau - Own Funds	Offshore legal entity	1.38%	15,743,339	14835239	0	15,743,339		
China Construction Bank Corporation - BOCOM Schroder Economic New Dynamic Hybrid Securities	Other	1.25%	14,303,099	1195059	0	14,303,099		

Investment Fund								
Agricultural Bank of China Limited - BOCOM Schroder Selection Hybrid Securities Investment Fund	Other	1.24%	14,200,799	14200799	0	14,200,799		
Agricultural Bank of China Limited - Harvest Emerging Industry Equity Fund	Other	1.16%	13,260,687	-2409300	0	13,260,687		
Strategic investors or general corporations becoming top 10 shareholders as a result of the placement of new shares (if any) (see Note 3)	None							
Description of the above shareholders' affiliation or concerted action	GreatStar Group Co., Ltd. and Qiu Jianping are related and are parties acting in concert as defined in the "Regulations Governing the Acquisition of Listed Companies".							
Description of the above shareholders involved in proxy/trustee voting rights and abstention from voting rights	None							
Special note on the existence of repurchase special accounts among the top 10 shareholders (if any) (See Note 10)	None							
Shares held by the top 10 shareholders without selling restrictions								
Shareholder Name	Number of shares held under unlimited sale conditions at the end of the reporting period		Type of shares					
			Type of shares	Quantity				
GreatStar Holding Group Co., Ltd.	463,739,864		RMB Shares	Ordinary	463,739,864			
Hong Kong Securities Clearing Company Limited	78,770,242		RMB Shares	Ordinary	78,770,242			
China Merchants Bank Co., Ltd - Ruiyuan Growth Value Hybrid Securities Investment Fund	28,900,546		RMB Shares	Ordinary	28,900,546			
Industrial and Commercial Bank of China - Guangfa Stable Growth Securities Investment Fund	22,000,000		RMB Shares	Ordinary	22,000,000			
China Merchants Bank Corporation -	19,417,764		RMB	Ordinary	19,417,764			

BOCOM Schroder New Growth Hybrid Securities Investment Fund		Shares	
Monetary Authority of Macau - Own Funds	15,743,339	RMB Ordinary Shares	15,743,339
China Construction Bank Corporation - BOCOM Schroder Economic New Dynamic Hybrid Securities Investment Fund	14,303,099	RMB Ordinary Shares	14,303,099
Agricultural Bank of China Limited - BOCOM Schroder Selection Hybrid Securities Investment Fund	14,200,799	RMB Ordinary Shares	14,200,799
Agricultural Bank of China Limited - Harvest Emerging Industry Equity Fund	13,260,687	RMB Ordinary Shares	13,260,687
National Social Security Fund 106 Portfolio	12,828,313	RMB Ordinary Shares	12,828,313
Description of the relationship or concerted action among the top 10 shareholders with unlimited shares outstanding, and between the top 10 shareholders with unlimited shares outstanding and the top 10 shareholders	GreatStar Group Co., Ltd. and Qiu Jianping are related and are parties acting in concert as defined in the "Measures for the Administration of Takeovers of Listed Companies".		
Description of the participation of the top 10 common shareholders in the financing business (if any) (See Note 4)	None		

Whether the top 10 ordinary shareholders and the top 10 shareholders of the Company's ordinary shares with unlimited selling conditions entered into agreed repurchase transactions during the reporting period

Yes No

The top 10 common shareholders and the top 10 shareholders of the Company's common shares with unlimited selling conditions did not enter into any agreed repurchase transactions during the reporting period.

2. Company's controlling shareholders

Nature of controlling shareholders: natural person holding

Controlling shareholder type: natural person

Name of controlling shareholder	Nationality	Whether to obtain the right of abode in other countries or regions
Qiu Jianping	China	No
Main occupation and position	Chairman of the Board of Directors, Chairman of the Board of Directors of	

	GreatStar Group
Equity interests in other domestic and foreign listed companies held and participated in during the reporting period	Hangcha Holdings Group Co., Ltd., stock code: 603298, stock abbreviation: Hangcha Group, which was listed on the SSE on December 27, 2016, mainly deals with industrial vehicle products such as forklift trucks and intelligent vehicles and major parts kits. Zhejiang Xinchai Co.,Ltd., stock code: 301032, stock abbreviation: Xinchai, which was listed on the Shenzhen Stock Exchange on July 22, 2021, is mainly engaged in the research and development, production and sales of off-road diesel engines and related parts.

Change in controlling shareholder during the reporting period

Applicable Not Applicable

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

3. The actual controller of the company and his concerted action

Nature of the actual controller: domestic natural person

Type of beneficial owner: natural person

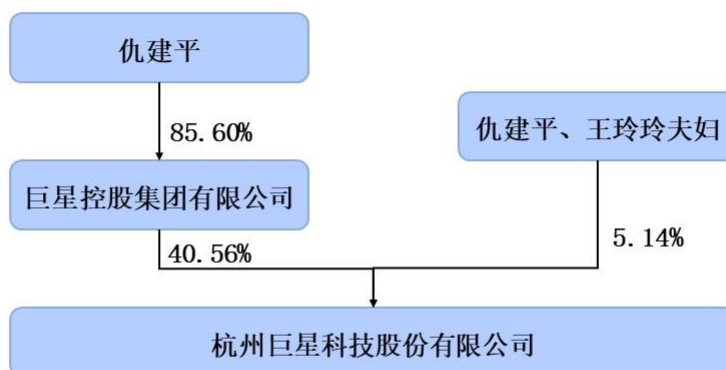
Name of the actual controller	Relationship with the beneficial owner	Nationality	Whether to obtain the right of abode in other countries or regions
Qiu Jianping	personal	China	No
Main occupation and position	Chairman of the Board of Directors, Chairman of the Board of Directors of GreatStar Group		
Domestic and foreign listed companies in which it had a controlling interest in the past 10 years	Mr. Qiu Jianping is the de facto controller of Hangcha Group (stock code: 603298) and Zhejiang Xinchai Co., Ltd. (stock code: 301032).		

Change in effective control during the reporting period

Applicable Not Applicable

There was no change in the effective control of the Company during the reporting period.

Block diagram of the ownership and control relationship between the company and the actual controller



仇建平: Qiu Jianping

仇建平、王玲玲夫妇: Qiu Jianping and Wang Lingling

巨星控股集团有限公司: GreatSar Group

杭州巨星科技股份有限公司: Hangzhou GreatStar Industrial Co., Ltd.

Control of the company by the beneficial owner through trust or other asset management

Applicable Not Applicable

4. The number of shares pledged by the controlling shareholder or the largest shareholder of the company and its concert parties reaches 80% of the number of shares held by the company

Applicable Not Applicable

5. Other corporate shareholders holding more than 10% of the shares

Applicable Not Applicable

6. Restrictions on shareholding reduction by controlling shareholders, actual controllers, restructuring parties and other committed subjects

Applicable Not Applicable

IV. Specific Implementation of Share Repurchase in the Reporting Period

Progress of implementation of share buyback

√ Applicable □ Not Applicable

Program Disclosure Time	Number of shares to be repurchased	Percentage of total share capital	Amount to be repurchased	Proposed repurchase period	Repurchase Purpose	Number of shares repurchased (shares)	Number of repurchased shares as a percentage of the underlying shares covered by the equity incentive plan (if any)
July 06, 2021			180000000-360000000	2021-7-6 to 2022-7-6	40% of the repurchased shares are intended to be used as a source of shares for the employee stock ownership plan or equity incentive plan, and 60% of the repurchased shares are intended to be used for the conversion of corporate bonds issued by the company that can be converted into shares	6,015,310	

Progress in the implementation of share repurchase reduction by means of centralized competitive bidding

√ Applicable □ Not Applicable

As of December 31, 2021, the company repurchased 6,015,310 shares of the company through the special securities account for repurchasing shares by centralized competitive bidding, accounting for 0.5261% of the total share capital of the company, with the highest transaction price of RMB 32.70 per share and the lowest transaction price of RMB 27.41 per share, and the total amount of funds used was RMB 186,441,914.48 (excluding transaction fees). The source of funds for the share repurchase was the company's own funds, and the repurchase price did not exceed the upper limit proposed in the repurchase program. The repurchase was in compliance with the requirements of relevant laws and regulations, and was in line with the established share repurchase program.

Section VIII Preferred Stock Related Information

Applicable Not Applicable

The Company did not have any preferred shares during the reporting period.

Section IX Bond Related information

Applicable Not Applicable

Section X Financial Reports

1. Audit Report

Type of audit opinion	Standard unqualified opinion
Audit report signing date	April 11, 2022
Name of audit institution	Pan-China Certified Public Accountants (Special General Partnership)
Name of certified public accountant	Fei Fanghua, Li Xi

Text of Audit Report

To all shareholders of Hangzhou GreatStar Industrial Co., Ltd:

I. Audit Opinions

We have audited the financial statements of Hangzhou GreatStar Industrial Co., Ltd.(hereinafter referred to as "GreatStar Industrial"), which comprise the consolidated balance sheet and balance sheet of the parent company as at December 31, 2021, and the consolidated income statement, the cash flow statement and the statement of changes on owners' equity and the income statement, the cash flow statement and the statement of changes on owners' equity of the parent company of 2021 and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises and present fairly the consolidated and parent company financial position as of December 31, 2021, and the consolidated and parent company results of operations and cash flows for FY 2021 of GreatStar Industrial.

II. Basis for the Audit Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. According to the Code of Ethics for Chinese CPA, we are independent of your Company and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

II. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

(I) Revenue recognition

1. Description

Please refer to section V(II).1 and III(XXVI) of the notes to the financial statements for details.

The Company's operating revenue mainly comes from sales of hand tools, power tools, laser measurement, storage, and personal protective equipment (PPE), etc. In 2021, the operating revenue

amounted to RMB 10,919,683,300. As operating revenue is one of the key performance indicators of the GreatStar Industrial, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, we have identified revenue recognition as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

(1) To obtain understandings of key internal controls related to revenue recognition, assess the design of these controls, determine whether they had been executed, and test the effectiveness of the operation;

(2) To check sale contracts, obtain understandings of main contractual terms or conditions, and assess whether the revenue recognition method was appropriate;

(3) To perform analysis procedure on operating revenue and gross margin by month, product, client, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;

(4) To check supporting documents related to revenue recognition by sampling method, including sales contracts, orders, sales invoices, delivery lists, delivery orders, shipping documents, client acceptance receipts, etc. for revenue from domestic sales; to check supporting documents including sales contracts, bills of clearance, waybills, client acceptance receipts, sales invoices, etc. by sampling method for revenue from overseas sales;

(5) To perform confirmation procedures on current sales amount by sampling method in combination with confirmation procedures on accounts receivable;

(6) To perform cut-off tests on the operating revenue recognized around the balance sheet date, and assess whether the operating revenue was recognized in the appropriate period; and

(7) To check whether information related to operating revenue had been presented appropriately in the financial statements.

(II) Impairment of goodwill

1. Description of relevant events

Please refer to section III (XX) and V(I).19 of the notes to the financial statements for details.

As of December 31, 2021, the original book balance of goodwill of GreatStar Industrial amounted to 2,439,941,360.42RMB, with provision for impairment of 134,160,736.56RMB, and the carrying amount amounted to 2,305,780,623.86RMB.

For asset group or asset group portfolio related to goodwill, if there is objective evidence indicating impairment loss, the Management will perform impairment test on goodwill together with related asset group or asset group portfolio at the end of each period, and the recoverable amount of related asset group or asset group portfolio is determined based on the estimated present value of future cash flows. Key assumptions adopted in the impairment test include: revenue growth rate in detailed forecast period, growth rate in perpetual forecast period, gross margin, discount rate, etc.

As the amount of goodwill is significant and impairment test involves significant judgment of the Management, we have identified impairment of goodwill as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for impairment of goodwill are as follows:

(1) To obtain understandings of key internal controls related to impairment of goodwill, assess the design of these controls, determine whether they had been executed, and test the effectiveness of

their operation;

(2) To review the present value of future cash flows estimated by the Management in previous years and the actual operating results, and assess the accuracy of the Management's historical estimations;

(3) To obtain understandings of and assess the competency, professional quality and objectivity of external appraisers engaged by the Management;

(4) To assess the reasonableness and consistency of impairment test method adopted by the Management;

(5) To assess the reasonableness of key assumptions used in impairment test and review whether the relevant assumptions were consistent with overall economic environment, industry condition, management situation, historical experience, and other assumptions related to the financial statements used by the Management;

(6) To test the accuracy, completeness and relativity of data used in the impairment test and review the internal consistency of related information in the impairment test;

(7) To test whether the calculation of estimated present value of future cash flows was accurate; and

(8) To check whether information related to impairment of goodwill had been presented appropriately in the financial statements.

IV. Other Information

The Management is responsible for the other information. The other information comprises the information included in the Company's annual report, while excluding the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern (as applicable) and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of GreatStar (hereinafter referred to as "the governance") are responsible for overseeing the Company's financial reporting process.

VI. CPA's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a

whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law

or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. Financial Statements

The notes to financial statements expressed in Renminbi RMB.

1. Consolidated Balance Sheet

Compiled by: Hangzhou Great Star Industrial Co., Ltd.

December 31, 2021

Unit: Yuan

Item	December 31, 2021	December 31, 2020
Current assets:		
Cash and bank balances	4,033,707,240.16	3,750,506,068.39
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	13,557,757.75	63,751,278.55
Derivative financial assets		
Notes receivable	6,629,914.18	11,530,057.49
Accounts receivable	1,798,265,505.53	1,260,096,723.75
Receivables financing	559,020,827.52	378,066,065.73
Prepaid expenses	77,743,441.90	80,008,380.84
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	96,151,003.68	58,613,172.02
Including: Interest receivable		
Dividendsreceivable		
Buy-back financial assets		
Inventories	2,835,777,996.84	1,386,320,837.86
Contract assets		
Assets classified as held for sale		

Non-current assets due within one year	90,708.80	90,583.31
Other current assets	193,991,198.10	146,623,787.19
Total current assets	9,614,935,594.46	7,135,606,955.13
Non-current assets:		
Loans and advances paid		
Debt investments		
Other debt investments		
Long-term receivables	2,721,241.71	2,866,819.08
Long-term equity investments	2,353,942,699.80	2,207,878,459.67
Other equity instrument investments	16,550,000.00	16,550,000.00
Other non-current financial assets		
Investment property	127,058,966.69	
Fixed assets	1,494,547,487.29	1,348,034,595.31
Construction in progress	113,750,851.49	166,268,204.96
Productive biological assets		
Oil & gas assets		
Right-of-use assets	411,722,761.66	269,670,508.77
Intangible assets	671,293,451.61	607,716,594.78
Development expenditures		
Goodwill	2,305,780,623.86	1,825,527,983.56
Long-term prepayments	26,745,962.25	16,407,174.63
Deferred tax assets	64,333,652.79	41,813,418.61
Other non-current assets	103,771,593.06	39,438,331.18
Total non-current assets	7,692,219,292.21	6,542,172,090.55
Total assets	17,307,154,886.67	13,677,779,045.68
Current liabilities:		
Short-term borrowings	1,806,901,201.39	1,015,117,910.75
Central bank loans		
Loans from other banks		
Held-for-trading financial	978,031.91	

liabilities		
Derivative financial liabilities		
Notes payable	51,728,000.00	24,913,000.00
Accounts payable	1,640,430,929.84	1,168,327,985.88
Advances received		
Contract liabilities	91,235,951.19	72,490,372.55
Sale of repurchased financial assets		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee compensation payable	264,073,705.38	195,907,997.48
Taxes and rates payable	170,836,108.02	185,995,732.67
Other payables	676,502,987.21	26,425,047.57
Including: Interest receivable		
Dividends receivable		
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	358,525,963.69	221,714,183.90
Other current liabilities	2,501,196.81	
Total current liabilities	5,063,714,075.44	2,910,892,230.80
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	1,015,445,732.07	509,555,882.91
Bonds payable		799,729,005.89
Including: Preferred shares		
Perpetual bonds		

Lease liabilities	289,196,511.02	246,303,999.08
Long-term payables		1,499,174.07
Long-term Employee compensation payable	20,854,276.60	77,924,731.15
Provisions	4,924,868.93	3,550,413.29
Deferred income	2,802,244.63	3,992,738.59
Deferred tax liabilities	96,927,387.14	86,920,686.60
Other non-current liabilities		
Total non-current liabilities	1,430,151,020.39	1,729,476,631.58
Total liabilities	6,493,865,095.83	4,640,368,862.38
Equity:		
Share capital	1,143,438,492.00	1,075,247,700.00
Other equity instruments		190,509,257.28
Including: Preferred shares		
Perpetualbonds		
Capital reserve	2,924,951,844.93	2,095,044,541.15
Less: Treasury shares	186,441,914.48	105,492,690.23
Other comprehensive income	-229,774,189.10	-105,837,346.87
Special reserve		
Surplus reserve	598,543,176.63	521,602,764.46
General risk reserve		
Undistributed profit	6,348,179,336.72	5,155,116,352.49
Total equity attributable to the parent company	10,598,896,746.70	8,826,190,578.28
Non-controlling interest	214,393,044.14	211,219,605.02
Total owners' equity	10,813,289,790.84	9,037,410,183.30
Total liabilities & owners' equity	17,307,154,886.67	13,677,779,045.68

Legal representative: Qiu Jianping Officer in charge of accounting: Ni Shuyi Head of accounting department: Ni Shuyi

2. Parent company balance sheet

Unit: Yuan

Items	December 31, 2021	December 31, 2020
Current assets:		
Cash and bank balances	2,206,647,760.44	2,287,675,650.67
Held-for-trading financial assets	2,805,400.00	13,386,400.00
Derivative financial assets		
Notes receivable	3,817,503.68	8,314,207.49
Accounts receivable	972,916,000.96	1,275,860,264.50
Receivables financing	370,836,450.93	368,774,999.78
Prepaid expenses	15,407,186.40	39,010,545.50
Other receivables	1,458,883,819.83	883,363,518.44
Including: Interest receivable		
Dividendsreceivable		
Inventories	68,823,270.52	77,384,999.66
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	51,228,927.28	65,377,083.73
Total current assets	5,151,366,320.04	5,019,147,669.77
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	6,509,236,517.72	5,155,164,634.30
Other equity instrument investments	16,550,000.00	16,550,000.00
Other non-current financial assets		
Investment property		
Fixed assets	148,222,773.14	142,635,599.93
Construction in progress	6,172,215.82	5,723,398.50
Productive biological assets		
Oil & gas assets		

Right-of-use assets		
Intangible assets	16,166,495.20	17,746,992.84
Development expenditures		
Goodwill		
Long-term prepayments		
Deferred tax assets	12,054,042.27	15,288,010.17
Other non-current assets	5,741,206.20	1,957,642.06
Total non-current assets	6,714,143,250.35	5,355,066,277.80
Total assets	11,865,509,570.39	10,374,213,947.57
Current liabilities:		
Short-term borrowings	1,547,295,724.96	960,645,447.14
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	389,834,880.42	738,095,592.36
Advances received		
Contract liabilities	46,268,755.74	39,453,211.46
Employee compensation payable	46,155,738.14	45,611,342.23
Taxes and rates payable	76,469,338.83	103,261,356.89
Other payables	585,010,369.48	23,933,506.71
Including: Interest payable		
Dividends payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	82,994,001.43	73,585,483.86
Other current liabilities	427,742.00	
Total current liabilities	2,774,456,551.00	1,984,585,940.65
Non-current liabilities:		
Long-term borrowings	391,626,437.89	220,836,522.82
Bonds payable		799,729,005.89

Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term Employee compensation payable		
Provisions		
Deferred income	1,556,851.32	2,377,073.64
Deferred tax liabilities	1,799,743.40	6,363,085.38
Other non-current liabilities		
Total non-current liabilities	394,983,032.61	1,029,305,687.73
Total liabilities	3,169,439,583.61	3,013,891,628.38
Equity:		
Share capital	1,143,438,492.00	1,075,247,700.00
Other equity instruments		190,509,257.28
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,930,657,501.76	2,103,492,365.12
Less: Treasury shares	186,441,914.48	105,492,690.23
Other comprehensive income	-84,939,637.21	-27,385,736.04
Special reserve		
Surplus reserve	594,794,879.72	517,854,467.55
Undistributed profit	4,298,560,664.99	3,606,096,955.51
Total owners' equity	8,696,069,986.78	7,360,322,319.19
Total liabilities & owners' equity	11,865,509,570.39	10,374,213,947.57

3. Consolidated income statement

Unit: Yuan

Item	FY 2021	FY 2020
I. Total operating revenue	10,919,683,344.37	8,544,440,154.30
Including: Operating revenue	10,919,683,344.37	8,544,440,154.30

Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	9,865,931,262.26	7,272,261,104.74
Including: Operating cost	8,176,123,668.50	5,926,765,895.76
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	36,118,676.84	27,268,787.92
Selling expenses	593,003,103.68	458,274,408.65
Administrative expenses	686,120,731.06	500,999,938.00
R&D expenses	309,763,366.15	245,372,069.36
Financial expenses	64,801,716.03	113,580,005.05
Including: Interest expenses	59,754,089.36	69,915,383.28
Interest income	59,709,415.20	58,134,194.43
Add: Other income	47,550,853.31	33,486,910.24
Investment income (losses shall be presented with a "-" sign)	370,298,858.39	296,551,290.93
Including: Investment income from associates and joint ventures	253,722,685.68	260,530,217.44
Gains from derecognition of financial assets at amortized cost		
Gains on foreign exchange (losses shall be presented with a "-" sign)		
Gains on net exposure to hedging risk (losses shall be presented with a "-" sign)		
Gains on changes in fair value (losses shall be presented with a "-" sign)	-23,610,602.75	31,920,861.95

Credit impairment loss	-44,330,212.07	-28,131,844.44
Assets impairment loss	-23,131,165.61	-93,484,567.00
Gains on asset disposal (losses shall be presented with a "-" sign)	-3,020,089.44	-300,665.75
III. Operating profit (losses shall be presented with a "-" sign)	1,377,509,723.94	1,512,221,035.49
Add: Non-operating revenue	87,347,950.40	54,877,063.15
Less: Non-operating expenditures	6,324,391.50	2,823,350.71
IV. Profit before tax (total loss shall be presented with a "-" sign)	1,458,533,282.84	1,564,274,747.93
Less: Income tax	161,218,083.23	199,780,159.49
V. Net profit (net loss shall be presented with a "-" sign)	1,297,315,199.61	1,364,494,588.44
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (net loss shall be presented with a "-" sign)	1,297,315,199.61	1,364,494,588.44
2. Net profit from discontinued operations (net loss shall be presented with a "-" sign)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company (net loss shall be presented with a "-" sign)	1,270,003,396.40	1,350,132,516.91
2. Net profit attributable to non-controlling shareholders (net loss shall be presented with a "-" sign)	27,311,803.21	14,362,071.53
VI. Other comprehensive income after tax	-124,287,257.00	-250,850,396.50
Items attributable to the owners of the parent company	-123,936,842.23	-250,842,746.43
(I) Not to be reclassified subsequently to profit or loss	71,842,154.00	-81,601,512.40
1. Changes in remeasurement on the net defined benefit plan	71,842,154.00	-35,338,213.90

2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		888,118.45
4. Changes in fair value of own credit risk		
5. Others		-47,151,416.95
(II) To be reclassified subsequently to profit or loss	-195,778,996.23	-169,241,234.03
1. Items under equity method that may be reclassified to profit or loss	-57,553,901.17	-24,606,788.10
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	-138,225,095.06	-144,634,445.93
7. Others		
Items attributable to non-controlling shareholders	-350,414.77	-7,650.07
VII. Total comprehensive income	1,173,027,942.61	1,113,644,191.94
Items attributable to the owners of the parent company	1,146,066,554.17	1,099,289,770.48
Items attributable to non-controlling shareholders	26,961,388.44	14,354,421.46
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	1.13	1.27
(II) Diluted EPS (yuan per share)	1.13	1.25

For the business combination under common control in the current period, the combined party achieved net profit XXRMB, and XXRMB last period

Legal representative: Qiu Jianping Officer in charge of accounting: Ni Shuyi
Head of accounting department: Ni Shuyi

4. Parent company income statement

Unit: Yuan

Item	FY 2021	FY 2020
I. Operating revenue	5,221,628,054.56	5,365,589,947.72
Less: Operating cost	4,191,586,370.63	4,064,180,496.50
Taxes and surcharges	3,914,655.88	4,142,069.22
Selling expenses	148,931,778.67	138,139,974.93
Administrative expenses	149,112,457.48	121,245,790.31
R&D expenses	179,141,639.18	178,566,920.53
Financial expenses	14,697,466.10	172,866,787.25
Including: Interest expenses	34,320,239.29	58,234,894.08
Interest income	60,903,121.60	48,047,881.09
Add: Other income	30,673,586.63	11,142,990.59
Investment income (losses shall be presented with a "-" sign)	328,237,087.74	356,483,772.96
Including: Investment income from associates and joint ventures	254,321,468.97	260,562,082.75
Gains from derecognition of financial assets at amortized cost (losses shall be presented with a "-" sign)		
Gains on net exposure to hedging risk (losses shall be presented with a "-" sign)		
Gains on changes in fair value (losses shall be presented with a "-" sign)	-10,581,000.00	11,254,759.69
Credit impairment loss	-14,920,249.84	-43,237,697.59
Assets impairment loss	-458,846.42	-73,695.67
Gains on asset disposal (losses shall be presented with a "-" sign)	74,881.50	
II. Operating profit (losses shall be presented with a "-" sign)	867,269,146.23	1,022,018,038.96
Add: Non-operating revenue	381,632.32	380,675.34
Less: Non-operating expenditures	714,318.83	1,334,925.87
III. Profit before tax (total loss shall be presented with a "-" sign)	866,936,459.72	1,021,063,788.43
Less: Income tax	97,532,338.07	103,604,790.84

IV. Net profit (net loss shall be presented with a "-" sign)	769,404,121.65	917,458,997.59
(I) Net profit from continuing operations (net loss shall be presented with a "-" sign)	769,404,121.65	917,458,997.59
(II) Net profit from discontinued operations (net loss shall be presented with a "-" sign)		
V. Other comprehensive income after tax	-57,553,901.17	-70,870,086.60
(I) Not to be reclassified subsequently to profit or loss		-46,263,298.50
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		888,118.45
4. Changes in fair value of own credit risk		
5. Others		-47,151,416.95
(II) To be reclassified subsequently to profit or loss	-57,553,901.17	-24,606,788.10
1. Items under equity method that may be reclassified to profit or loss	-57,553,901.17	-24,606,788.10
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	711,850,220.48	846,588,910.99
VII. Earnings per share (EPS):		

(I) Basic EPS (yuan per share)		
(II) Diluted EPS (yuan per share)		

5. Consolidated cash flow statement

Unit: Yuan

Item	FY 2021	FY 2020
I. Cash flows from operating activities:		
Cash receipts from sales of goods or rendering of services	10,523,385,725.14	8,062,725,580.89
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	670,357,690.68	561,244,609.68
Other cash receipts related to operating activities	160,238,749.92	109,278,105.56
Subtotal of cash inflows from operating activities	11,353,982,165.74	8,733,248,296.13
Cash payments for goods purchased and services received	8,138,089,857.73	5,804,488,157.96
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		

Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to employees or payments on behalf of employees	1,806,978,106.79	1,260,836,147.62
Cash payments for taxes and rates	365,159,229.48	250,159,571.54
Other cash payments related to operating activities	1,025,122,802.07	646,613,793.77
Subtotal of cash outflows from operating activities	11,335,349,996.07	7,962,097,670.89
Net cash flows from operating activities	18,632,169.67	771,150,625.24
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	399,043,604.99	289,698,875.26
Cash receipts from investment income	121,150,687.38	55,754,289.66
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	50,825,512.05	3,231,084.97
Net cash receipts from the disposal of subsidiaries & other business entities		
Other cash receipts related to investing activities	5,945,450.31	22,822,339.65
Subtotal of cash inflows from investing activities	576,965,254.73	371,506,589.54
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	541,990,133.84	624,730,486.29
Cash payments for investments	321,320,000.00	80,000,000.00
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business entities	923,935,753.71	39,098,825.84

Other cash payments related to investing activities	2,788,158.98	26,271,291.33
Subtotal of cash outflows from investing activities	1,790,034,046.53	770,100,603.46
Net cash flows from investing activities	-1,213,068,791.80	-398,594,013.92
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings	3,832,766,206.58	3,574,198,154.01
Other cash receipts related to financing activities	583,000,000.00	315,512,811.43
Subtotal of cash inflows from financing activities	4,415,766,206.58	3,889,710,965.44
Cash payments for the repayment of borrowings	2,540,690,729.79	2,639,719,781.54
Cash payments for distribution of dividends or profits and for interest expenses	53,626,407.90	44,740,777.99
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	755,470.43	1,471,395.20
Other cash payments related to financing activities	290,674,869.30	46,125,271.70
Subtotal of cash outflows from financing activities	2,884,992,006.99	2,730,585,831.23
Net cash flows from financing activities	1,530,774,199.59	1,159,125,134.21
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-65,414,554.36	71,124,025.21
V. Net increase in cash and cash equivalents	270,923,023.10	1,602,805,770.74
Add: Opening balance of cash and cash equivalents	3,730,263,218.08	2,127,457,447.34
VI. Closing balance of cash and cash equivalents	4,001,186,241.18	3,730,263,218.08

6. Parent company cash flow statement

Unit: Yuan

Item	FY 2021	FY 2020
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	5,540,994,419.37	4,634,619,462.59
Receipts of tax refund	539,325,024.06	500,601,208.07
Other cash receipts related to operating activities	105,584,100.91	353,529,045.37
Subtotal of cash inflows from operating activities	6,185,903,544.34	5,488,749,716.03
Cash payments for goods purchased and services received	4,918,942,931.09	4,576,674,238.66
Cash paid to employees or payments on behalf of employees	287,460,870.76	234,331,254.73
Cash payments for taxes and rates	130,907,197.94	97,173,133.15
Other cash payments related to operating activities	329,723,900.32	274,792,875.73
Subtotal of cash outflows from operating activities	5,667,034,900.11	5,182,971,502.27
Net cash flows from operating activities	518,868,644.23	305,778,213.76
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	53,885,922.93	177,154,902.28
Cash receipts from investment income	77,550,531.07	115,654,906.38
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	256,690.72	18,031.00
Net cash receipts from the disposal of subsidiaries & other business entities		
Other cash receipts related to investing activities	12,022,084.95	208,061,898.99
Subtotal of cash inflows from investing activities	143,715,229.67	500,889,738.65
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	25,307,503.53	13,598,543.48

Cash payments for investments	1,207,408,860.00	230,099,280.00
Net cash payments for the acquisition of subsidiaries & other business entities		
Other cash payments related to investing activities	616,537,578.64	458,358,211.73
Subtotal of cash outflows from investing activities	1,849,253,942.17	702,056,035.21
Net cash flows from investing activities	-1,705,538,712.50	-201,166,296.56
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	2,985,778,938.56	3,471,565,788.00
Other cash receipts related to financing activities	583,000,000.00	
Subtotal of cash inflows from financing activities	3,568,778,938.56	3,471,565,788.00
Cash payments for the repayment of borrowings	2,197,497,826.00	2,453,724,990.00
Cash payments for distribution of dividends or profits and for interest expenses	29,988,023.43	33,751,970.50
Other cash payments related to financing activities	216,024,031.31	14,277,150.48
Subtotal of cash outflows from financing activities	2,443,509,880.74	2,501,754,110.98
Net cash flows from financing activities	1,125,269,057.82	969,811,677.02
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-20,904,019.78	40,696,283.50
V. Net increase in cash and cash equivalents	-82,305,030.23	1,115,119,877.72
Add: Opening balance of cash and cash equivalents	2,287,645,650.67	1,172,525,772.95
VI. Closing balance of cash and cash equivalents	2,205,340,620.44	2,287,645,650.67

7. Consolidated statement of changes in owners' equity

Current Period

Unit: Yuan

Items	FY 2021														
	Equity attributable to parent company												Non-control interest	Total equity	
	Share Capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
		Preferred shares	Perpetual bonds	Others											
I. Balance at the end of prior year	1,075,247,700.00			190,509,257.28	2,095,044,541.15	105,492,690.23	-105,837,346.87		521,602,764.46		5,155,116,352.49		8,826,190,578.28	211,219,605.02	9,037,410,183.30
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	1,075,247,700.00			190,509,257.28	2,095,044,541.15	105,492,690.23	-105,837,346.87		521,602,764.46		5,155,116,352.49		8,826,190,578.28	211,219,605.02	9,037,410,183.30

III. Current period increase (decrease shall be presented with a "-" sign)	68,190,792.00			-190,829,905.28	829,907,303.78	80,949,224.25	-123,936,842.23			76,940,412.17		1,193,062,984.23	1,772,706,168.42	3,173,439.12	1,775,879,607.54
(I) Total comprehensive income							-123,936,842.23					1,270,003,396.40	1,146,066,554.17	26,961,388.44	1,173,027,942.61
(II) Capital contributed or withdrawn by owners	68,190,792.00			-190,829,905.28	818,159,478.29	-105,492,690.23							801,333,703.24		801,333,703.24
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity															
4. Others	68,190,792.00			-190,829,905.28	818,159,478.29	-105,492,690.23							801,333,703.24		801,333,703.24

over to retained earnings															
6. others															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) others					11,747,825.49	186,441,914.48							-174,694,088.99	-23,032,478.89	-197,726,567.88
IV. Balance at the end of current period	1,143,438,492.00				2,924,951,844.93	186,441,914.48	-229,774,189.10	598,543,176.63		6,348,179,336.72			10,598,896,746.70	214,393,044.14	10,813,289,790.84

Previous period

Unit: Yuan

Items	FY 2021														Non-control interest	Total equity
	Equity attributable to parent company												Subtotal			
	Share Capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others				
	Pref preferred shares	Perpetual bonds	Others													
I. Balance at the end of prior year	1,075,247,700.00				2,036,394,272.83	105,492,690.23	145,005,399.56		429,856,864.70		3,849,578,318.39		7,430,589,865.25	185,843,932.95	7,616,433,798.20	

Add:														
Cumulative changes of accounting policies														
Error correction of prior period														
Business combination under common control														
Others														
II. Balance at the beginning of current year	1,075,247,700.00			2,036,394,272.83	105,492,690.23	145,005,399.56		429,856,864.70		3,849,578,318.39		7,430,589,865.25	185,843,932.95	7,616,433,798.20
III. Current period increase (decrease shall be presented with a "-" sign)				190,509,257.28	58,650,268.32	-250,842,746.43		91,745,899.76		1,305,538,034.10		1,395,600,713.03	25,375,672.07	1,420,976,385.10
(I) Total comprehensive income						-203,691,329.48				1,350,132,516.91		1,146,441,187.43	14,354,421.46	1,160,795,608.89
(II) Capital contributed or withdrawn				190,509,257.28								190,509,257.28		190,509,257.28

by owners																			
1. Ordinary shares contributed by owners																			
2.Capital contributed by holders of other equity instruments				190,509,257.28									190,509,257.28					190,509,257.28	
3.Amount of share-based payment included in equity																			
4. Others																			
(III) Profit distribution								91,745,899.76		-91,745,899.76								-1,471,395.20	-1,471,395.20
1.Appropriation of surplus reserve								91,745,899.76		-91,745,899.76									
2.Appropriation of general risk reserve																			
3.Appropriation of profit to owners																		-1,471,395.20	-1,471,395.20
4. Others																			
(IV) Internal carry-over							-47,151,416.9			47,151,416.9									

within equity						95				5			
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings						-47,151,416.95				47,151,416.95			
6. others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) others					58,650,268.32						58,650,268.32	12,492,645.81	71,142,914.13

IV. Balance at the end of current period	1,075,247,700.00			190,509,257.28	2,095,044,541.15	105,492,690.23	-105,837,346.87		521,602,764.46		5,155,116,352.49		8,826,190,578.28	211,219,605.02	9,037,410,183.30
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8. Parent company statement of changes in owners' equity

Current Period

Unit: Yuan

Items	FY 2021											Total equity
	Share Capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Others	
		Preferred Shares	Perpetual bonds	Others								
I. Balance at the end of prior year	1,075,247,700.00			190,509,257.28	2,103,492,365.12	105,492,690.23	-27,385,736.04		517,854,467.55	3,606,096,955.51		7,360,322,319.19
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	1,075,247,700.00			190,509,257.28	2,103,492,365.12	105,492,690.23	-27,385,736.04		517,854,467.55	3,606,096,955.51		7,360,322,319.19
III. Current period increase (or less: decrease)	68,190,792.00			-190,509,257.28	827,165,136.64	80,949,224.25	-57,553,901.17		76,940,412.17	692,463,709.48		1,335,747,667.59
(I) Total comprehensive income							-57,553,901.17			769,404,121.65		711,850,220.48

(II) Capital contributed or withdrawn by owners	68,190,792.00			-190,509,257.28	818,159,478.29	-105,492,690.23						801,333,703.24
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity												
4. Others	68,190,792.00			-190,509,257.28	818,159,478.29	-105,492,690.23						801,333,703.24
(III) Profit distribution									76,940,412.17	-76,940,412.17		
1. Appropriation of surplus reserve									76,940,412.17	-76,940,412.17		
2. Appropriation of profit to owners												
3. Others												
(IV) Internal carry-over within equity												
1. Transfer of												

capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					9,005,658.35	186,441,914.48						-177,436,256.13
IV. Balance at the end of current period	1,143,438,492.00				2,930,657,501.76	186,441,914.48	-84,939,637.21		594,794,879.72	4,298,560,664.99		8,696,069,986.78

Previous amount

Unit: Yuan

Items	Year 2019										
	Share Capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive	Special reserve	Surplus reserve	Undistributed	Others	Total equity	

							Income			profit		
		Preferr ed shares	Perpet ualbon ds	Others								
I. Balance at the end of prior year	1,075,247,700.00				2,042,882,286.04	105,492,690.23	43,484,350.56		426,108,567.79	2,733,232,440.73		6,215,462,654.89
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	1,075,247,700.00				2,042,882,286.04	105,492,690.23	43,484,350.56		426,108,567.79	2,733,232,440.73		6,215,462,654.89
III. Current period increase (or less: decrease)				190,509,257.28	60,610,079.08		-70,870,086.60		91,745,899.76	872,864,514.78		1,144,859,664.30
(I) Total comprehensive income							-23,718,669.65			917,458,997.59		893,740,327.94
(II) Capital contributed or withdrawn by owners				190,509,257.28								190,509,257.28
1. Ordinary shares												

contributed by owners												
2.Capital contributed by holders of other equity instruments				190,509,257.28								190,509,257.28
3. Amount of share-based payment included in equity												
4. Others												
(III) Profit distribution									91,745,899.76	-91,745,899.76		
1.Appropriation of surplus reserve									91,745,899.76	-91,745,899.76		
2.Appropriation of profit to owners												
3. Others												
(IV)Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												

4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings							-47,151,416.95			47,151,416.95		
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					60,610,079.08							60,610,079.08
IV. Balance at the end of current period	1,075,247,700.00			190,509,257.28	2,103,492,365.12	105,492,690.23	-27,385,736.04		517,854,467.55	3,606,096,955.51		7,360,322,319.19

III. Company profile

Hangzhou GreatStar Industrial Co., Ltd. (the “Company”), a limited liability company by shares, was transformed from Hangzhou Great Star Industrial Co., Ltd. It was jointly invested by natural persons 仇建平 (Qiu Jianping), 王玲玲 (Wang Lingling), 李政 (Li Zheng), 王伟毅 (Wang Weiyi) and 王睿 (Wang Min). It was registered at Hangzhou Administration for Industry and Commerce on August 9, 2001. After several equity changes, taking March 31, 2008 as benchmark date, the Company was transformed into a limited liability by shares on an integral basis and was registered at Hangzhou Administration for Industry and Commerce on July 2, 2008. Headquartered in Hangzhou, Zhejiang Province, the Company currently holds a business license with unified social credit code of 91330000731506099D. As of December 31, 2021, the Company had registered capital of RMB 1,143,438,492.00, with total share of 1,143,438,492 shares (each with par value of one(1) RMB), of which, 61,339,786 shares are restricted outstanding A shares, and 1,082,098,706 shares are unrestricted outstanding A shares. The Company’s shares were listed at Shenzhen Stock Exchange on July 13, 2010.

The Company belongs to the tool hardware industry. The main business activities are R&D, production and

sales of hand tools and power tools, laser measurement, storage and PPE. The Company's main products are hand tools and power tools, laser measurement, storage and PPE.

The financial statements were approved and authorized for issue by the seventeenth meeting of the fifth session of the Board of Directors dated April 11, 2022.

The Company has brought 89 subsidiaries including Changzhou Huada Kejie Opto-electro Instrument Co., Ltd., Zhejiang Great Star Tools Co., Ltd., Hangzhou Great Star Tools Co.,Ltd., Prim' Tools Limited, Hong Kong Great Star International Co., Ltd., Great Star Tools USA, Inc, Arrow Fastener Co., LLC, Great Star Industrial USA,LLC, Greatstar Europe AG, Lista Holding AG, BeA GmbH and Zhongshan Geelon Industrial Co.,Ltd. into the consolidation scope. Please refer to section XX (IX) Interest in other entities of notes to financial statements for details.

IV. Preparation basis of the financial statements

1.Preparation basis

The financial statements have been prepared on the basis of going concern.

2.Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

V. Significant accounting policies and estimates

Detailed significant accounting policies and estimates notes:

The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, and revenue recognition, etc. based on the Company's actual production and operation features.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

2. Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

3. Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

4. Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi (RMB) , while the functional currency of subsidiaries engaged in overseas operations including Hong Kong Great Star International Co., Ltd., Great Star Tools USA, Inc and GreatStar Europe AG is the currency of the primary economic environment in which they operate.

5. Accounting treatments of business combination under and not under common control

1.Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2.Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

6. Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to “CASBE 33 – Consolidated Financial Statements”, based on relevant information and the financial statements of the parent company and its subsidiaries.

7. Classification of joint arrangements and accounting treatment of joint operations

1.Joint arrangements include joint operations and joint ventures.

2.When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:

- (1)its assets, including its share of any assets held jointly;
- (2)its liabilities, including its share of any liabilities incurred jointly;
- (3)its revenue from the sale of its share of the output arising from the joint operation;
- (4)its share of the revenue from the sales of the assets by the joint operation; and its expenses, including its share of any expenses incurred jointly.

8. Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject

to an insignificant risk of changes in value.

9. Foreign currency business and foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

10. Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

(1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivables that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, the Company measures their transaction price in accordance with "CASBE 14 – Revenues".

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

2)Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

3)Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

4)Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1)Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2)Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23 – Transfer of Financial Assets"

3)Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below- market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14 – Revenues".

4)Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when one of the following conditions is met:

a. the contractual rights to the cash flows from the financial assets expire; or

b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE 23 – Transfer of Financial Assets”.

2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial asset transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items are included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

4. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical

volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

(1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments, contract assets or leases receivable at fair value through other comprehensive income, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For accounts receivable and contract assets resulting from transactions as regulated in "CASBE 14 – Revenues" which do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying

amount of such financial asset.

(2) Financial instruments with expected credit risk assessed and expected credit losses measured on a portfolio basis

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables – Portfolio grouped with ages	Aging	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables – Portfolio grouped balance due from related parties within the consolidation scope	Balance due from related parties within the consolidation scope	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.

(3) Accounts receivable and contract assets with expected credit losses measured on a portfolio basis

1) Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable Trade acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Accounts receivable – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.

2) Accounts receivable—comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

Ages	Expected credit loss rate(%)
Within 1 year (inclusive, the same hereinafter)	5.00
1-2 years	10.00
2-3 years	20.00
3-4 years	30.00
4-5 years	50.00
Over 5 years	100.00

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (a) currently has a legally enforceable right to set off the recognized amounts; and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

11. Notes Receivable

Due to the short term of notes receivable and the low risk of breach of contract, the Company has a strong ability to fulfill its obligation to pay the cash flow of the contract in the short term. Therefore, the Company regards the notes receivable as a financial instrument with lower credit risk and directly assumes that the credit risk has not increased significantly since the initial confirmation. Considering the historical default rate is zero, the Company's fixed bad debt reserve rate for the notes receivable is 0.

12. Accounts Receivable

Details refer to the 10. Financial instruments of the financial statements notes of Section V. Significant accounting policies and estimates.

13. Receivables Financing

Details refer to the 10. Financial instruments of the financial statements notes of Section V. Significant accounting policies and estimates.

14. Other Receivables

Recognition method and accounting treatment of expected credit loss of the other receivable

Details refer to the 10. Financial instruments of the financial statements notes of Section V. Significant accounting policies and estimates.

15. Inventories

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, and materials or supplies etc. to be consumed in the production process or in the rendering of services.

2. Accounting method for dispatching inventories:

Inventories dispatched from storage are accounted for with weighted average method at the end of each month.

3. Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

Low-value consumables are amortized with one-off method.

(2) Packages

Packages are amortized with one-off method.

16. Contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

17. Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed

assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;

2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and

3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

18. Held for sale assets

1. Classification of non-current assets or disposal groups as held for sale

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met: a. the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; b. its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of “expected to be completed within one year” is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: a. a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; b. a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

2. Measurement of non-current assets or disposal groups as held for sale

(1) Initial measurement and subsequent measurement

For initial measurement and subsequent measurement as at the balance sheet date of a non-current asset or disposal group as held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or

loss as assets impairment loss, meanwhile, provision for impairment of assets as held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group as held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets as held for sale or non-current assets in disposal groups as held for sale, while interest and other expenses attributable to the liabilities of a disposal group as held for sale shall continue to be recognized.

(2) Accounting treatment of reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in fair value less costs to sell of a disposal group as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reversed.

For the subsequent reversal of the impairment loss that has been recognized in a disposal group as held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

(3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not meet criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group as held for sale shall be measured at the lower of: a. its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and b. its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

19. Debt investments

20. Other debt investments

21. Long-term receivables

22. Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant

influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determines whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of profit or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments with joint control or significant influence relationship, it is accounted for with equity method.

4. Disposal of a subsidiary in stages resulting in the Company's loss of control

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22 – Financial Instruments: Recognition and Measurement".

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as "bundled transaction" resulting in the Company's loss of control

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

2) Disposal of a subsidiary in stages qualified as "bundled transaction" resulting in the Company's loss of control

In case of "bundled transaction", stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

23. Investment property

Investment property measurement model

Measurement by cost model

The depreciation or amortization method

1. Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

24. Fixed assets

(1) Recognition principles

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets

are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

(2) Depreciation method

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20-25	0、 5	5.00-3.80
General equipment	Straight-line method	3-10	0、 10	33.33-9.00
Special equipment	Straight-line method	5-15	0、 10	20.00-6.00
Transport facilities	Straight-line method	4-10	5、 10	23.75-9.00

(3) Recognition and pricing principles of fixed assets rented-in under finance lease

Finance lease is determined when one or a combination of the following conditions are satisfied: (1) the ownership has been transferred to the lessee when the leasing term is due; (2) the lessee has the option to purchase the leasing asset at a price that is much lower than its fair value, so it can be reasonably determined that the lessee will take the option at the very beginning of the lease; (3) the leasing term accounts for most time of the useful life (ordinarily accounting for 75% or higher) even if the ownership does not transfer to the lessee; (4) the present value of the minimum amount of rent that the lessee has to pay at the first day of the lease amounts to 90% or higher of its fair value at the same date; or the present value of the minimum amount of rent that the lessor collects at the first day of the lease amounts to 90% or higher of its fair value at the same date; and/or (5) the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

Fixed assets rented-in under finance lease are recorded at the lower of fair value and the present value of the minimum lease payment at the inception of the lease, and are depreciated following the depreciation policy for self-owned fixed assets.

25. Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

26. Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant

assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements less the general borrowing by the capitalization rate of the general borrowing used.

27. Productive biological assets

28. Oil & gas assets

29. Right-of-use assets

1. Recognition principles of right-of-use asset

Right-of-use asset refers to the asset that represents the Company's right as lessee to use an underlying asset for the lease term. The Company recognizes a right-of-use asset at the commencement date. Right-of-use assets are recognized only when: (a) it is probable that the economic benefits will flow to the Company; and (b) the cost of the right-of-use asset can be measured reliably.

2. Initial measurement of the right-of-use asset

The right-of-use asset is measured at cost and the cost shall comprise: (1) the amount of the initial measurement of the lease liability; (2) any lease payments made at or before the commencement date, less any lease incentives received; (3) any initial direct costs incurred by the lessee; and (4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. Subsequent measurement of the right-of-use asset

(1) After the commencement date, the Company measures the right-of-use asset applying a cost model.

The Company shall depreciate the right-of-use asset. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from

the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Depreciation method of different categories of right-of-use assets are as follows:

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	5-11	0	9.09-20.00
General equipment	Straight-line method	3-5	0	20.00-33.33
Special equipment	Straight-line method	3-15	0	6.67-33.33
Transport facilities	Straight-line method	3-5	0	20.00-33.33

(3) When the Company remeasures the lease liability on the basis of the present value of the lease payments after changes and adjusts the carrying amount of the right-of-use asset accordingly, if the carrying amount of the right-of-use asset is reduced to zero and there shall be a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement shall be recognized in profit or loss.

30. Intangible assets

(1) Measurement method, useful life and impairment test

1. Intangible assets include land ownership, land use right, patent right, trademark right, proprietary technology, management software, and sewage disposal right etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Land use right	50、30
Patent right	10
Trademark right	10
Proprietary technology	5
Management software	3-10
Sewage disposal right	10

The Company does not amortize intangible assets with indefinite useful lives, such as land ownership and trademark rights, and the Company reviews the useful lives of these intangible assets in each accounting period. For intangible assets with indefinite useful lives, the indefinite useful life is determined based on the inability to estimate the period over which the intangible assets will provide future economic benefits to the enterprise. The Company's intangible asset with indefinite useful life is land ownership.

(2) Accounting policy of expenditures on the internal research and development

Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

31. Impairment of part of long-term assets

For long-term assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

32. Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

33. Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

34. Employee compensation

(1) Accounting treatment for short-term Employee compensation

The Company recognizes, in the accounting period in which an employee provides service, short-term Employee compensation actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment for post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of Employee compensation cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

(3) Accounting treatment for termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

(4) Accounting treatment for Other long-term Employee compensation

When other long-term Employee compensation provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements

relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of Employee compensation arising from other long-term Employee compensation as the followings: a. service cost; b. net interest on the net liability or net assets of other long-term Employee compensation; and c. changes as a result of remeasurement of the net liability or net assets of other long-term Employee compensation. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

35. Lease obligations

At the inception date of the lease, the Company recognizes the present value of the outstanding lease payments as a lease liability. The present value of lease payments is calculated using the interest rate embedded in the lease as the discount rate, or if the interest rate embedded in the lease cannot be determined, the company's incremental borrowing rate is used as the discount rate. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, and interest expense is recognized in each period of the lease term at the discount rate used to recognize the present value of the lease payments and is included in profit or loss for the current period. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the substantive fixed payments, a change in the amount expected to be payable for the guaranteed residual value, a change in the index or rate used to determine the lease payments, or a change in the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Company remeasures the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero but the lease liability still needs to be further reduced, the remaining amount is recognized in profit or loss for the current period.

36. Projected liabilities

1. The Company recognizes a contingent obligation arising from external guarantees, litigation matters, product quality guarantees, loss-making contracts, etc. as a present obligation to be assumed by the Company, when it is probable that an outflow of economic benefits will result from the performance of the obligation and the amount of the obligation can be measured reliably, the Company recognizes the obligation as a projected liability.

2. The company initially measures the projected liability based on the best estimate of the expenditure required to settle the related present obligation and reviews the carrying amount of the projected liability at the balance sheet date.

37. Share-based payment

1. Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

2. Accounting treatment for settlements, modifications and cancellations of share-based payment plans

(1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service, at the balance sheet date within the vesting period,

the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

(2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

(3) Modifications and cancellations of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

38. Other financial instruments such as preferred shares, perpetual bonds

39. Revenue

Revenue recognition and measurement principle

1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria are met, otherwise,

the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the client obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the client, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the client, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

2.Revenue measurement principle

(1)Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

(2)If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3)In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

(4)For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

3.Revenue recognition method

The Company's sales of hand tools and power tools, laser measurement, storage and PPE are performance obligations satisfied at a point in time. Revenue from domestic sales is recognized when the Company has delivered goods to the designated address as agreed by contract and such delivered goods have been verified for acceptance by customers, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. Revenue from overseas sales is

recognized when the Company has declared goods to the customs based on contractual agreements and has obtained a bill of lading, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

Revenue recognition principles' differences may occur in the similar business but different operating models.

40. Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

Government grants related to assets are government grants with which the Company constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a reasonable and systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

41. Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there

is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (a) business combination; and (b) the transactions or items directly recognized in equity.

42. Leases

(1) Accounting treatment for operating lease

1. The Company operates as a lessee

At the commencement date of the lease term, the Company recognizes leases with a lease term of not more than 12 months that do not include a purchase option as short-term leases; leases with a lower value when the single leased asset is a brand-new asset are recognized as low-value asset leases. If the company subleases or expects to sublease the leased assets, the original lease is not recognized as a low-value asset lease.

For all short-term leases and leases of low-value assets, the Company recognizes the lease payments as the cost of the relevant assets or current profit or loss on a straight-line basis during each period of the lease term.

Except for short-term leases and leases of low-value assets for which simplified treatment is applied as described above, the Company recognizes a right-of-use asset and a lease liability for leases at the commencement date of the lease term.

(1) Right-to-use assets

Right-of-use assets are initially measured at cost, which includes: (1) the initial measurement amount of the lease liability; (2) the amount of lease payments made on or before the commencement date of the lease, less the amount related to the lease incentive already taken, if any; (3) the initial direct costs incurred by the lessee; and; (4) costs expected to be incurred by the lessee to disassemble and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the condition agreed upon under the terms of the lease.

The Company depreciates right-of-use assets on a straight-line basis. If it is reasonably certain that ownership of the leased assets will be obtained at the end of the lease term, the Company depreciates the leased assets over their remaining useful lives. If it is not reasonably certain that ownership of the leased assets can be obtained at the end of the lease term, the Company depreciates the leased assets over the shorter of the lease term and the remaining useful life of the leased assets.

(2) Lease liabilities

At the inception date of a lease, the Company recognizes the present value of the lease payments that have not been paid as lease liability. When calculating the present value of the lease payments, the discount rate is the interest rate embedded in the lease. If the interest rate embedded in the lease cannot be determined, the discount rate is the company's incremental borrowing rate. The difference between the lease payments and their present value is recognized as an unrecognized financing expense, and interest expense is recognized in each period of the lease term at the discount rate used to recognize the present value of the lease payments and is included in profit or loss for the current period. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the substantive fixed payments, a change in the amount expected to be payable for the guaranteed residual value, a change in the index or rate used to determine the lease payments, or a change in the evaluation result or actual exercise of the purchase option, lease renewal option or termination option, the Company remeasures the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero but the lease liability still needs to be further reduced, the remaining amount is recognized in profit or loss for the current period.

2. The Company acts as a lessor

At the inception date of a lease, the Company classifies a lease that transfers substantially all the risks and rewards associated with the ownership of the leased asset as a finance lease, except for those that are classified as operating leases.

(1) Operating leases

The Company recognizes lease receipts as rental income on a straight-line basis during each period of the lease term, and the initial direct costs incurred are capitalized and apportioned on the same basis as the recognition of rental income and recognized in profit or loss in the current period. Variable lease payments acquired by the Company in connection with operating leases that are not included in the lease payments are recognized in profit or loss when they are actually incurred.

(2) Finance leases

At the commencement date of the lease term, the Company recognizes finance lease receivables at the net lease investment (the sum of the unguaranteed residual value and the present value of the lease payments not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease) and derecognizes the finance lease assets. During each period of the lease term, the Company calculates and recognizes interest income based on the interest rate embedded in the lease.

Variable lease payments obtained by the Company that are not included in the net lease investment measurement are recognized in profit or loss when they are actually incurred.

3. Sale and leaseback

(1) The Company operates as a lessee

The Company assesses whether the transfer of assets in a sale-and-leaseback transaction is a sale in accordance with the provisions of "CASBE No. 14, "Revenue".

If the transfer of assets in a sale-and-leaseback transaction is a sale, the company measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the original asset's carrying value that relates to the right-of-use acquired by the leaseback, and recognizes a gain or loss related to the right transferred to the lessor only.

If the transfer of an asset in a sale-and-leaseback transaction is not a sale, the Company continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer proceeds and accounts for the financial liability in accordance with "CASBE No. 22 - Recognition and Measurement of Financial Instruments".

(2) The Company operates as a lessor

The Company assesses and determines whether the transfer of assets in sale-and-leaseback transactions is a sale in accordance with the provisions of "CASBE No. 14 - Revenue".

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of assets in accordance with other applicable CASBEs and accounts for the lease of assets in accordance with "CASBE No. 21 - Leases".

If the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company does not recognize the

transferred asset, but recognizes a financial asset equal to the transfer proceeds and accounts for the financial asset in accordance with "CASBE No. 22 - Recognition and Measurement of Financial Instruments".

(2) Accounting treatment for finance lease

43. Other significant accounting policies and estimates

44. Significant changes in accounting policies and estimates

(1) Significant changes in accounting policies

√ Applicable □ Not Applicable

Content and reason for changes in accounting policies	Approval procedure	Notes
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1. The Company (with the exception of Lista Holding AG and its subsidiaries) implemented the revised "CASBE No. 21-Leases" (hereinafter referred to as the new lease standard) as of January 1, 2021 (hereinafter referred to as the first implementation date).

(1) For contracts existing before the first implementation date, the Company has elected not to reassess whether they are leases or contain leases.

(2) For leases for which the Company is the lessee, the Company adjusts the amount of opening retained earnings and other related items in the financial statements for the current reporting period based on the cumulative effect of the implementation of the new leasing standard and the previous standard at the date of first-time implementation, without adjusting the information for comparable periods. The specific treatment is as follows:

For finance leases prior to the date of first-time implementation, the Company measured right-of-use assets and lease liabilities at the original carrying amounts of finance lease incoming assets and finance lease payables, respectively, at the date of first-time implementation.

For operating leases prior to the date of initial execution, the Company measures the lease liability at the present value of the remaining lease payments discounted at the Company's incremental borrowing rate as of the date of initial execution based on the amount equal to the lease liability, with necessary adjustments for prepaid rentals to measure the right-to-use asset.

At the date of initial implementation, the Company tests right-of-use assets for impairment and accounts for them accordingly in accordance with Note III(XX) to these financial statements.

1) The main effects of the implementation of the new lease standard on the Company's financial statements as of January 1, 2021 are as follows:

Item	Balance Sheet		
	December 31, 2020	Impact of new lease standard adjustment	December 31, 2021
Right-to-use assets	269,670,508.77	123,383,672.18	393,054,180.95
Other current assets	146,623,787.19	-758,190.43	145,865,596.76
Other non-current assets	39,438,331.18	-720,572.67	38,717,758.51
Non-current liabilities due within one year	221,714,183.90	30,609,489.89	252,323,673.79
Lease obligations	246,303,999.08	91,295,419.19	337,599,418.27

2) Simplified treatment applied to operating leases prior to the date of initial execution

(i) For lease contracts completed within 12 months after the date of initial execution, the company adopts the simplified method and does not recognize right-of-use assets and lease liabilities.

(ii) The company uses the same discount rate for lease contracts with similar characteristics when measuring lease liabilities.

(iii) The measurement of right-of-use assets does not include initial direct costs.

(iv) The company determines the lease term based on the actual exercise of the option to renew the lease or the option to terminate the lease prior to the first execution date and other updates.

(v) As a substitute for impairment testing of right-of-use assets, the company assesses whether the contract containing the lease is a loss-making contract prior to the date of initial execution in accordance with "CASBE No.13 - Contingencies" and adjusts the right-of-use asset based on the amount of the provision for loss recorded at the balance sheet date prior to the date of initial execution.

(vi) If a lease change occurs before the date of initial execution, the company accounts for the lease change according to the final arrangement of the lease change.

The above simplified treatment has no significant impact on the Company's financial statements.

3) For operating lease contracts for low-value assets existing before the date of first execution, the Company adopts the simplified method of not recognizing right-of-use assets and lease liabilities, and accounts for them in accordance with the new lease standard from the date of first execution.

4) For lease contracts where the Company is the lessor, the Company shall account for them in accordance with the new leasing standard from the date of first execution.

5) Treatment of sale and leaseback transactions existing before the date of first execution

For sale and leaseback transactions existing before the date of first-time execution, the Company does not reassess whether the transfer of assets meets the requirements of "CASBE No. 14 - Revenue" for accounting as a sale on the date of first-time execution.

For leaseback transactions that were accounted for as sales and finance leases prior to the date of initial execution, the Company, as the seller (lessee), accounts for the leaseback in the same manner as other finance leases existing at the date of initial execution and continues to amortize the related deferred gain or loss over the lease term.

For sale and leaseback transactions that were accounted for as sales and operating leases prior to the date of initial execution, the Company, as the seller (lessee), accounts for the leasebacks in the same manner as other operating leases existing at the date of initial execution and adjusts the right-of-use assets based on the related deferred gains or losses recorded on the balance sheet prior to the date of initial execution.

2. The Company implemented the Interpretation of "CASBE No. 14" issued by the Ministry of Finance in fiscal 2021 effective January 26, 2021, and this change in accounting policy had no impact on the Company's financial statements.

3. The Company will implement the "CASBE No. 15" issued by the Ministry of Finance on December 31, 2021, and the change in accounting policy will have no impact on the Company's financial statements.

(2) Significant changes in accounting estimates

Applicable Not Applicable

(3) Adjustments of the related financial statement items at the beginning of the years since 2021 preliminary use new revenue principles and new lease standards

Applicable Not Applicable

Whether need to adjust the balance sheet account at the beginning of the year

✓ Yes No

Consolidated balance sheet

Unit: Yuan

Items	December 31, 2020	December 31, 2021	Amount adjusted
Current assets:			
Cash and bank balances	3,750,506,068.39	3,750,506,068.39	
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	63,751,278.55	63,751,278.55	
Derivative financial assets			
Notes receivable	11,530,057.49	11,530,057.49	
Accounts receivable	1,260,096,723.75	1,260,096,723.75	
Receivables financing	378,066,065.73	378,066,065.73	
Prepaid expenses	80,008,380.84	80,008,380.84	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	58,613,172.02	58,613,172.02	
Including: interest receivable			
Dividends receivable			
Financial assets under reverse repo			
Inventories	1,386,320,837.86	1,386,320,837.86	
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year	90,583.31	90,583.31	
Other current assets	146,623,787.19	145,865,596.76	-758,190.43

Total current assets	7,135,606,955.13	7,134,848,764.70	-758,190.43
Non-current assets:			
Loans and advances paid			
Debt investments			
Other debt investments			
Long-term receivables	2,866,819.08	2,866,819.08	
Long-term equity investments	2,207,878,459.67	2,207,878,459.67	
Other equity instrument investments	16,550,000.00	16,550,000.00	
Other non-current financial assets			
Investment property			
Fixed assets	1,348,034,595.31	1,348,034,595.31	
Construction in progress	166,268,204.96	166,268,204.96	
Productive biological assets			
Oil & gas assets			
Right-of-use assets	269,670,508.77	393,054,180.95	123,383,672.18
Intangible assets	607,716,594.78	607,716,594.78	
Development expenditures			
Goodwill	1,825,527,983.56	1,825,527,983.56	
Long-term prepayments	16,407,174.63	16,407,174.63	
Deferred tax assets	41,813,418.61	41,813,418.61	
Other non-current assets	39,438,331.18	38,717,758.51	-720,572.67
Total non-current assets	6,542,172,090.55	6,664,835,190.06	122,663,099.51
Total assets	13,677,779,045.68	13,799,683,954.76	121,904,909.08
Current liabilities:			
Short-term borrowings	1,015,117,910.75	1,015,117,910.75	
Central bank loans			
Loans from other banks			

Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	24,913,000.00	24,913,000.00	
Accounts payable	1,168,327,985.88	1,168,327,985.88	
Advances received			
Contract liabilities	72,490,372.55	72,490,372.55	
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee compensation payable	195,907,997.48	195,907,997.48	
Taxes and rates payable	185,995,732.67	185,995,732.67	
Other payables	26,425,047.57	26,425,047.57	
Including: interest payable			
Dividends payable			
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	221,714,183.90	252,323,673.79	30,609,489.89
Other current liabilities			
Total current liabilities	2,910,892,230.80	2,941,501,720.69	30,609,489.89
Non-current liabilities:			
Insurance policy reserve			

Long-term borrowings	509,555,882.91	509,555,882.91	
Bonds payable	799,729,005.89	799,729,005.89	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	246,303,999.08	337,599,418.27	91,295,419.19
Long-term payables	1,499,174.07	1,499,174.07	
Long-term Employee compensation payable	77,924,731.15	77,924,731.15	
Provisions	3,550,413.29	3,550,413.29	
Deferred income	3,992,738.59	3,992,738.59	
Deferred tax liabilities	86,920,686.60	86,920,686.60	
Other non-current liabilities			
Total non-current liabilities	1,729,476,631.58	1,820,772,050.77	91,295,419.19
Total liabilities	4,640,368,862.38	4,762,273,771.46	121,904,909.08
Equity:			
Share capital	1,075,247,700.00	1,075,247,700.00	
Other equity instruments	190,509,257.28	190,509,257.28	
Including: Preferred shares			
Perpetual bonds			
Capital reserve	2,095,044,541.15	2,095,044,541.15	
Less: Treasury shares	105,492,690.23	105,492,690.23	
Other comprehensive income	-105,837,346.87	-105,837,346.87	
Special reserve			
Surplus reserve	521,602,764.46	521,602,764.46	
General risk reserve			
Undistributed profit	5,155,116,352.49	5,155,116,352.49	
Total equity attributable to the parent company	8,826,190,578.28	8,826,190,578.28	
Non-controlling interest	211,219,605.02	211,219,605.02	

Total owners' equity	9,037,410,183.30	9,037,410,183.30	
Total liabilities & owners' equity	13,677,779,045.68	13,799,683,954.76	121,904,909.08

Instruction for adjustments

Parent company balance sheet

Unit: Yuan

Items	December 31, 2020	January 01, 2021	Amount adjusted
Current assets:			
Cash and bank balances	2,287,675,650.67	2,287,675,650.67	
Held-for-trading financial assets	13,386,400.00	13,386,400.00	
Derivative financial assets			
Notes receivable	8,314,207.49	8,314,207.49	
Accounts receivable	1,275,860,264.50	1,275,860,264.50	
Receivables financing	368,774,999.78	368,774,999.78	
Prepaid expenses	39,010,545.50	39,010,545.50	
Other receivables	883,363,518.44	883,363,518.44	
Including: Interest receivable			
Dividends receivable			
Inventories	77,384,999.66	77,384,999.66	
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	65,377,083.73	65,377,083.73	
Total current assets	5,019,147,669.77	5,019,147,669.77	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity	5,155,164,634.30	5,155,164,634.30	

investments			
Other equity instrument investments	16,550,000.00	16,550,000.00	
Other non-current financial assets			
Investment property			
Fixed assets	142,635,599.93	142,635,599.93	
Construction in progress	5,723,398.50	5,723,398.50	
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	17,746,992.84	17,746,992.84	
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets	15,288,010.17	15,288,010.17	
Other non-current assets	1,957,642.06	1,957,642.06	
Total non-current assets	5,355,066,277.80	5,355,066,277.80	
Total assets	10,374,213,947.57	10,374,213,947.57	
Current liabilities:			
Short-term borrowings	960,645,447.14	960,645,447.14	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	738,095,592.36	738,095,592.36	
Advances received			
Contract liabilities	39,453,211.46	39,453,211.46	
Employee compensation payable	45,611,342.23	45,611,342.23	
Taxes and rates payable	103,261,356.89	103,261,356.89	

Other payables	23,933,506.71	23,933,506.71	
Including: interest payable			
Dividends payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	73,585,483.86	73,585,483.86	
Other current liabilities			
Total current liabilities	1,984,585,940.65	1,984,585,940.65	
Non-current liabilities:			
Long-term borrowings	220,836,522.82	220,836,522.82	
Bonds payable	799,729,005.89	799,729,005.89	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term Employee compensation payable			
Provisions			
Deferred income	2,377,073.64	2,377,073.64	
Deferred tax liabilities	6,363,085.38	6,363,085.38	
Other non-current liabilities			
Total non-current liabilities	1,029,305,687.73	1,029,305,687.73	
Total liabilities	3,013,891,628.38	3,013,891,628.38	
Equity:			
Share capital	1,075,247,700.00	1,075,247,700.00	
Other equity instruments	190,509,257.28	190,509,257.28	
Including: Preferred shares			
Perpetual bonds			
Capital reserve	2,103,492,365.12	2,103,492,365.12	
Less: Treasury shares	105,492,690.23	105,492,690.23	
Other comprehensive	-27,385,736.04	-27,385,736.04	

income			
Special reserve			
Surplus reserve	517,854,467.55	517,854,467.55	
Undistributed profit	3,606,096,955.51	3,606,096,955.51	
Total owners' equity	7,360,322,319.19	7,360,322,319.19	
Total liabilities & owners' equity	10,374,213,947.57	10,374,213,947.57	

Instruction for adjustments

(4) Instructions of retrospectively adjusted comparative data since 2021 preliminary adopt to new revenue principles and new lease standards

Applicable Not Applicable

45. Others

VI. Taxes

1. Main taxes and tax rates

Taxes	Taxation basis	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period, the difference shall be the value-added tax payable	13%、6%
Urban maintenance and construction tax	Turnover tax actually paid	7%、5%
Enterprise income tax	Taxable income	See the instruction of the enterprise income tax rate of the tax payers with different tax rates
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent	1.2%、12%

	revenue.	
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	15%
Hong Kong Great Star International Co., Ltd.	16.50%
Prim' Tools Limited	16.50%
HongKong Goldblatt Industrial Co.,Ltd	16.50%
Hong Kong International Huada Kejie Opto-Electro Instrument Co., Ltd.	16.50%
Hongkong Shop-Vac International Co., Limited	16.50%
Geelong Sales Company International (HK) Limited	16.50%
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	15%
Hangzhou United Electric Manufacture Co., Ltd.	15%
Dongguan Ouda Electronics Ltd.	15%
Hangzhou GreatStar Intelligent Technology Co., Ltd.	15%
Hangzhou United Tools Co., Ltd.	15%
Hangzhou United Precision Tool Company	15%
Zhejiang Yiyang Tool Manufacture Co., Ltd.	15%
Suzhou Xindadi Hardware Product Co., Ltd.	15%
Zhongshan Geelong Industrial Co., Ltd	15%
Geelong Investment Holding Limited	15%
Greatstar Europe AG and its subsidiaries	13.59%、19%、21%、23.53%、24%、26.50%、27.50%、27.90%、29.13%
Longyou Yiyang Forging Co., Ltd.	20%
Longyou Yiyang Import & Export Trading Co., Ltd.	20%
Zhejiang Guoxin Tools Co., Ltd.	20%
Changzhou Huada Kejie Construction Machinery Co., Ltd.	20%
Haining Great Star Hardware Tools Co., Ltd.	20%
Great Star Vietnam Co.,Ltd	20%
Vietnam United Co.,Ltd	20%
International Storage Solutions Limited	20%
TGH(Cambodia)Industrial Co.,LTD	20%

Geelong (Thailand) Co.,Ltd	20%
GreatStar Industrial Vietnam Co., Ltd	20%
XDD Products (USA) LLC	21%
Newland.LLC	21%
Great Star Tools USA,Inc and its subsidiaries[Note 1]	21.1745%
Great Star Japan Co.,Ltd	[Note 2]
GreatStar International Holdings Limited	[Note 3]
Geelong Orchid Holding Limited	[Note 4]
Geelong Holdings Limited	[Note 4]
Geelong Sales (Macau Commercial) Limited	[Note 5]
Taxpayers other than the above-mentioned	25%
[Note 1]:According to the US Internal Revenue Code, Great Star Industrial USA, LLC, Arrow Fastener Co., LLC, Prime-Line Products, LLC, 4900 Highlands Parkway, LLC and Hangzhou Equipment Holdings, LLC are not required to declare and pay enterprise income tax as LLCs. The subject of taxliability is Great Star Tools USA, Inc.	
[Note 2]:Great Star Japan Co., Ltd. applies progressive tax rate to pay enterprise income tax.	
[Note 3]:GreatStarInternational Holdings Limited is a company registered in the British Virgin Islands. According to the British Virgin Islands tax system, no enterprise income tax is required.	
[Note 3]:Geelong Orchid Holding Limited and Geelong Holdings Limited are companies registered in the British Virgin Islands. According to the British Virgin Islands tax system, no enterprise income tax is required.	
[Note 5] A corporate income tax rate of 0% applies to taxable income up to MOP600,000, and a corporate income tax rate of 12% applies to any amount exceeding MOP600,000.	

2. Tax preferential policies

1. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the Company was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR201933003334 for a valid period of 3 years (from Year 2019 to Year 2021), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

2. According to the “List of the First Batch of High-tech Enterprises to be Recognized in Jiangsu Province in 2020” by the National High-tech Enterprise Certification Management Leading Group Office, the subsidiary

Changzhou Huada Kejie Opto-electro Instrument Co., Ltd. was recognized as a high-tech enterprise and obtained the “High-tech Enterprise Certificate” with the number of GR202032002996 for a valid period of 3 years (from Year 2020 to Year 2022), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

3. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the sub-subsidiary Hangzhou United Electric Manufacturing Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR201933005763 for a valid period of 3 years (from Year 2019 to Year 2021), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

4. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the sub-subsidiary Dongguan Ouda Electronics Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR202144002851 for a valid period of 3 years (from Year 2021 to Year 2023), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

5.

According to the “Response to Zhejiang Province’s 2020 High-tech Enterprise Registration” (Guo Ke Huo Zi [2020] No. 251)

by the National High-tech Enterprise Certification Management Leading Group Office, the subsidiary Hangzhou Great Star Intelligent Technology Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR202033007432 for a valid period of 3 years (from Year 2020 to Year 2022), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

6.

According to the “Response to Zhejiang Province’s 2020 High-tech Enterprise Registration” (Guo Ke Huo Zi [2020] No. 251)

by the National High-tech Enterprise Certification Management Leading Group Office, the subsidiary Hangzhou United Tools Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR202133002795 for a valid period of 3 years (from Year 2021 to Year 2023), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

7.

According to the “Response to Zhejiang Province’s 2020 High-tech Enterprise Registration” (Guo Ke Huo Zi [2020] No. 251)

by the National High-tech Enterprise Certification Management Leading Group Office, the subsidiary Hangzhou Liansheng Quantity Equipment Manufacturing Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR202133004728 for a valid period of 3 years (from Year 2021 to Year 2023), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

8. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the sub-subsidiary Zhejiang Yiyang Tool Manufacturing Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR201933001929 for a valid period of 3 years (from Year 2019 to Year 2021), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

9. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the sub-subsidiary Suzhou Xindadi Hardware Products Co.,

Ltd. was recognized as a high-tech enterprise, and obtained the "High-tech Enterprise Certificate" with the number of GR202132006099 for a valid period of 3 years (from Year 2019 to Year 2021), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2021.

10. According to the "Reply Letter on the Third Batch of High and New Technology Enterprises Recorded in Guangdong Province in 2019" (Guo Ke Huo Zi [2020] No. 54) of the Office of the National High and New Technology Enterprise Recognition Management Group, the sub-subsidiary Zhongshan Geelong Industrial Co., Ltd. was recognized as a high-tech enterprise and obtained the "High and New Technology Enterprise Certificate" with the number GR201944009085, which is recognized as valid for 3 years (2019-2021) and the corporate income tax is calculated at 15% tax rate for the year 2021.

11. In accordance with the "Notice on Issuing the Administrative Measures for VAT Preferential Policies for Promoting Employment of the Disabled" by Ministry of Finance and State Taxation Administration (Cai Shui [2016] No. 52), the subsidiary Longyou Hugong Forging Three Tools Co., Ltd. arranges employment for the disabled. After filing with the competent tax authority, it enjoys the preferential policy of limited VAT refund upon collection in 2021.

12. According to the document of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Entrepreneurs (Announcement No. 12 of 2021 by the Ministry of Finance and the State Administration of Taxation), from January 1, 2021 to December 31, 2022, for the part of the annual taxable income of small and slightly profitable enterprises not exceeding 1 million yuan, the taxable income shall be reduced by 12.50% and the enterprise income tax shall be paid at a rate of 20%; for the part of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, the taxable income is reduced by 50% and the enterprise income tax is paid at a rate of 20%. From January 1, 2021 to December 31, 2021, Longyou Yiyang Forging Co., Ltd, Longyou Yiyang Import & Export Trading Co., Ltd, Zhejiang Guoxin Tools Co., Ltd, Changzhou Huada Kejie Construction Machinery Co., Ltd and Haining Great Star Hardware Tools Co., Ltd are applicable to the preferential income tax policy and pay enterprise income tax at 20% rate.

3. Other

VII. Notes to items of consolidated financial statements

1. Monetary Funds

Unit: Yuan

Items	Closing balance	Opening balance
Cash on hand	2,574,760.83	2,874,834.15
Cash in bank	3,983,507,419.70	3,722,569,979.24
Other cash and bank balances	47,625,059.63	25,061,255.00
Total	4,033,707,240.16	3,750,506,068.39
Including: Deposited overseas	802,607,925.10	692,993,182.89
Restricted funds caused by mortgage, pledge or blocked, etc.	32,520,998.98	20,242,850.31

Other remarks:

Other monetary funds at the end of the period included bank acceptance deposits of 27,725,700.00 RMB, securities account funds of 13,598,051.60 RMB, forward exchange settlement deposits of 2,295,252.00 RMB, ETC deposits of 32,000.00 RMB, customs duty bond deposits of 1,975,140.00 RMB, engineering performance deposits of 492,906.98 RMB, and deposits deposited in Alipay amounted of 1,506,009.05RMB. Other monetary funds at the beginning of the period included bank acceptance deposits of 14,267,400.00 RMB, investment deposits deposited of 2,154,766.92 RMB, forward exchange settlement deposits of 3,295,074.50 RMB, engineering performance deposits of 495,608.89, ETC deposits of 30,000.00 RMB and deposits deposited with Alipay of 4,818,404.69 RMB.

2.Held-for-trading financial assets

Unit: Yuan

Items	Closing balance	Opening balance
Including:	13,557,757.75	63,751,278.55
Financial assets classified as at fair value through profit or loss		
Including:		27,191,411.52
Debt instrument investments	4,330,070.00	36,027,480.86
Derivative financial assets	9,227,687.75	532,386.17
Including:		
Total	13,557,757.75	63,751,278.55

Other remarks:

3. Derivative financial assets

Unit: Yuan

Item	Closing balance	Opening balance

Other remarks:

4.Notes receivable

(1)Details oncategories

Unit: Yuan

Item	Closing balance	Opening balance
Bank acceptance	5,663,502.93	9,706,191.40
Trade acceptance	966,411.25	1,823,866.09
Total	6,629,914.18	11,530,057.49

Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Provision proportions		Amount	Proportion	Amount	Provision proportions	
Receivables with provision for bad debts made on a collective basis	6,629,914.18	100.00%			6,629,914.18	11,530,057.49	100.00%			11,530,057.49
Including:										
Bank acceptance	5,663,502.93	85.42%			5,663,502.93	9,706,191.40	84.18%			9,706,191.40
Trade acceptance	966,411.25	14.58%			966,411.25	1,823,866.09	15.82%			1,823,866.09
Including:										
Total	6,629,914.18	100.00%			6,629,914.18	11,530,057.49	100.00%			11,530,057.49

Bad debts provision made on an individual basis

Unit: Yuan

Name	Closing balance			
	Book balance	Provision for bad debts	Provision proportions	Provision reason

Bad debts provision made on a portfolio basis:

Unit: Yuan

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportions
Bank acceptance portfolio	5,663,502.93		
Trade acceptance portfolio	966,411.25		
Subtotal	6,629,914.18		--

Instructions of this portfolio recognition basis

Bad debts provision made on a portfolio basis:

Unit: Yuan

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportions

Instructions of this portfolio recognition basis

Provision for bad debts of accounts receivable is made in accordance with the general model of expected credit loss, please refer to

the disclosure of other receivables to disclose the relevant information on the provision for bad debts:

Applicable Not Applicable

(2) Provision , recovered or reversed of the bad debt in currentperiod

Provision for bad debts in current period

Unit: Yuan

Category	Opening balance	Amount				Closing balance
		Provision	Reversal	Write-off	Others	

The major provision for bad debts reversal in current period:

Applicable Not Applicable

(3) Pledged notes receivable at end of the accountperiod

Unit: Yuan

Item	Closing balance of pledged

(4) Notes receivable by the Company endorsed or discounted and not due on the balance sheetdate

Unit: Yuan

Item	Closing balance derecognized	Closing balance unrecognized

(5) Notesreceivabletransfertoaccountsreceivableduetothefailuretoperformanceatendoftheperiod.

Unit: Yuan

Item	Closing balance of accounts receivable transferred

Other instructions

(6) Notes receivable actually written off in currentperiod

Unit: Yuan

Item	Written off amount

Including the major written off of the notes receivables:

Unit: Yuan

Company name	Notes receivable categorized by nature	Written off amount	Written off reason	Written off procedure	Related to related party or not

Instructions for written off the notes receivables:

5. Accounts receivable

(1) Details on categories

Unit: Yuan

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Provision proportions		Amount	Proportion	Amount	Provision proportions	
Receivables with provision made on an individual basis										
Including:	1,899,008,012.88	100.00%	100,742,507.35	5.31%	1,798,265,505.53	1,331,711,858.42	100.00%	71,615,134.67	5.38%	1,260,096,723.75
Receivables with provision made on a collective basis										
Including:	1,899,008,012.88	100.00%	100,742,507.35	5.31%	1,798,265,505.53	1,331,711,858.42	100.00%	71,615,134.67	5.38%	1,260,096,723.75
Total	1,899,008,012.88	100.00%	100,742,507.35	5.31%	1,798,265,505.53	1,331,711,858.42	100.00%	71,615,134.67	5.38%	1,260,096,723.75

Bad debts provision made on an individual basis:

Unit: Yuan

Items	Closing balance			
	Book balance	Provision for bad debts	Provision proportions	Provision reason

Bad debts provision made on a portfolio basis:

Unit: Yuan

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportions
Portfolio grouped with age	1,899,008,012.88	100,742,507.35	5.31%
Total	1,899,008,012.88	100,742,507.35	--

Instructions of this portfolio recognition basis

Bad debts provision made on an individual basis:

Unit: Yuan

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportions

Instructions of this portfolio recognition basis

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit loss, please refer to the disclosure of other receivables to disclose the relevant information on the provision for bad debts:

Applicable Not Applicable

Disclosure as account receivable aging

Unit: Yuan

Ages	Book balance
Within 1 year(including 1 year)	1,877,129,081.29
1-2 years	14,433,538.66
2-3 years	812,352.60
Over 3 years	6,633,040.33
3-4 years	1,005,535.43
4-5 years	1,297,873.33
Over 5 years	4,329,631.57
Total	1,899,008,012.88

(2) Provision , recovered or reversed of the bad debt in current period

Provision for bad debts in current period:

Unit: Yuan

Categories	Opening balance	Changes in provision for bad debts in current period				Closing balance
		Provision	Reversal	Write-off	Others	
Provision made on an individual basis						
Provision made on a portfolio basis	71,615,134.67	42,251,599.69		10,999,220.11	-2,125,006.90	100,742,507.35
Total	71,615,134.67	42,251,599.69		10,999,220.11	-2,125,006.90	100,742,507.35

The major provision for bad debts reversal in current period:

Unit: Yuan

Company name	Reversal amount	Reversal Method

(3) Accounts receivable actually written off in current period

Unit: Yuan

Item	Written-off amount
Payment for goods	10,999,220.11

Including the major written off of the account receivables:

Unit: Yuan

Company name	Account receivable categorized by nature	Write-off amount	Write-off reason	Write-off procedure	Related party or not

Instructions for Written off the account receivables:

(4) Details of the top 5 debtors with largest balances

Unit: Yuan

Debtors	Closing balance of Account Receivable	% of the total closing balance	Closing balance of provision for bad debts

(5) Transfer of accounts receivable and continued involvement in formed assets and liabilities

Other remarks:

(6) Accounts receivable terminated from recognition due to the transfer of financial assets

Other remarks:

Closing balance of top 5 debtors totaled RMB703,415,411.51, accounting for 37.04% of the total closing balance of accounts receivable, and provision for bad debts made thereon totaled RMB35,195,516.06.

6. Receivables financing

Unit: Yuan

Item	Closing balance	Opening balance
Bank acceptance	5,278,343.13	9,291,065.95
Accounts receivable	553,742,484.39	368,774,999.78
Total	559,020,827.52	378,066,065.73

Increase/decrease of receivables financing and changes in fair value in current period

Applicable Not Applicable

(1) Details on categories

Items	Closing balance		Opening balance	
	Carrying amount	Accumulated recognized credit impairment provision	Carrying amount	Accumulated recognized credit impairment provision

Bank acceptance	5,278,343.13		9,291,065.95	
Accounts receivable	553,742,484.39	29,144,341.28	368,774,999.78	19,409,210.52
Total	559,020,827.52	29,144,341.28	378,066,065.73	19,409,210.52

(2) Receivables financing credit impairment provision

Item	Opening balance	Amount increase in current period		Amount decrease in current period			Closing balance
		Accrual	Exchange fluctuations	Reversal	Write-off	Others	
Provision made on a collective basis	19,409,210.52	9,918,842.81	-183,712.05				29,144,341.28
Total	19,409,210.52	9,918,842.81	-183,712.05				29,144,341.28

(3) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized
Bank acceptance	3,530,000.00
Subtotal	3,530,000.00

The acceptor of the bankers' acceptances is a commercial bank. Since commercial banks have higher credit, the possibility of non-payment of bankers' acceptances at maturity is low, so the Company derecognized the bank acceptances that have been endorsed or discounted. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

(4) Accounts receivable terminated from recognition due to the transfer of financial assets:

Items	Amount derecognized	Gains or losses related to derecognition	Ways of financial assets transfer
Payment for goods	1,890,192,415.67 [Note]	-4,570,835.23	Receivables financing transfer without recourse
Subtotal	1,890,192,415.67	-4,570,835.23	

Note: Of which, the USD amount and the RMB amount of the receivables financing transfer without recourse were USD 292,987,660.28 and RMB 22,190,990.02 respectively. The USD amount of financing transfer without recourse was translated into RMB equivalent of RMB 1,868,001,425.65 at the closing exchange rate.

Provision for bad debts of accounts receivable is made in accordance with the general model of expected credit loss, please refer to the disclosure of other receivables to disclose the relevant information on the provision for bad debts:

Applicable Not Applicable

Other remarks:

7. Prepayments

(1) Age analysis

Unit: Yuan

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	74,702,657.14	96.09%	75,669,455.91	94.58%
1-2 years	1,748,154.88	2.25%	2,779,725.40	3.47%
2-3 years	1,075,509.98	1.38%	1,260,526.85	1.58%
Over 3 years	217,119.90	0.28%	298,672.68	0.37%
Total	77,743,441.90	--	80,008,380.84	--

Explanations for the reason prepaid expenses with material and aged over 1 year not be settled timely:

(2) Details of the top 5 debtors with largest balances

Other remarks:

(1) Provision for bad debts made in the current period amounted to RMB-1,461,995.24. Provision for bad debts increased by RMB-128,179.64 due to exchange rate fluctuations, and increased by RMB 1,630,713.98 due to business combination not under common control.

(2) Prepayments actually written off in current period amounted to RMB 3,095,393.56.

8. Other receivables

Unit: Yuan

Item	Closing balance	Opening balance
Other receivables	96,151,003.68	58,613,172.02
Total	96,151,003.68	58,613,172.02

(1) Interest receivables

1) Interest receivables on categories

Unit: Yuan

Item	Closing balance	Opening balance
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2) The major overdue interest receivables

Unit: Yuan

Debtors	Closing balance	Overdue date	Overdue reason	Whether there is an impairment and its judgment basis
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Other remarks:

3) Changes in provision for bad debts

Applicable Not Applicable

(2) Dividends receivable

1) Dividends receivable on category

Unit: Yuan

Item(or the invested unit)	Closing balance	Opening balance
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2) Material dividends receivable aged over 1 year

Unit: Yuan

Item(or the invested unit)	Closing balance	Age	Reason for not recovered	Whether there is an impairment and its judgment basis
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3) Changes in provision for bad debts

Applicable Not Applicable

Other remarks:

(3) Other receivables

1) Other receivables categorized by nature

Unit: Yuan

Nature of receivables	Closing balance	Opening balance
Export tax rebates	61,953,922.99	28,999,815.42
Security deposits	24,611,560.03	29,411,823.59
Liquidation payment of equity receivable	6,160,202.73	
Temporary advance payment receivable	6,025,540.52	2,110,757.40
Employee petty cash	2,666,593.46	673,044.45
Others	2,653,025.72	1,721,743.22
Total	104,070,845.45	62,917,184.08

2) Changes in provision for bad debts

Unit: Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	2,946,691.76	122,869.18	1,234,451.12	4,304,012.06
Opening balance in the current period	—	—	—	—
Provision made in the current period	3,552,814.31	731,891.96	1,224,528.10	5,509,234.37
Other changes	-1,893,404.66			-1,893,404.66
Closing balance	4,606,101.41	854,761.14	2,458,979.22	7,919,841.77

The book balance movements of the material provision for bad debts in current period

 Applicable Not Applicable

By age

Unit: Yuan

Age	Book balance
Within 1 Year	92,122,027.98
1-2years	8,547,611.41
2-3ears	823,447.61
Over 3years	2,577,758.45
3-4years	220,257.12
4-5years	258,577.55
Over 5years	2,098,923.78
Total	104,070,845.45

3) Provision , recovered or reversed of the bad debt in current period

Provision for bad debts in current period:

Unit: Yuan

Categories	Opening balance	Changes in provision for bad debts in current period				Closing balance
		Provision	Reversal	Write-off	Other s	
Within 1 Year	2,946,691.76	3,552,814.31			-1,893,404.66	4,606,101.41

1-2years	122,869.18	731,891.96				854,761.14
2-3ears	72,994.10	91,695.42				164,689.52
3-4years	78,349.43	-12,272.29				66,077.14
4-5years	1,045,381.19	-916,092.41				129,288.78
Over 5years	37,726.40	2,061,197.38				2,098,923.78
Total	4,304,012.06	5,509,234.37			-1,893,404.66	7,919,841.77

Of which, major recovered or reversed amount in current period:

Unit: Yuan

Debtors	recovered or reversed amount	Way to recover
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4) Other receivable actually written off in current period

Unit: Yuan

Item	Written-off amount
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Including major written off of other receivables

Unit: Yuan

Debtors	Nature of receivables	Written off amount	Written off reason	Written off procedure	Related party transactions or not
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Instructions for written off other Accounts receivable

5) Details of the top 5 debtors with largest balances

Unit: Yuan

Debtors	Nature of receivables	Closing balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Export tax rebates	Export tax rebates	61,953,922.99	Within 1 year	59.53%	3,097,696.15
Hangzhou Weiming Investment Management Co., Ltd.	Liquidation payment of equity receivable	6,160,202.73	Within 1 year	5.92%	308,010.14
Cong ty Co phan Tuong Vien Grand Park	Security deposits	4,829,000.02	Within 1 year	4.64%	241,450.00

Hangzhou Qiantang Intellectual City Management Committee	Security deposits	1,007,000.00	1-2 year(s)	0.97%	100,700.00
Hangzhou Qiantang Intellectual City Management Committee	Security deposits	1,908,000.00	Over 5years	1.83%	1,908,000.00
Social insurance premiums paid on behalf of employees	Temporary advance payment receivable	2,293,733.62	Within 1 year	2.20%	114,686.68
Total	--	78,151,859.36	--	75.09%	5,770,542.97

6) Other Accounts receivable related to government grants

Unit: Yuan

Debtors	Government subsidy	Closing balance	Age s	Estimated collection date, amount, and basis
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7) Other accounts receivable derecognized due to financial assets transfer

8) Transfer of other accounts receivable and continued involvement in formed assets and liabilities

Other remarks:

9.Inventory

Does the Company need to comply with the disclosure requirements of the real estate industry

No

(1) Details on categories

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Inventory decline or contract performance cost	Carrying amount	Book balance	Inventory decline or contract performance cost	Carrying amount

		impairment provision			impairment provision	
Raw materials	828,353,943.87		828,353,943.87	366,335,310.08		366,335,310.08
Work in process	411,642,818.41		411,642,818.41	182,992,575.26		182,992,575.26
Goods on hand	1,619,622,574.68	47,220,974.64	1,572,401,600.04	861,447,538.76	32,384,531.09	829,063,007.67
Materials on consignment for further processing	22,559,098.84		22,559,098.84	6,553,816.35		6,553,816.35
Low-value consumables	820,535.68		820,535.68	1,376,128.50		1,376,128.50
Total	2,882,998,971.48	47,220,974.64	2,835,777,996.84	1,418,705,368.95	32,384,531.09	1,386,320,837.86

(2) Inventory decline and contract performance cost impairment provision

Unit: Yuan

Item	Opening balance	Amount increase in current period		Amount decrease in current period		Closing balance
		Accrual	Others	Write-off	Others	
库存商品	32,384,531.09	23,005,097.06	-1,689,922.04	6,478,731.47		47,220,974.64
Total	32,384,531.09	23,005,097.06	-1,689,922.04	6,478,731.47		47,220,974.64
Items	Determination basis of net realizable value	Reasons for reversal of provision for inventory write-down		Reasons for write-off of provision for inventory write-down		
Goods on hand	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges			Part of inventories with provision for inventory write-down made in preceding period were sold or scrapped in the current period and write-off this part provision for inventory		

(3) Instructions of inventory closing balance with borrowing expenses capitalization amount

(4) Instructions for the costs to fulfil a contract amortized in current period

10. Contract assets

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

The amount and reason for the material change of the contract assets book balance :

Unit: Yuan

Item	Increase/Decrease Amount	Cause of Change
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Provision for bad debts of contract assets is made in accordance with the general model of expected credit loss, please refer to the disclosure of other receivables to disclose the relevant information on the provision for bad debts:

Applicable Not Applicable

Contract assets impairment in current period

Unit: Yuan

Item	Provision made in the current period	Reversal	Write-off	Reason
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Other remarks:

11. Assets held for sale

Unit: Yuan

Item	Closing balance	Provision for impairment	Carrying amount	Fair value	Estimated disposal costs	Estimated disposal date
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Other remarks:

12. Non-current assets due within one year

Unit: Yuan

Item	Closing balance	Opening balance
Finance lease receivable	90,708.80	90,583.31
Total	90,708.80	90,583.31

Major debt investments/ Other debt investments

Unit: Yuan

Debt investments items	Closing balance				Opening balance			
	Par value	Par value interest	Effective interest rate	Maturity	Par value	Par value interest	Effective interest rate	Maturity

Other remarks:

13. Other current assets

Unit: Yuan

Item	Closing balance	Opening balance
VAT to be credited	160,295,028.26	97,366,157.47
Prepaid expenses	5,876,647.96	14,182,336.60

Prepaid enterprise income tax	24,135,847.39	13,455,322.72
Interest on time deposit	3,683,674.49	20,692,542.33
Interest on bond investments		169,237.64
Total	193,991,198.10	145,865,596.76

Other remarks:

Differences between the beginning of the year and the end of the previous year (December 31, 2020) are detailed in Section X(V) 44. Notes on Changes in Significant Accounting Policies and Accounting Estimates

14. Debt investments

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Major debt investments

Unit: Yuan

Item	Closing balance				Opening balance			
	Par value	Par value interest	Effective interest rate	Maturity	Par value	Par value interest	Effective interest rate	Maturity

Provision for impairment

Unit: Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance in the current period	—	—	—	—

The book balance movements of the material provision for bad debts in current period

Applicable Not Applicable

Other remarks:

15. Other debt investments

Unit: Yuan

Item	Opening balance	Interest accrued	Change in fair value for the current period	Closing balance	Cost	Change in the cumulative fair value	Accumulated loss provision recognized in other comprehensive	Remark
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							ve income	
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Major other debt investments

Unit: Yuan

Item	Closing balance				Opening balance			
	Par value	Par value interest	Effective interest rate	Maturity	Par value	Par value interest	Effective interest rate	Maturity

Provision for impairment

Unit: Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance in the current period	—	—	—	—

The book balance movements of the material provision for bad debts in current period

 Applicable Not Applicable

Other remarks:

16. Long-term receivables**(1) Details**

Unit: Yuan

Item	Closing balance			Opening balance			折现率区间
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Finance lease payment	446,386.40		446,386.40	576,205.61		576,205.61	0.75%
Including: Unrealized finance income	-14,135.20		-14,135.20	-17,021.38		-17,021.38	
Deposit for land lease	2,274,855.31		2,274,855.31	2,290,613.47		2,290,613.47	
Total	2,721,241.71		2,721,241.71	2,866,819.08		2,866,819.08	--

Impairment for bad debt provision

Unit: Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected	Lifetime expected credit	Lifetime expected credit	

	credit losses	losses (credit not impaired)	losses (credit impaired)	
Opening balance in the current period	—	—	—	—

The book balance movements of the material provision for bad debts in current period

Applicable Not Applicable

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

(3) Transfer of Long-term receivables and continued involvement in formed assets and liabilities

Other instructions

17. Long-term equity investments

Unit: Yuan

Investees	Opening balance(Carrying amount)	Increase/Decrease								Closing balance(Carrying amount)	Closing balance of provision for impairment	
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others			
I. Joint ventures												
II. Associates												
Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	1,169,932,406.31			154,907,277.48	-53,965,729.03	-2,008,108.15					1,268,865,846.61	
Zhejiang Hangcha Holding Co., Ltd.	630,616,723.91			97,714,220.58	-5,065,342.30	9,325,793.43					732,591,395.62	
Hangzhou Weiming	58,037.63		59,110.20	1,072,569								

Investment Management Co., Ltd. [Note]	2.85		2.73	.88						
Zhejiang Guozhi Robotics Technology Co., Ltd.	89,544,523.80			-15,436,526.53	9,886.20	1,687,973.07			75,805,856.54	
Ningbo Donghai Bank Co., Ltd.	181,319,746.49			8,011,052.94	1,230,525.43				190,561,324.86	
Changzhou Stabila Laser Instrument Co., Ltd.	2,472,458.29			-598,783.29					1,873,675.00	
Hangzhou Weina Technology Co., Ltd.	75,954,968.02			8,052,874.62	236,758.53				84,244,601.17	
Subtotal	2,207,878,459.67		59,110,202.73	253,722,685.68	-57,553,901.17	9,005,658.35			2,353,942,699.80	
Total	2,207,878,459.67		59,110,202.73	253,722,685.68	-57,553,901.17	9,005,658.35			2,353,942,699.80	

Other instructions

Note: According to the resolution of the shareholders' meeting of Hangzhou Weiming Investment Management Co., Ltd. in December 2021, it was decided to dissolve Hangzhou Weiming Investment Management Co., Ltd. and each shareholder recovered the investment with liquidation assets in proportion to the capital contribution. As of the end of the period, the Company has recovered RMB 52,950,000 from its investment, leaving RMB 6,160,200 of investment unrecovered.

18. Other equity instrument investments

Unit: Yuan

Item	Closing balance	Opening balance
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Hangzhou Haibang Xinhua Talent Venture Capital Investment Partnership (LP)	16,550,000.00	16,550,000.00
Total	16,550,000.00	16,550,000.00

Itemized disclosure of non-trading equity instrument investments in current period

Unit: Yuan

Items	Dividends income	Accumulative gain	Accumulative loss	Other comprehensive income transferred to retained earnings	Reason for Appointed as financial assets at fair value through other comprehensive income	Reason for other comprehensive income transferred to retained earnings

Other remarks:

19. Other non-current financial assets

Unit: Yuan

Item	Closing balance	Opening balance

Other remarks:

20. Investment property

(1) Investment property measured with cost model

Applicable Not Applicable

Unit: Yuan

Item	Houses and structures	Land use right	Construction in progress	Total
I. Book value				
1. Opening balance				
2. Amount increase in current period	118,165,047.78	16,928,850.24		135,093,898.02
(1) External purchases				
(2) Transfer of inventories, fixed assets and construction in progress	118,165,047.78			118,165,047.78
(3) Increase in business combination				
(4) Transfer of		16,928,850.24		16,928,850.24

intangible assets				
3.Amount decrease in current period				
(1) Disposal				
(2) Other transfers out				
4.Closing balance	118,165,047.78	16,928,850.24		135,093,898.02
II. Accumulated depreciation and cumulative amortization				
1.Opening balance				
2.Amount increase in current period	6,059,898.87	1,975,032.46		8,034,931.33
(1) Accrual or amortization	3,810,549.80	282,147.50		4,092,697.30
(2) Transfer of fixed assets	2,249,349.07			2,249,349.07
(3) Transfer of intangible assets		1,692,884.96		1,692,884.96
3.Amount decrease in current period				
(1) Disposal				
(2) Other transfers out				
4.Closing balance	6,059,898.87	1,975,032.46		8,034,931.33
III. Provision for impairment				
1.Opening balance				
2.Amount increase in current period				
(1) Provision				
3. Amount decrease in current period				

(1) Disposal				
(2) Other transfers out				
4.Closing balance				
IV. Carrying amount				
1.Closing carrying amount	112,105,148.91	14,953,817.78		127,058,966.69
2.Opening carrying amount	0.00	0.00		

(2) Investment property measured with fair value model

Applicable Not Applicable

(3) Investment property with certificate of titles being unsettled

Unit: Yuan

Item	Carrying amount	Reasons for unsettlement
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Other instructions

21. Fixed assets

Unit: Yuan

Item	Closing balance	Opening balance
Fixed assets	1,494,547,487.29	1,348,034,595.31
Total	1,494,547,487.29	1,348,034,595.31

(1) Details

Unit: Yuan

Item	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
I. Original book value					
1.Opening balance	1,191,732,665.13	124,755,449.68	966,232,053.97	31,945,064.83	2,314,665,233.61
2.Amount increase in current period	186,100,038.06	94,304,982.40	396,904,841.77	13,537,421.68	690,847,283.91

1) Acquisition	15,618,472.47	20,329,105.58	129,904,359.49	4,238,372.14	170,090,309.68
2) Transferred in from construction in progress	130,044,371.33	683,676.70	76,608,155.69		207,336,203.72
3) Business combination	59,576,658.94	74,993,606.23	218,441,314.42	9,741,433.94	362,753,013.53
4) Effect of exchange rate fluctuations	-19,139,464.68	-1,701,406.11	-28,048,987.83	-442,384.40	-49,332,243.02
3. Amount decrease in current period	155,972,713.45	10,229,137.19	37,873,499.07	1,251,463.31	205,326,813.02
(1) Disposal/Scrapping	39,435,571.89	8,601,230.97	37,873,499.07	1,251,463.31	87,161,765.24
(2) Transfer into investment real estate	116,537,141.56	1,627,906.22			118,165,047.78
4. Closing balance	1,221,859,989.74	208,831,294.89	1,325,263,396.67	44,231,023.20	2,800,185,704.50
II. Accumulated depreciation					
1. Opening balance	309,908,861.17	77,433,473.38	551,248,413.51	28,039,890.24	966,630,638.30
2. Amount increase in current period	71,336,762.48	77,020,740.10	212,298,811.41	10,747,348.34	371,403,662.33
(1) Accrual	52,115,235.85	17,771,132.75	93,711,188.86	3,174,544.02	166,772,101.48
(2) Increase in business combination	24,934,992.34	60,165,772.35	128,778,214.43	7,940,442.86	221,819,421.98
(3) Effect of exchange rate changes	-5,713,465.71	-916,165.00	-10,190,591.88	-367,638.54	-17,187,861.13
3. Amount decrease in current period	4,334,165.43	8,062,648.72	19,640,316.94	1,141,352.76	33,178,483.85
(1) Disposal/Scrapping	2,226,901.31	7,920,563.77	19,640,316.94	1,141,352.76	30,929,134.78
(2) Transfer into investment real estate	2,107,264.12	142,084.95			2,249,349.07
4. Closing balance	376,911,458.22	146,391,564.76	743,906,907.98	37,645,885.82	1,304,855,816.78

III.Provision for impairment					
1.Opening balance					
2.Amount increase in current period			782,400.43		782,400.43
(1) Accrual					
(2) Increase in business combination			782,400.43		782,400.43
3.Amount decrease in current period					
(1) Disposal/Scrapping					
4.Closing balance			782,400.43		782,400.43
IV. Carrying amount					
1.Closing carrying amount	844,948,531.52	62,439,730.13	580,574,088.26	6,585,137.38	1,494,547,487.29
2.Opening carrying amount	881,823,803.96	47,321,976.30	414,983,640.46	3,905,174.59	1,348,034,595.31

(2) Temporarily idle fixed assets

Unit: Yuan

Item	Book original value	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks

(3) Fixed assets leased in under finance leases

Unit: Yuan

Item	Carrying amount
Buildings and structures	6,623,884.70
Subtotal	6,623,884.70

(4) Fixed assets with certificate of titles being unsettled

Unit: Yuan

Item	Carrying amount	Reasons for unsettlement
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Other instructions

(5) Fixed assets liquidation

Unit: Yuan

Item	Closing balance	Opening balance
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Other instructions

22. Construction in progress

Unit: Yuan

Item	Closing balance	Opening balance
Construction in progress	113,750,851.49	166,268,204.96
Total	113,750,851.49	166,268,204.96

(1) Details

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Project of producing 550,000 sets of laser sensor modules per year	27,730,496.71		27,730,496.71			
Phase I plant construction project of Vietnam Smart Company	23,839,910.93		23,839,910.93			
Cambodia Phase II plant construction project	17,095,602.29		17,095,602.29			
Second phase of mesh technology reform project with an annual	10,154,222.15		10,154,222.15			

output of 1.5 million						
Great Star Industrial Headquarters Renovation Project	5,824,743.14		5,824,743.14			
Thailand tool box cabinet production base construction project	62,254.53		62,254.53	98,361,339.68		98,361,339.68
Vietnam United Company equipment installation	200,574.51		200,574.51	11,725,996.39		11,725,996.39
Vietnam United Company Plant Construction Project				8,565,450.70		8,565,450.70
Automated warehousing system				20,409,451.31		20,409,451.31
Sporadic projects	28,843,047.23		28,843,047.23	27,205,966.88		27,205,966.88
Total	113,750,851.49		113,750,851.49	166,268,204.96		166,268,204.96

(2) Changes in significant projects

Unit: Yuan

Item	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated input to budget	Completion percentage (%)	Accumulated amount of interest capitalization	Amount of interest capitalization in current period	Annual capitalization rate (%)	Fund source
Project	100,000,		27,730,4			27,730,4	27.73%	30.00%				Raising

of producing 550,000 sets of laser sensor modules per year	000.00		96.71			96.71						funds
Phase I plant construction project of Vietnam Smart Company	102,383,700.00		23,839,910.93			23,839,910.93	23.28%	27.00%				Raising funds
Second phase of mesh technology reform project with an annual output of 1.5 million	15,000,000.00		10,154,222.15			10,154,222.15	67.69%	70.00%				Other
Cambodia Phase II plant construction project	20,756,100.00		17,325,661.01		-230,058.72	17,095,602.29	82.36%	85.00%				Other
Thailand tool box cabinet production base	116,785,800.00	98,361,339.68	5,731,895.21	97,148,787.68	-6,882,192.68	62,254.53	89.13%	95.00%				Raising funds

construc tion project												
Vietnam United Compan y equipme nt installati on	17,234,3 00.00	11,725,9 96.39	5,826,35 5.62	17,234,3 29.98	-117,447 .52	200,574. 51	101.85%	98.00%				Other
Total	372,159, 900.00	110,087, 336.07	90,608,5 41.63	114,383, 117.66	-7,229,6 98.92	79,083,0 61.12	--	--				--

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

Unit: Yuan

Item	Provision for impairment	Provision Reason
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Other instructions

(4) Construction materials

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Other remarks:

23. Productive biological assets

(1) Productive biological assets measured with Cost Model

 Applicable Not Applicable

(2) Productive biological assets measured with fair value model

 Applicable Not Applicable

24. Oil & gas assets

 Applicable Not Applicable

25. Right-of-use assets

Unit: Yuan

Item	Buildings and structures	General equipment	Transport facilities	Total
I. Book original value:				
1. Opening balance	411,341,526.75	3,004,753.42	4,396,270.49	418,742,550.66
2. Amount increase in current period	94,003,662.29	1,178,979.58	4,910,544.92	100,093,186.79
(1) Additions to leases	48,904,592.50	833,976.80	1,351,083.57	51,089,652.87
(2) Increase due to business combinations not under common control	65,403,380.61	572,475.60	4,113,343.20	70,089,199.41
(3) Effect of exchange rate changes	-20,304,310.82	-227,472.82	-553,881.85	-21,085,665.49
3. Amount decrease in current period	515,934.80	643,151.60	7,067.60	1,166,154.00
(1) Expiration of leases	515,934.80	643,151.60	7,067.60	1,166,154.00
4. Closing balance	504,829,254.24	3,540,581.40	9,299,747.81	517,669,583.45
II. Accumulated depreciation				
1. Opening balance	23,600,653.79	556,572.04	1,531,143.88	25,688,369.71
2. Amount increase in current period	78,608,025.59	603,374.32	1,559,453.17	80,770,853.08
(1) Accrual	75,674,160.54	643,151.60	1,739,801.60	78,057,113.74
(2) Increase due to business combinations not under common control	4,965,171.10			4,965,171.10
(3) Effect of exchange rate changes	-2,031,306.05	-39,777.28	-180,348.43	-2,251,431.76
3. Amount decrease in current period	487,664.40	17,669.00	7,067.60	512,401.00
(1) Disposal				
(2) Expiration of leases	487,664.40	17,669.00	7,067.60	512,401.00
4. Closing balance	101,721,014.98	1,142,277.36	3,083,529.45	105,946,821.79

III. Provision for impairment				
1. Opening balance				
2. Amount increase in current period				
(1) Accrual				
3. Amount decrease in current period				
(1) Disposal				
4. Closing balance				
IV. Carrying amount				
1. Closing carrying amount	403,108,239.26	2,398,304.04	6,216,218.36	411,722,761.66
2. Opening carrying amount	387,740,872.96	2,448,181.38	2,865,126.61	393,054,180.95

Other remarks:

26. Intangible assets

(1) Details

Unit: Yuan

Item	Land use right	Patent right	Non-Proprietary technology	Land ownership	Trademark right	Proprietary technology	Management software	Sewage disposal right	Total
I. Book original value									
1. Opening balance	237,743,154.32	4,418,189.39		98,200,604.98	275,458,758.54	18,478,820.35	103,694,779.10	2,648,543.69	740,642,850.37
2. Amount increase in current period	11,243,864.13	699,718.65		31,651,663.25	35,424,717.99		28,787,745.64		107,807,709.66
(1)	11,696,854.	380,730.89		1,743,656.1	631,126.93		15,207,548.		29,659,916.

Acquisition	10			6			61		69
(2) Internal R&D									
(3) Business combination		318,987.76		29,277,376.83	48,303,128.00		17,534,147.23		95,433,639.82
(4) Effect of exchange rate fluctuations	-452,989.97			630,630.26	-13,509,536.94		-3,953,950.20		-17,285,846.85
3. Amount decrease in current period	16,928,850.24						380,355.52		17,309,205.76
(1) Disposal							380,355.52		380,355.52
(2) Transfer into investment properties	16,928,850.24								16,928,850.24
4. Closing balance	232,058,168.21	5,117,908.04		129,852,268.23	310,883,476.53	18,478,820.35	132,102,169.22	2,648,543.69	831,141,354.27
II. Accumulative amortization									
1. Opening balance	34,989,029.67	2,140,159.55			1,502,424.72	9,508,892.96	84,366,395.89	419,352.80	132,926,255.59
2. Amount increase in current period	5,968,076.98	494,811.02			3,808,096.61	1,755,487.93	16,703,560.61	264,854.40	28,994,887.55
(1) Accrual	5,974,713.19	401,886.61			3,886,669.28	1,755,487.93	12,364,767.57	264,854.40	24,648,378.98
2) Effect of exchange	-6,636.21				-78,572.67		-5,362,245.05		-5,447,453.93

rate fluctuation									
3)Business combination		92,924.41					9,701,038.09		9,793,962.50
3.Amount decrease in current period	1,692,884.96						380,355.52		2,073,240.48
(1) Disposal							380,355.52		380,355.52
(2)Transfer into investment properties	1,692,884.96								1,692,884.96
4.Closing balance	39,264,221.69	2,634,970.57			5,310,521.33	11,264,380.89	100,689,600.98	684,207.20	159,847,902.66
III.Provision for impairment									
1.Opening balance									
2.Amount increase in current period									
(1) Accrual									
3.Amount decrease in current period									
(1) Disposal									
4.Closing balance									

V. Carrying amount									
1. Closing carrying amount	192,793,946.52	2,482,937.47		129,852,268.23	305,572,955.20	7,214,439.46	31,412,568.24	1,964,336.49	671,293,451.61
2. Opening carrying amount	202,754,124.65	2,278,029.84		98,200,604.98	273,956,333.82	8,969,927.39	19,328,383.21	2,229,190.89	607,716,594.78

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

(2) Land use right with certificate of titles being unsettled

Unit: Yuan

Item	Carrying amount	Reasons for unsettlement
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Other remarks:

27. R&D expenditures

Unit: Yuan

Item	Opening balance	Amount increase in current period			Amount decrease in current period			Closing balance
		Internal development expenditures	Others		Recognized as intangible assets	Transferred into current profit and loss		
Total								

Other instructions

28. Goodwill

(1) Book original value

Unit: Yuan

Investee or events resulting in goodwill	Opening balance	Amount increase in current period		Amount decrease in current period		Closing balance
		Due to business combination	Effect of exchange rate fluctuation	Disposal		

Lista Holding AG	1,045,579,461.13		-59,762,737.09			985,816,724.04
Geelong Orchid Holdings Ltd		568,037,859.11				568,037,859.11
Arrow Fastener Co., LLC	608,368,626.20		-19,712,996.60			588,655,629.60
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	118,076,677.01					118,076,677.01
Prim' Tools Limited	64,448,394.77		-1,473,693.16			62,974,701.61
Suzhou Xindadi Hardware Product Co., Ltd.	42,288,608.30					42,288,608.30
Prexiso AG	33,475,829.64		-1,913,395.67			31,562,433.97
Prime-Line Products, LLC	28,057,070.00		-641,560.00			27,415,510.00
Longyou Hugong Forging Three Tools Co., Ltd.	8,072,738.29					8,072,738.29
Eudura Holding Limited	5,677,361.84					5,677,361.84
Haining Sheffield CuttingTools Co., Ltd	884,415.32					884,415.32
Zhejiang Guoxin Tools Co., Ltd	308,667.41					308,667.41
Longyou Yiyang Forging Co., Ltd.	170,033.92					170,033.92
Total	1,955,407,883.83	568,037,859.11	-83,504,382.52			2,439,941,360.42

(2) Provision for impairment

Unit: Yuan

Investees or events resulting in goodwill	Opening balance	Amount increase in current period		Amount decrease in current period		Closing balance
		Provision		Disposal		

Changzhou HuadaKejie Opto-electro Instrument Co., Ltd.	58,591,956.96					58,591,956.96
Lista Holding AG	70,398,887.67					70,398,887.67
Prime-Line Products, LLC		3,311,657.93				3,311,657.93
Longyou Hugong Forging Three Tools Co., Ltd.[Note]	889,055.64	444,527.83				1,333,583.47
Geelong Orchid Holdings Ltd[Note]		524,650.53				524,650.53
Total	129,879,900.27	4,280,836.29				134,160,736.56

Related information of asset group or asset group portfolios which include goodwill

[Note] Provision for impairment of goodwill arising from recognition of deferred tax liabilities of relevant asset group of Longyou Hugong Forging Three Tools Co., Ltd. and Geelong Orchid Holdings Ltd was made in the same amount due to reversal of deferred tax liabilities in the current period.

Goodwill impairment test process, key parameters (such as the growth rate of the forecast period when the present value of future cash flows are expected, the growth rate of the stable period, the profit rate, the discount rate, the forecast period, etc.) and the confirmation method of goodwill impairment loss

1) Lista Holding AG

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Lista Holding AG
Carrying amount of asset group or asset group portfolios	614,601,902.25
Carrying amount of goodwill allocated to the asset group or asset group portfolios	915,417,836.37
Carrying amount of asset group or asset group portfolios that include goodwill	1,530,019,738.62
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 9.86% (FY 2020: 10.12%), and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2022] 55 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB1,670,716,544.00, and the carrying amount totaled RMB 1,538,418,970.22. There is no impairment loss on goodwill.

2) Geelong Orchid Holdings Ltd

① Information about the asset group or portfolio of asset groups in which the goodwill is located is

Composition of an asset group or an asset group portfolio	Related asset groups of Geelong Orchid Holdings Ltd
Composition of asset group or asset group portfolios	334,352,855.81
Carrying amount of asset group or asset group portfolios	568,037,859.11
Carrying amount of goodwill allocated to the asset group or asset group portfolios	902,390,714.92
Carrying amount of asset group or asset group portfolios that include goodwill	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 12.68%, and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2022] 56 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB947,000,000.00, and the carrying amount totaled RMB902,390,714.92, which suggests that the Company's goodwill is not impaired.

3) Arrow Fastener Co., LLC

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Arrow Fastener Co., LLC
Carrying amount of asset group or asset group portfolios	323,345,265.14
Carrying amount of goodwill allocated to the asset group or	588,655,629.60

asset group portfolios	
Carrying amount of asset group or asset group portfolios that include goodwill	912,000,894.74
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 10.51% (FY 2020: 11.01%), and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2022] 56 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB1,078,379,522.30, and the carrying amount totaled RMB912,000,894.74, which suggests that the Company's goodwill is not impaired.

4) Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Changzhou Huada Kejie Opto-electro Instrument Co.,Ltd.
Carrying amount of asset group or asset group portfolios	315,794,700.91
Carrying amount of goodwill allocated to the asset group or asset group portfolios[Note]	91,514,953.92
Carrying amount of asset group or asset group portfolios that include goodwill	407,309,654.83
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

[Note] It includes goodwill attributable to non-controlling shareholders

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 12.86% (FY 2020: 13.59%), and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2022] 57 issued by Wanbang Asset

Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB464,790,000.00, and the carrying amount totaled RMB393,596,784.32, which suggests that the Company's goodwill is not impaired.

5) Prim' Tools Limited

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Prim' Tools Limited
Carrying amount of asset group or asset group portfolios	114,192,890.65
Carrying amount of goodwill allocated to the asset group or asset group portfolios	62,974,701.61
Carrying amount of asset group or asset group portfolios that include goodwill	177,167,592.26
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 13.01% (FY 2020: 13.92%), and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2022] 58 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB268,310,383.64, and the carrying amount totaled RMB178,556,018.07, which suggests that the Company's goodwill is not impaired.

6) Prime-Line Products, LLC

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Prime-Line Products, LLC
Carrying amount of asset group or asset group portfolios	292,507,034.23
Carrying amount of goodwill allocated to the asset group or asset group portfolios	27,415,510.00
Carrying amount of asset group or asset group portfolios that include goodwill	319,922,544.23
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 10.22% (FY 2020: 11.01%), and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2021] 59 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB317,471,605.80, and the carrying amount totaled RMB320,667,978.33. RMB3,196,372.53 is recognized as goodwill impairment loss, RMB 3,196,372.53 of which is attributable to goodwill impairment loss to be recognized.

6) Geelong Orchid Holdings Ltd

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Geelong Orchid Holdings Ltd
Carrying amount of asset group or asset group portfolios	334,351,877.01
Carrying amount of goodwill allocated to the asset group or asset group portfolios	627,224,704.58
Carrying amount of asset group or asset group portfolios that include goodwill	961,576,581.59
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 14.23%, and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2022] 60 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB1,011,293,000.00, and the carrying amount totaled RMB961,576,581.59, which suggests that the Company's goodwill is not impaired.

7) Other companies

The Company performed impairment test on relevant asset groups of Suzhou Xindadi Hardware Product Co.,

Ltd., Prexiso AG, Longyou Hugong Forging Three Tools Co., Ltd., Eudura Holding Limited, Haining Sheffield Cutting Tools Co., Ltd., Zhejiang Guoxin Tools Co., Ltd., and Longyou Yiyang Forging Co., Ltd. The recoverable amount of asset groups or asset group portfolios that include goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The cash flows subsequent to the estimated period are expected to be stable. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group. Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. Such estimations on recoverable amount suggest that the Company's goodwill is not impaired.

The impact of goodwill impairment testing

Other instructions

29. Long-term deferred expenses

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amortized amount in current period	Other reduced amounts	Closing balance
Leased-in fixed assets improvement expenses	4,553,806.76	5,403,046.84	3,194,390.21	22,512.81	6,739,950.58
Renovation expenses	4,021,409.82	16,608,851.93	14,046,449.35	22,460.97	6,561,351.43
Tooling expenses	6,880,541.89	9,033,524.78	4,730,927.87		11,183,138.80
Other	951,416.16	7,955,473.00	6,617,773.15	27,594.57	2,261,521.44
Total	16,407,174.63	39,000,896.55	28,589,540.58	72,568.35	26,745,962.25

Other instructions

30. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

Unit: Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for bad debts	126,923,687.93	24,804,313.63	100,617,084.64	18,425,274.76
Provision for inventory write-down	63,458,652.61	14,741,539.47	14,637,463.50	3,493,823.04
Mold expenses	165,257.83	24,788.68	761,879.36	129,530.29

Amortization of intangible assets			3,218,349.29	823,629.59
Accrued expenses	169,819,676.11	24,529,483.31	69,962,139.59	18,147,982.88
Provision for impairment of long-term equity investments			2,910,780.00	436,617.00
Deferred income	1,556,851.32	233,527.70	2,377,073.64	356,561.05
Total	361,924,125.80	64,333,652.79	194,484,770.02	41,813,418.61

(2) Deferred tax liabilities before offset

Unit: Yuan

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets appraisal appreciation due to business combination not under common control	136,221,613.07	24,608,080.53	96,948,432.28	23,125,437.83
Changes in fair value of held-for-trading financial assets	2,822,612.24	423,391.84	15,998,041.01	2,437,850.39
Interest receivable	3,683,674.49	552,551.17	20,692,542.33	3,103,881.35
Depreciation of fixed assets	215,457,755.28	48,392,628.88	133,958,906.16	33,686,297.20
Provision for inventory write-down	17,481,348.51	2,452,010.77	17,806,826.55	2,434,886.06
Amortization of intangible assets			11,125,082.94	1,519,686.35
Accrued expenses	143,184,822.64	19,782,033.37	67,723,008.58	15,002,925.88
Other	5,266,299.15	716,690.58	54,633,302.70	5,609,721.54
Total	524,118,125.38	96,927,387.14	418,886,142.55	86,920,686.60

(3) Deferred tax assets or liabilities after offset

Unit: Yuan

Item	Deferred tax assets and liabilities offset at	Closing balance of deferred tax assets or	Deferred tax assets and liabilities offset at the	Opening balance of deferred tax assets or
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	the end of the period	liabilities after offset	beginning of the period	liabilities after offset
Deferred tax assets		64,333,652.79		41,813,418.61
Deferred tax liabilities		96,927,387.14		86,920,686.60

(4) Details of unrecognized deferred tax assets

Unit: Yuan

Item	Closing balance	Opening balance
Deductible losses	268,267,176.46	168,911,458.43
Total	268,267,176.46	168,911,458.43

(5) Maturity years of deductible losses of unrecognized deferred tax assets

Unit: Yuan

Maturity FYs	Closing balance	Opening balance	Notes
FY 2021		5,367,819.70	
FY 2022	8,794,514.34	10,546,843.54	
FY 2023	13,108,405.23	14,557,139.03	
FY 2024	34,197,239.43	34,787,819.71	
FY 2025	34,847,410.00	38,209,711.39	
FY 2026	92,940,492.11	2,493,654.05	
FY 2027	7,204,355.21	7,204,355.21	
FY 2028	26,243,099.31	30,073,191.20	
FY 2029	7,438,617.58	7,438,617.58	
FY 2030	15,081,463.76	18,232,307.02	
FY 2031	28,411,579.49		
Total	268,267,176.46	168,911,458.43	--

Other remarks:

31. Other non-current assets

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Prepayment for equipment	40,432,170.46		40,432,170.46	23,212,306.28		23,212,306.28
Prepayment for intangible assets	8,370,928.98		8,370,928.98	15,505,452.23		15,505,452.23
Prepayment for land purchase	54,968,493.62		54,968,493.62			
Land lease expenses						
Total	103,771,593.06		103,771,593.06	38,717,758.51		38,717,758.51

Other remarks:

32. Short-term borrowings

(1) Details on categories

Unit: Yuan

Item	Closing balance	Opening balance
Pledged borrowings		104,398,400.00
Secured borrowings	14,000,000.00	44,400,000.00
Guaranteed borrowings	73,000,000.00	10,000,000.00
Credit borrowings	1,718,165,732.74	854,263,538.00
Interest payable not yet due and accrued	1,735,468.65	2,055,972.75
Total	1,806,901,201.39	1,015,117,910.75

Instructions for short-term borrowings classification:

(2) Short-term loans that have been overdue but not repaid

The total amount of short-term loans that have been overdue and not repaid at the end of the period is RMB, of which the major short-term loans overdue unpaid are as follows:

Unit: Yuan

Debtors	Interest rate	Overdue days	Interest rate during overdue	Interest rate

Other remarks:

33. Held-for-trading financial liabilities

Unit: Yuan

Item	Closing balance	Opening balance
Held-for-trading financial liabilities	978,031.91	

Including:		
Derivative financial liabilities	978,031.91	
Including:		
Total	978,031.91	

Other remarks:

34. Derivative financial liabilities

Unit: Yuan

Item	Closing balance	Opening balance
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Other remarks:

35. Notes payable

Unit: Yuan

Items	Closing balance	Opening balance
Bank acceptance	51,728,000.00	24,913,000.00
Total	51,728,000.00	24,913,000.00

The total amount of notes payable due and not paid at the end of the period is 0.00 RMB.

36. Accounts payable

(1) Details

Unit: Yuan

Item	Closing balance	Opening balance
Payable for material purchases	1,425,489,422.83	973,019,822.37
Payable for expenses	164,006,095.43	134,706,127.18
Payable for construction equipment	50,935,411.58	60,602,036.33
Total	1,640,430,929.84	1,168,327,985.88

(2) Major accounts payable aged over 1 year

Unit: Yuan

Item	Closing balance	Reason for unpaid or not carried forward
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Other remarks:

37. Advance receipt**(1) Details**

Unit: Yuan

Item	Closing balance	Opening balance
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(2) Major advance receipt aged over 1 year

Unit: Yuan

Item	Closing balance	Reason for unpaid or not carried forward
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38. Contract liabilities

Unit: Yuan

Item	Closing balance	Opening balance
Payment for goods	91,235,951.19	72,490,372.55
Total	91,235,951.19	72,490,372.55

The amount and reason for the material change in the book balance during the reporting period

Unit: Yuan

Item	Increase/Decrease Amount	Cause of Change
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39. Employee compensation payable**(1) Details of employee compensation payable**

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amount decrease in current period	Closing balance
I. Short-term employee compensation	194,129,903.43	1,741,889,227.83	1,677,055,275.32	258,963,855.94
II. Post-employment benefits - defined contribution plan	1,778,094.05	94,637,939.45	91,306,184.06	5,109,849.44
Total	195,907,997.48	1,836,527,167.28	1,768,361,459.38	264,073,705.38

(2) Short-term employee compensation

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amount decrease in current period	Closing balance
1. Wage, bonus, allowance and subsidy	185,932,658.42	1,556,395,569.35	1,492,396,129.36	249,932,098.41
2. Employee welfare fund		71,690,516.87	71,690,516.87	
3. Social insurance premium	3,332,197.85	82,232,375.26	81,789,780.38	3,774,792.73
Including: Medicare premium	3,263,791.03	75,034,963.67	74,710,390.45	3,588,364.25
Occupational injuries premium	44,550.85	6,786,100.45	6,650,878.23	179,773.07
Maternity premium	23,855.97	411,311.14	428,511.70	6,655.41
4. Housing provident fund	121,244.00	23,667,787.88	23,661,467.88	127,564.00
5. Trade union fund and employee education fund	4,743,803.16	7,902,978.47	7,517,380.83	5,129,400.80
Total	194,129,903.43	1,741,889,227.83	1,677,055,275.32	258,963,855.94

(3) Defined contribution plan

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amount decrease in current period	Closing balance
1. Basic endowment insurance premium	1,717,157.91	92,405,780.30	89,157,127.17	4,965,811.04
2. Unemployment insurance premium	60,936.14	2,232,159.15	2,149,056.89	144,038.40
Total	1,778,094.05	94,637,939.45	91,306,184.06	5,109,849.44

Other remarks:

40. Taxes and rates payable

Unit: Yuan

Item	Closing balance	Opening balance
Value Added Tax	10,372,853.71	6,485,281.06

Consumption tax	3,774,804.62	3,069,169.41
Corporate income tax	141,051,404.72	158,280,518.60
Personal income Tax	3,916,018.80	8,497,838.70
Urban maintenance and construction tax	1,207,760.74	842,381.53
Property tax	6,481,130.82	5,290,714.69
Land use tax	2,193,256.20	1,819,423.84
Stamp duty	751,473.65	1,040,706.33
Education fee surcharge	543,959.59	384,823.00
Local education surcharge	464,719.08	256,548.64
Disabled person's guarantee fund	65,433.09	26,892.81
Vehicle and Boat Tax	11,828.17	
Environmental protection tax	1,464.83	1,434.06
Total	170,836,108.02	185,995,732.67

Other remarks:

41. Other payables

Unit: Yuan

Item	Closing balance	Opening balance
Other payables	676,502,987.21	26,425,047.57
Total	676,502,987.21	26,425,047.57

(1) Interest payable

Unit: Yuan

Item	Closing balance	Opening balance
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Significant interest overdue but not been paid:

Unit: Yuan

Debtors	Overdue amount	Overdue reason
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Other remarks:

(2) Dividends payable

Unit: Yuan

Item	Closing balance	Opening balance
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Other instructions, including material dividends payable aged over 1 year, should disclosure the reason unpaid:

(3) Other payable**1) Other payable categorized by nature**

Unit: Yuan

Item	Closing balance	Opening balance
Funds borrowing	583,570,527.78	16,850,810.54
Equity acquisition payables	76,724,758.42	
Accrued expenses	4,166,538.26	3,666,627.54
Provisional receivables payable	5,712,537.69	2,895,356.49
Other	3,851,856.11	2,790,484.05
Security deposits	2,476,768.95	221,768.95
Total	676,502,987.21	26,425,047.57

2) Major other payables aged over 1 year

Unit: Yuan

Item	Closing balance	Reason for unpaid or not carried forward
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Other instructions

42. Liabilities held for sale

Unit: Yuan

Item	Closing balance	Opening balance
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Other remarks:

43. Non-current liabilities due within one year

Unit: Yuan

Item	Closing balance	Opening balance
Long-term borrowings due within one year	231,828,892.32	196,000,160.14
Lease liabilities due within one year	125,724,601.18	56,156,361.09
Accrued interest payable on undue long-term borrowings	972,470.19	167,152.56
Total	358,525,963.69	252,323,673.79

Other remarks:

44. Other current liabilities

Unit: Yuan

Item	Closing balance	Opening balance
Taxes to be carried forward	2,501,196.81	
Total	2,501,196.81	

Changes in short-term bonds payable:

Unit: Yuan

Bonds	Par value	Issuing date	Maturity	Amount outstanding	Opening balance	Current period issuance	Par value interest	Amortization of premium discount	Repayments		Closing balance
Total	--	--	--								

Other remarks:

45. Long-term borrowings**(1) Details on categories**

Unit: Yuan

Item	Closing balance	Opening balance
Pledged borrowings	147,120,000.00	220,640,000.00
Guaranteed borrowings	129,954,602.72	272,850,000.00
Credit borrowings	273,594,153.36	15,630,964.56
Pledged and guaranteed borrowings	464,565,380.50	
Interest payable on long-term loans not yet due and accrued	211,595.49	434,918.35
Total	1,015,445,732.07	509,555,882.91

Details on long-term borrowings:

Other instructions, contain interest period:

46. Bonds payable**(1) Details for bonds payable**

Unit: Yuan

Item	Closing balance	Opening balance
Convertible corporate bonds		799,729,005.89

Total		799,729,005.89
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(2) Current period movements(Excluding other financial instruments such as preferred stock and perpetual debt classified as financial liabilities)

Unit: Yuan

Bonds	Par value	Issuing date	Maturity	Amount outstanding	Opening balance	Current period issuance	Par value interest	Amortization of premium discount	Repayments	Interest adjustment	Issuing expense
Great Star convertible bonds	972,600,000.00	June 24th, 2020	June 24, 2020 to June 23, 2026	972,600,000.00	799,729,005.89		324,200.00	3,861,935.06	2,581,437.71	801,333.703.24	0.00
Total	--	--	--	972,600,000.00	799,729,005.89		324,200.00	3,861,935.06	2,581,437.71	801,333.703.24	0.00

(3) Converting conditions and time of convertible bonds

Pursuant to the approval numbered Zheng Jian Xu Ke [2019] 2656 issued by China Securities Regulatory Commission, the Company publicly issued 9.726 million convertible corporate bonds, each with par value of RMB100, with total amount of RMB972.60 million and term of 6 years. RMB 972,600,000 convertible corporate bonds of the Company have been listed for trading at Shenzhen Stock Exchange since July 16, 2020. The abbreviation of the bonds is "Great Star convertible bonds" with code number of "128115".

The conversion period of the convertible corporate bonds runs from the first trading day after six months following the completion of the issuance to the maturity date of the bonds. The initial conversion price of the convertible bonds was RMB 12.28/share, which was not lower than the average transaction price of the Company's A shares on the preceding 20 trading days prior to the announcement of the prospectus (in the case of stock price adjustment caused by ex-right or ex-dividend, the closing price on the trading days before the adjustment shall be subject to the corresponding ex-right or ex-dividend adjustment) and the average transaction price of the Company's A shares on the previous trading day.

According to the bond prospectus, the "Great Star Convertible Bonds" issued by the Company can be converted into shares of the Company from January 4, 2021. As of February 23, 2021, a total of RMB 970,026,800.00 of the "Great Star Convertible Bonds" have been converted into shares of the Company, with a total of 78,990,443 shares, including 10,799,651 treasury shares for conversion and 68,190,792 new shares in circulation. The remaining untransferred "Great Star Convertible Bonds" were redeemed by the Company for RMB2,581,437.71. As a result of the above conversion, bonds payable decreased by RMB801,333,703.24, other equity instruments decreased by RMB190,509,257.28, share capital increased by RMB68,190,792.00, treasury shares decreased by RMB105,492,690.23, and capital surplus - share premium increased by RMB818,159,478.29. The above changes in share capital were audited by Pan-China Certified Public Accountants (Special Ordinary Partnership), which issued the "Capital Verification Report" No. Tian Jian Yan[2021] No. 245.

(4) Instructions of other financial instruments classified as financial liabilities

Information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Movements of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Unit: Yuan

Financial instruments issued	Opening balance		Amount increase in current period		Amount decrease in current period		Closing balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount

Instructions for the basis of other financial instruments transferred to financial liabilities

Other instructions

47. Lease obligations

Unit: Yuan

Item	Closing balance	Opening balance
Unpaid lease payments	296,462,213.75	352,192,668.14
Less: Unrecognized financing expenses	-7,265,702.73	-14,593,249.87
Total	289,196,511.02	337,599,418.27

Other instructions

Differences between the beginning of the period and the end of the previous year (December 31, 2020) are detailed in Section X (V)

44. Notes on Changes in Significant Accounting Policies and Accounting Estimates

48. Long-term payables

Unit: Yuan

Item	Closing balance	Opening balance
Long-term payables		1,499,174.07
Total		1,499,174.07

(1) Long-term payables categorized by nature

Unit: Yuan

Item	Closing balance	Opening balance
Finance lease payable		1,499,174.07

Other remarks:

(2) Special payables

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amount decrease in current period	Closing balance	Reason
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Other remarks:

49. Long-term employee compensation payable**(1) Details for Long-term employee compensation payable**

Unit: Yuan

Item	Closing balance	Opening balance
Post-employment benefits - net defined benefit liability		71,206,293.82
Termination benefits	20,854,276.60	6,718,437.33
Total	20,854,276.60	77,924,731.15

(2) Movements in defined benefit plan

Present value of obligations in defined benefit plan:

Unit: Yuan

Item	Current period amount	Previous period amount
I. Opening balance	562,947,937.93	505,405,191.66
II. Components of defined benefit costs recognized in profit or loss	8,714,350.80	10,179,212.90
1. Current service cost	8,141,875.20	8,867,192.70
4. Net interest=	572,475.60	1,312,020.20
III. Components of defined benefit costs recognized in other comprehensive income	-22,863,686.00	39,367,976.90
1. Actuarial gains(loss is presented with a "-" sign)	-22,863,686.00	39,367,976.90
IV. Other changes	-46,885,879.53	7,995,556.47
2. Benefit paid	-24,100,516.00	-16,835,135.60
3. Paid by employees	9,682,612.00	10,849,964.80
4. Translation reserves	-32,467,975.53	13,980,727.27
V. Closing balance	501,912,723.20	562,947,937.93

Plan assets:

Unit: Yuan

Item	Current period amount	Previous period amount
I. Opening balance	491,741,644.11	471,266,138.12
II. Components of defined benefit costs recognized in profit or loss	-120,149.20	619,155.60
1. Net interest expense or income	466,461.60	1,208,827.60
2. Management costs	-586,610.80	-589,672.00
III. Components of defined benefit costs recognized in other comprehensive income	56,039,000.40	884,508.00
3. Actuarial gains (loss is presented with a "-" sign)	56,039,000.40	884,508.00
IV. Other movements	-33,146,226.51	18,971,842.39
1. Paid by employees	9,682,612.00	10,849,964.80
2. Paid by the Company	9,682,612.00	10,849,964.80
3. Benefit paid	-23,754,203.60	-15,700,017.00
4. Translation reserves	-28,757,246.91	12,971,929.79
V. Closing balance	514,514,268.80	491,741,644.11

Net defined benefit liability (net assets)

Unit: Yuan

Item	Current period amount	Previous period amount
I. Opening balance	71,206,293.82	34,139,053.54
II. Components of defined benefit costs recognized in profit or loss	8,834,500.00	9,560,057.30
III. Components of defined benefit costs recognized in other comprehensive income	-78,902,686.40	38,483,468.90
IV. Other changes	-13,739,653.02	-10,976,285.92
V. Closing balance	-12,601,545.60	71,206,293.82

Contents and risks of defined benefit plan, and effect on amount, timing and uncertainty of future cash flows:

The Company's defined benefit plan consists of two parts, namely the Swiss pension plan and the German pension plan.

1) The Swiss pension plan is operated by Pensionskasse, a foundation stipulated by the Swiss law, as well as other companies of economy and finance relevance. The plan is applicable to retired employees, disabled employees and their family members. Pursuant to the Swiss pension law, the plan is managed by a pension trust committee, which is responsible for investment strategies related to fund assets. The goal of the investment strategies is to possess 28.00% equity, 39.00% debt, 27.00% assets and 6.00% other financial instruments and cash portfolio. The plan generally exposes the Company to actuarial risks such as inflation, interest rate risk, lifespan risk and wages risk.

2) The German pension plan lasted until 1991 and was terminated in 1991 in accordance with the German law.

The plan no longer applies to new employees and other accruals after 1991, but the remaining obligations remain on the balance sheet.

The above-mentioned defined benefit plan has no significant impact on amount, timing and uncertainty of future cash flows.

Significant actuarial assumption, reasonableness of the assumption and sensitive analysis on defined benefit plan:

Defined benefit plan liability and cost are determined through actuarial valuation. The significant actuarial assumptions for determining the defined benefit obligation are the discount rate and mortality rate.

The sensitive analysis of the Swiss pension plan is determined based on the potential reasonable changes in actuarial assumptions at the end of the reporting period.

1) If all other actuarial assumptions remain unchanged and the discount rate is higher (or lowered) by 0.5%, the defined benefit obligation of the Swiss pension plan will decrease by CHF5,068,000.00 (or increase by CHF 5,766,000.00).

2) If all other actuarial assumptions remain unchanged and the life expectancy of men and women increases (or decreases) by one year, the defined benefit obligation of the Swiss pension plan will increase by CHF 597,000.00 (or decrease by CHF593,000.00).

Description of setting the major actuarial assumptions and sensitivity analysis results of the benefit plan:

Other remarks:

50. Projected liabilities

Unit: Yuan

Item	Closing balance	Opening balance	Reason
Product Quality Assurance	2,309,585.60	2,329,934.90	
Soil restoration expenses	2,615,283.33	1,220,478.39	
Total	4,924,868.93	3,550,413.29	--

Other instructions, including relevant important assumptions and description of important estimated liabilities:

51. Deferred income

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amount decrease in current period	Closing balance	Reason
Government subsidy	3,992,738.59		1,190,493.96	2,802,244.63	Special subsidy
Total	3,992,738.59		1,190,493.96	2,802,244.63	--

Projects involving government grants:

Unit: Yuan

Liability	Opening	New grant amount in current period	Amount included in non-operating	Amount included in other income in the	Write down cost amount in current	Other	Asset related

items	balance		income in the current period	in current period	period	adjustments	Closing balance	/ income related
Special subsidy for construction of foreign trade public service platform	1,079,222.14			442,666.68			636,555.46	Asset related
Special subsidy for "machine replacement" technical transformation project	1,355,664.75			270,271.68			1,085,393.07	Asset related
Special subsidy for equipment manufacturing projects in strategic emerging industries	919,999.76			230,000.04			689,999.72	Asset related
Financial subsidy for capacity expansion project of new hand tool series products	260,000.20			99,999.96			160,000.24	Asset related
Special subsidy for innovation capability building project of provincial enterprise technology	101,851.82			55,555.56			46,296.26	Asset related

center								
Special funds for pilot and base construction of strategic emerging industries	275,999.92			92,000.04			183,999.88	Asset related
Subtotal	3,992,738.59			1,190,493.96			2,802,244.63	

Other remarks:

Details of government grants included in current period's profit and loss are described in Section X(VII) 84. Description of government grants

52. Other non-current liabilities

Unit: Yuan

Item	Closing balance	Opening balance
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Other remarks:

53. Equity

Unit: Yuan

	Opening balance	Increase and decrease of this change (+, -)					Closing balance	
		Bonus share issue	New Bonus share	Bonus share	Conversion of provident fund into shares	Other		Subtotal
Total number of shares	1,075,247,700.00					68,190,792.00	68,190,792.00	1,143,438,492.00

Other remarks:

The increase in share capital during the period was due to the conversion of convertible bonds, as described in Section X (VII) 46, Note on bonds payable.

54. Other equity instruments

(1) Basic information of preferred shares, perpetual bonds and other financial instruments issued outstanding at the end of the period

(2) Statement of changes in preferred shares, perpetual bonds and other financial instruments issued outstanding at the end of the period

Unit: Yuan

Financial instruments issued outstanding	Opening balance		Amount increase in current period		Amount decrease in current period		Closing balance	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
GreatStar convertible bond	9,726,000	190,509,257.28			9,726,000	190,509,257.28		
Total	9,726,000	190,509,257.28			9,726,000	190,509,257.28		

Changes of other equity instruments in the current period, reasons for changes, and basis for relevant accounting treatment:

Other remarks:

The increasing of other equity instruments in current period was due to the equity parts for convertible corporate bonds issued by the Company, details refer to the description of Section XX (VII) 46, Bonds payable.

55. Capital reserve

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amount decrease in current period	Closing balance
Share premium(equity premium)	1,899,200,931.58	822,674,409.54	1,772,764.11	2,720,102,577.01
Other capital reserve	195,843,609.57	11,013,766.50	2,008,108.15	204,849,267.92
Total	2,095,044,541.15	833,688,176.04	3,780,872.26	2,924,951,844.93

Other instructions, including the increase and decrease of the current period and the reasons for the change:

1) Remarks on changes in capital reserve – share premium

① Increase in capital surplus-equity premium of RMB 818,159,478.29 due to conversion of corporate bonds during the period, as described in Section X (VII) 46, Note on bonds payable.

② The Company acquired 6.73751% equity interest in Longyou Yiyang Forging Co., Ltd. held by minority shareholders of Longyou Yiyang Forging Co., Ltd. at a price of RMB1,239,140.91. In preparing the consolidated financial statements, the difference of RMB 2,097,357.38 between the newly acquired long-term equity

investment due to the purchase of minority interest and the share of net assets of Longyou Yiyang Forging Co., Ltd. calculated on a continuing basis from the date of consolidation in accordance with the new shareholding was recorded as capital surplus.

③ The Company acquired 15.00% of the equity interest in Longyou Hugong Forging Three Tools Co., Ltd. held by minority shareholders of Longyou Hugong Forging Three Tools Co.Ltd. at a price of RMB 18,760,859.09. In preparing the consolidated financial statements, the difference of RMB 2,417,573.87 between the newly acquired long-term equity investment due to the purchase of minority interest and the share of net assets of Longyou Hugong Forging Three Tools Co., Ltd. calculated on a continuous basis from the date of consolidation in accordance with the new shareholding was recorded as capital surplus.

④ The Company acquired 2.13% equity interest in Hangzhou Super Star Steel Shield Tools Co., Ltd. held by minority shareholders of Hangzhou Super Star Steel Shield Tools Co., Ltd. at a price of RMB 106,500.00. In preparing the consolidated financial statements, the difference of RMB32,913.57 between the newly acquired long-term equity investment due to the purchase of minority interest and the share of net assets of Hangzhou Super Star Steel Shield Tools Co., Ltd. calculated on a continuing basis from the date of consolidation in accordance with the new shareholding was reduced to capital surplus.

⑤ The Company acquired 49.00% of the equity interest in PREXISO Laser Measurement Tool (Hangzhou) Co., Ltd held by the minority shareholder of PREXISO Laser Measurement Tool (Hangzhou) Co., Ltd for RMB 95,000.00. In preparing the consolidated financial statements, the difference of RMB 1,739,850.54 between the newly acquired long-term equity investment due to the purchase of minority interest and the share of net assets of PREXISO Laser Measurement Tool (Hangzhou) Co., Ltd calculated on an ongoing basis from the date of consolidation in proportion to the newly acquired shareholding was reduced to capital surplus.

2) Capital reserve-Description of changes in other capital reserves

The Company's share of changes in owner's equity for the period, other than net profit or loss, other comprehensive income and profit distribution, calculated in proportion to its shareholding in Zhejiang Guozhi Robotics Technology Company Limited, Zhejiang Hangcha Holding Company Limited and Hangzhou Zhongce Haichao Enterprise Management Company Limited, adjusted long-term equity investment and capital surplus by RMB1,687,973.07, RMB9,325,793.43, and RMB -2,008,108.15, respectively.

56. Treasury stock

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amount decrease in current period	Closing balance
Treasury stock	105,492,690.23	186,441,914.48	105,492,690.23	186,441,914.48
Total	105,492,690.23	186,441,914.48	105,492,690.23	186,441,914.48

Other instructions, including the increase and decrease of the current period and the reasons for the change:

1) Amount increase in current period

At the eleventh meeting of the fifth session of the Board of Directors of the Company, it was agreed that the Company shall use its own funds not less than (including) RMB180 million and not more than (including) RMB360 million to repurchase some shares of the Company by way of centralized competitive bidding. The share repurchase price shall not exceed RMB36 per share and the share repurchase period shall not exceed 12 months from the date of consideration and approval by the board of directors. As of the end of the period, the total number

of shares repurchased from the special account of the Company was 6,015,310 shares and the total price paid was RMB186,441,914.48.

2) Amount decrease in current period

The decrease of treasury stock by RMB 105,492,690.23 due to the conversion of convertible bonds during the period. For details, please refer to Section X (VII) 46, Note on bonds payable.

57. Other comprehensive income

Unit: Yuan

Item	Opening balance	Current period amount						Closing balance
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: Income tax	Attributable to parent company	Attributable to non-controlling shareholders	
I. Items not to be reclassified subsequently to profit or loss	-103,399,791.08	78,902,686.40			7,060,532.40	71,842,154.00		-31,557,637.08
Including: Changes in remeasurement of the defined benefit plan	-103,399,791.08	78,902,686.40			7,060,532.40	71,842,154.00		-31,557,637.08
II. Items to be reclassified subsequently to profit or loss	-2,437,555.79	-195,778,996.23				-195,778,996.23	-350,414.77	-198,216,552.02
Including: Other comprehensive income to be transferred to profit or loss under equity method	-27,385,736.04	-57,553,901.17				-57,553,901.17		-84,939,637.21
Translation balance in foreign currency financial statements	24,948,180.25	-138,225,095.06				-138,225,095.06	-350,414.77	-113,276,914.81
Total other comprehensive income	-105,837,346.87	-116,876,309.83			7,060,532.40	-123,936,842.23	-350,414.77	-229,774,189.10

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

58. Special reserve

Unit: Yuan

Item	Opening balance	Amount increase in	Amount decrease in	Closing balance
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		current period	current period	
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Other instructions, including the increase and decrease of the current period and the reasons for the change:

59. Surplus reserve

Unit: Yuan

Item	Opening balance	Amount increase in current period	Amount decrease in current period	Closing balance
Legal surplus reserves	521,602,764.46	76,940,412.17		598,543,176.63
Total	521,602,764.46	76,940,412.17		598,543,176.63

Description of surplus reserve, including changes in the current period and reasons for changes:

Pursuant to the Company's Articles of Association, statutory surplus reserve was appropriated at 10% of the net profit generated by parent company in the current period.

60. Undistributed profit

Unit: Yuan

Item	本期	上期
Closing balance of the preceding period	5,155,116,352.49	3,849,578,318.39
Undistributed profit at the beginning of the period after adjustment	5,155,116,352.49	3,849,578,318.39
Add: Net profit attributable to owners of the parent company	1,270,003,396.40	1,350,132,516.91
Less: Appropriation of statutory surplus reserve	76,940,412.17	91,745,899.76
Add: Other comprehensive income carried forward to retained earnings		47,151,416.95
Closing balance	6,348,179,336.72	5,155,116,352.49

Details of undistributed profit at the beginning of adjustment period:

- 1). Due to the retroactive adjustment of the accounting standards for business enterprises and its related new regulations, the undistributed profits at the beginning of the period are affected.
- 2). Due to the change of accounting policy, the undistributed profit at the beginning of the period is affected.
- 3). Due to the correction of major accounting errors, the undistributed profits at the beginning of the period are affected. 4). The change of consolidation scope caused by the same control affects the opening undistributed profit.
- 5). The other adjustments affects the opening undistributed profit.

61. Operating revenue and operating costs

Unit: Yuan

Item	Current period amount	Previous period amount
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	Revenue	Cost	Revenue	Cost
Main business	10,849,925,564.41	8,147,389,910.45	8,502,327,129.89	5,906,839,891.29
Other business	69,757,779.96	28,733,758.05	42,113,024.41	19,926,004.47
Total	10,919,683,344.37	8,176,123,668.50	8,544,440,154.30	5,926,765,895.76

The lower of the audited net profit before and after deduction of non-recurring gains and losses is negative or not

Yes No

Related information of revenue:

Unit: Yuan

Contract classification	Division 1	Division 2		Total
Type of merchandise				
Including:				
By operating area				
Including:				
Market or customer type				
Including:				
Contract type				
Including:				
By the time of commodity transfer				
Including:				
By contract term				
Including:				
By sales channel				
Including:				
Total				

Information relating to performance obligations:

Performance obligations of sales of hand tools and power tools, laser measurement, storage, PPE and other products are generally fulfilled within one year. The Company collects advances or provides term of credit based

on different customers. The Company acts as the main responsible person for direct sales. The Company obtains the unconditional right to collect payments when the following conditions are all met: 1) for domestic sales: a. the Company delivers the product to the customer in accordance with the contract; and b. the customer has accepted the product; 2) for overseas sales: a. the Company has declared the product in accordance with the contract; b. the Company has obtained the bill of lading or, the Company has shipped the product to the designated destination and the goods are delivered to the customer; and c. the control of the goods is transferred to the customer.

Information relating to the transaction price allocated to the remaining performance obligation:

At the end of this report period, the amount of income corresponding to the performance obligations that have been signed but not yet fulfilled or not fulfilled is RMB 91,235,951.19, of which RMB91,235,951.19 is expected to be recognized in 2022, RMBXXX is expected to be recognized in XX year, and RMBXXX is expected to be recognized in XX year.

Other instructions

61. Taxes and surcharges

Unit: Yuan

Item	Current period amount	Previous period amount
Urban maintenance and construction tax	7,256,954.85	4,786,192.59
Education surcharge	3,771,830.67	2,328,932.48
Housing property tax	12,351,881.98	9,890,480.39
Land use tax	2,227,537.31	2,147,547.54
Vehicle and vessel use tax	86,214.28	76,767.27
stamp duty	7,829,087.46	6,480,368.19
Environmental protection tax	2,585,929.23	1,552,621.56
Local education surcharge	9,241.06	5,877.90
Total	36,118,676.84	27,268,787.92

Other remarks:

63. Selling expenses

Unit: Yuan

Item	Current period amount	Previous period amount
Salary expenses	329,786,407.95	231,285,600.62
Advertising and promotion expenses	173,588,091.95	158,061,292.72
Office expenses	22,868,008.43	15,027,354.08
Depreciation and amortization	21,114,863.37	18,604,834.71
Consulting expenses	10,976,839.16	12,398,145.37

Commercial inspection expenses	7,773,433.50	8,444,517.79
Rent	6,737,089.27	2,114,137.78
Insurance	5,538,490.21	4,367,937.54
Travel expenses	5,472,391.88	5,765,621.94
Other	9,147,487.96	2,204,966.10
Total	593,003,103.68	458,274,408.65

Other remarks:

64. Administrative expenses

Unit: Yuan

Item	Current period amount	Previous period amount
Salary expenses	414,247,951.75	317,985,417.88
Consulting expenses	88,634,883.05	51,273,959.59
Depreciation and amortization	67,871,799.44	47,961,742.13
Office expenses	73,875,810.36	52,019,821.23
Business travelling expenses	14,051,596.45	9,814,116.43
Business entertainment expenses	3,968,221.22	2,865,337.49
Taxes and rates	2,206,645.73	2,714,181.92
Afforestation expenses	3,459,791.23	2,989,803.38
Others	17,804,031.83	13,375,557.95
Total	686,120,731.06	500,999,938.00

Other remarks:

65. R&D expenses

Unit: Yuan

Item	Current period amount	Previous period amount
Salary expenses	175,844,458.23	129,218,589.63
Direct input	97,611,535.85	87,654,200.47
Depreciation and amortization	12,408,282.37	13,190,352.70
Others	23,899,089.70	15,308,926.56
Total	309,763,366.15	245,372,069.36

Other remarks:

66. Financial expenses

Unit: Yuan

Item	Current period amount	Previous period amount
Interest expenditures	59,754,089.36	69,915,383.28
Interest income	-59,709,415.20	-58,134,194.43
Gains on foreign exchange	53,973,441.25	94,969,455.21
Bank handling charges	10,783,600.62	6,829,360.99
Total	64,801,716.03	113,580,005.05

Other remarks:

67. Other income

Unit: Yuan

Items	Current period amount	Previous period amount
Government grants related to assets	1,190,493.96	1,196,922.60
Government grants related to income	45,857,466.79	32,022,952.51
Refund of handling fees for withholding individual income tax	502,892.56	267,035.13
Total	47,550,853.31	33,486,910.24

68. Investment income

Unit: Yuan

Item	Current period amount	Previous period amount
Gain on long-term equity investments accounted for by the equity method	253,722,685.68	260,530,217.44
Investment income from disposal of long-term equity investments	40,415.45	266,783.83
Investment income from financial assets held for trading during	1,808,120.10	1,792,735.16
Investment income from disposal of financial assets held for trading	119,298,472.39	30,314,376.80
Dividend income from investments in other equity instruments during the holding period		3,647,177.70
Loss on discount on receivables financing	-4,570,835.23	
Total	370,298,858.39	296,551,290.93

Other remarks:

69. Net exposure hedging income

Unit: Yuan

Item	Current period amount	Previous period amount
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Other remarks:

70. Gains on changes in fair value

Unit: Yuan

Source	Current period amount	Previous period amount
Held-for-trading financial assets	-22,632,570.84	31,920,861.95
Including: Gains on changes in fair value arising from derivative financial instruments	-31,697,410.86	31,510,730.07
Transaction financial liabilities	-978,031.91	
Total	-23,610,602.75	31,920,861.95

Other remarks:

71. Credit impairment loss

Unit: Yuan

Item	Current period amount	Previous period amount
Bad debt loss of other receivables	-4,967,019.95	-2,272,889.16
Bad debt loss of receivables financing	-9,918,842.81	-14,269,832.52
Bad debt loss of accounts receivable	-30,906,344.55	-10,705,040.96
Bad debt loss of prepayment	1,461,995.24	-884,081.80
Total	-44,330,212.07	-28,131,844.44

Other remarks:

72. Assets impairment loss

Unit: Yuan

Item	Current period amount	Previous period amount
Loss of inventory decline and contract performance cost impairment loss	-18,850,329.32	-22,641,151.52
Impairment loss of goodwill	-4,280,836.29	-70,843,415.48

Total	-23,131,165.61	-93,484,567.00
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Other remarks:

73. Gains on asset disposal

Unit: Yuan

Items	Current period amount	Previous period amount
Gains on disposal of fixed assets	-3,020,089.44	-300,665.75
Total	-3,020,089.44	-300,665.75

74. Non-operating revenue

Unit: Yuan

Item	Current period amount	Previous period amount	Amount included in non-recurring profit or loss
Acceptance of donations		221,786.41	
Gain on destruction and retirement of non-current assets	13,785.22	83,056.95	13,785.22
Unable to pay	3,836,871.67	615,523.56	3,836,871.67
Compensation income	324,870.81	529,703.60	324,870.81
Negative goodwill arising from business combination	82,984,773.90	53,341,459.79	82,984,773.90
Other	187,648.80	85,532.84	187,648.80
Total	87,347,950.40	54,877,063.15	87,347,950.40

Government grants included in current profits and losses:

Unit: Yuan

Items	Entity	Reason	nature	Grants affected current net profit or not	Special grants or not	Current amount	Previous period amount	Related to assets/Related to profit or loss
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Other remarks:

The formation of negative goodwill in a business combination is described in Section X(VIII) 1. Description of business combinations not under common control.

75. Non-operating expenditures

Unit: Yuan

Item	Current period amount	Previous period amount	Amount included in the current non-recurring gains and losses
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External donations	4,019,141.43	709,875.68	4,019,141.43
Loss on destruction and scrapping of non-current assets	1,847,789.51	738,005.09	1,847,789.51
Fine expenses	321,317.87	1,076,247.57	321,317.87
Other	136,142.69	299,222.37	136,142.69
Total	6,324,391.50	2,823,350.71	6,324,391.50

Other remarks:

76. Income tax expenses

(1) Details

Unit: Yuan

Item	Current period amount	Previous period amount
Current period income tax expenses	181,379,736.40	187,284,921.29
Deferred income tax expenses	-20,161,653.17	12,495,238.20
Total	161,218,083.23	199,780,159.49

(2) Reconciliation of accounting profit to income tax expenses

Unit: Yuan

Items	Current period amount
Profit before tax	1,458,533,282.84
Income tax expenses based on tax rate applicable to the parent company	218,779,992.43
Effect of different tax rate applicable to subsidiaries	26,569,270.98
Effect of prior income tax reconciliation	-8,595,694.29
Effect of non-taxable income	-29,372,674.81
Effect of non-deductible costs, expenses and losses	9,906,713.10
Utilization of deductible losses not previously recognized as deferred tax assets	-9,684,583.92
Effect of investment from long-term equity investments under equity method	47,268,599.01
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets	-38,058,402.85
Effect of additional deduction of technology development fees and wages for disabled employees	-55,595,136.42

Income tax expenses	161,218,083.23
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Other instructions

77. Other comprehensive income

See Note 57, other comprehensive income for details.

78. Notes to items of cash flow statements

(1) Other cash receipts related to operating activities

Unit: Yuan

Item	Current period amount	Previous period amount
Recovery of deposits on bankers' acceptances	14,267,400.00	10,786,677.30
Interest income	76,718,283.04	49,046,349.09
Government subsidy income	42,393,347.30	28,810,242.20
Operating lease income	19,564,397.37	15,020,862.01
Recovery of guarantee deposits		300,000.00
Other	7,295,322.21	5,313,974.96
Total	160,238,749.92	109,278,105.56

Instructions of other cash received related to operating activities:

(2) Other cash payments related to operating activities

Unit: Yuan

Item	Current period amount	Previous period amount
Operating period expenses	985,886,790.62	624,751,673.57
Payment of bank acceptance deposit	27,725,700.00	14,267,400.00
Payment of customs bond deposit	1,975,140.00	
Others	9,535,171.45	7,594,720.20
Total	1,025,122,802.07	646,613,793.77

Instructions of other cash paid related to operating activities:

(3) Other cash receipts related to investing activities

Unit: Yuan

Item	Current period amount	Previous period amount
Recovery of deposit for purchase of	3,295,074.50	

forward exchange settlement		
Recovery of project performance deposits	495,608.89	
Recovery of investment funds deposited	2,154,766.92	22,822,339.65
Total	5,945,450.31	22,822,339.65

Instructions of other cash received related to investment activities:

(4) Other cash payments related to investing activities

Unit: Yuan

Item	Current period amount	Previous period amount
Deposit out investment funds		2,154,766.92
Purchase of forward exchange settlement margin	2,295,252.00	3,295,074.50
Payment of land purchase deposit		20,325,841.02
Payment of project performance bond	492,906.98	495,608.89
Total	2,788,158.98	26,271,291.33

Instructions of other cash paid related to investment activities:

(5) Other cash receipts related to financing activities

Unit: Yuan

Item	Current period amount	Previous period amount
Receipt of loan from the beneficial owner of the funds	583,000,000.00	
Recovery of deposits made for the processing of notes		300,000,000.00
Receipt of borrowings from social funds		15,512,811.43
Total	583,000,000.00	315,512,811.43

Instructions of other cash receipts related to financing activities:

(6) Other cash payments related to financing activities

Unit: Yuan

Item	Current period amount	Previous period amount
Funds paid for share repurchase	186,441,914.48	
Funds paid for acquisition of minority interests	20,201,500.00	
Repayment of social fund split borrowings	16,850,810.54	

and interest		
Repayment of lease liabilities and interest	59,939,559.59	30,545,009.60
Transfer fees for financing letters of guarantee and receivables financing	4,570,835.23	7,997,070.51
Repayment of finance lease payable by Prime-Line Products, LLC		976,686.29
Payment of issuance costs for issuance of convertible bonds		6,606,505.30
Redemption amount of convertible bonds	2,581,437.71	
Payment of minority shareholders' liquidation amount of Franti Kitchen & Bath (Suzhou) Co.	88,811.75	
Total	290,674,869.30	46,125,271.70

Instructions of other cash payments related to financing activities:

79. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Unit: Yuan

Supplement information	Current period amount	Previous period amount
1) Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	1,297,315,199.61	1,364,494,588.44
Add: Provision for assets impairment loss	67,461,377.68	121,616,411.44
Depreciation of fixed assets, oil and gas assets, productive biological assets	170,864,798.78	128,380,048.11
Depreciation of right-of-use assets	78,057,113.74	28,134,725.30
Amortization of intangible assets	24,648,378.98	18,637,144.15
Amortization of long-term amortization	28,589,540.58	5,374,280.54
Loss on disposal of property, plant and equipment, intangible assets and other long-term assets (gain is presented with a "-" sign)	3,020,089.44	300,665.75
Loss on retirement of property, plant and equipment (gain is presented with a "-" sign)	1,834,004.29	654,948.14

Losses on changes in fair value (gains are presented with a "-" sign)	23,610,602.75	-31,920,861.95
Finance costs (gains are presented with a "-" sign)	111,747,068.72	166,307,558.92
Loss on investments (gain is presented with a "-" sign)	-370,298,858.39	-296,551,290.93
Decrease in deferred tax assets (increase is presented with a "-" sign)	-21,863,965.98	-21,676,277.78
Increase in deferred tax liabilities (decrease is presented with a "-" sign)	1,702,312.81	35,300,639.39
Decrease in inventories (increase is presented with a "-" sign)	-1,209,507,080.11	-174,121,514.47
Decrease in operating receivables (increase is presented with a "-" sign)	-537,038,480.67	-408,964,409.46
Increase in operating payables (decrease is presented with a "-" sign)	348,490,067.44	-126,332,561.45
Other		-38,483,468.90
Net cash flow from operating activities	18,632,169.67	771,150,625.24
2) Significant investing and financing activities not related to cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
3) Net changes in cash and cash equivalents:	--	--
Cash at the end of the period	4,001,186,241.18	3,730,263,218.08
Less: Cash at the beginning of the period	3,730,263,218.08	2,127,457,447.34
Add: Cashequivalentsattheendoftheperiod		
Less: Cashequivalentsatthebeginningofthe period		
Net increase of cash and cash equivalents	270,923,023.10	1,602,805,770.74

(2) Net cash payment for acquisition of subsidiaries in current period

Unit: Yuan

	Amount
Cash and cash equivalents paid in current period as consideration for business combination in current period	960,930,958.18
Including:	--
Geelong Orchid Holding Limited	746,263,039.85
BeA	214,667,918.33
Less: Cash and cash equivalents held by the Company on the purchase date	36,995,204.47
Including:	--
Geelong Orchid Holding Limited	19,233,104.87
BeA	17,762,099.60
Including:	--
Net cash paid by the subsidiary companies	923,935,753.71

Other remarks:

(3) Net cash received for disposal of subsidiaries in the current period

Unit: Yuan

	Amount
Including:	--
Including:	--
Including:	--

Other remarks:

(4) Composition of cash and cash equivalents

Unit: Yuan

Item	Closing balance	Opening balance
1) Cash	4,001,186,241.18	3,730,263,218.08
Including: Cash on hand	2,574,760.83	2,874,834.15
Cash in bank on demand for payment	3,983,507,419.70	3,722,569,979.24
Other cash and bank balances on demand for payment	15,104,060.65	4,818,404.69
3) Cash and cash equivalents at the end of the period	4,001,186,241.18	3,730,263,218.08

Other remarks:

Due to liquidity restrictions, the Company treats deposits for handling bank acceptance bills, share

repurchase funds for securities accounts, construction performance deposits, forward exchange settlement deposits, customs duty guarantee deposits, ETC deposits and deposited investment funds as monetary funds that are not cash and cash equivalents. The Opening balance of these margin deposits was RMB 20,242,850.31 and the Closing balance was RMB 32,520,998.98.

80. Notes to items in statement of changes in owner's equity

Explain the name of "other" items and the amount of adjustment for the balance at the end of previous year:

81. Assets with title or use right restrictions

Unit: Yuan

Item	Carrying amount	Reason
Monetary funds	27,725,700.00	Bank acceptance deposit
Fixed assets	29,720,650.63	Collateral for opening bank acceptance
Intangible assets	2,110,603.58	Collateral for opening bank acceptances
Monetary funds	2,295,252.00	Forward exchange settlement margin
Currency funds	1,975,140.00	Customs bond
Currency funds	492,906.98	Engineering performance bond
Monetary funds	32,000.00	ETC deposit
Fixed assets	10,873,242.70	Bank loan collateral
Intangible assets	1,483,459.51	Pledge for bank loan
100.00% equity of Arrow Fastener Co.,LLC [Note]	388,146,927.39	Pledge for bank loan
100.00% equity of Geelong Orchid Holding Limited[Note]	205,959,077.97	Pledge for bank loan
Total	670,814,960.76	--

Other remarks:

[Note] It refers to net assets of Arrow Fastener Co.,LLC and Geelong Orchid Holding Limited at the end of the current period.

82. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Unit: Yuan

Item	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
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Monetary funds	--	--	999,395,660.17
Including:USD	119,671,348.47	6.3757	762,988,616.44
EUR	13,375,062.58	7.2197	96,563,939.31
HKD	11,405,383.07	0.8176	9,325,041.20
VND	29,522,014,355.00	0.000280065	8,268,082.95
JPY	84,281,787.00	0.055415	4,670,475.23
CHF	16,298,013.68	6.9776	113,721,020.25
THB	5,012,583.45	0.191175346	958,282.38
CAD	561,931.97	5.0046	2,812,244.74
Macau Dollar	69,669.45	1.2625	87,957.68
Accounts receivable	--	--	1,716,248,124.39
Including:USD	222,309,533.85	6.3757	1,417,378,894.97
EUR	51,566.95	7.2197	372,297.91
HKD	82,640,703.91	0.8176	67,567,039.52
VND	102,227,456.30	0.000280065	28,630.33
JPY	72,964,947.04	0.055415	4,043,352.54
CHF	32,512,312.13	6.9776	226,857,909.12
Receivables financing			549,247,279.86
Including:USD	86,146,976.78	6.3757	549,247,279.86
Long-term receivables			2,274,855.31
Including:VND	8,122,597,646.97	0.000280065	2,274,855.31
Short-term borrowing			1,368,249,828.18
Including:USD	194,154,261.44	6.3757	1,237,869,324.66
CHF	8,322,580.07	6.9776	58,071,634.70
EUR	10,015,494.94	7.2197	72,308,868.82
Accounts payable			480,129,004.86
Including:HKD	107,647,852.07	0.8176	88,012,883.85
USD	35,822,012.15	6.3757	228,390,402.86
CHF	12,211,042.85	6.9776	85,203,772.59
JPY	12,180,765.14	0.055415	674,997.10
EUR	9,388,145.80	7.2197	67,779,596.23
THB	8,086,991.77	0.191175346	1,546,033.45
VND	30,426,218,127.93	0.000280065	8,521,318.78
Non-current liabilities due			254,007,862.22

within one year			
Including:USD	8,575,614.20	6.3757	54,675,543.45
EUR	21,611,736.90	7.2197	156,030,256.90
CHF	4,818,434.33	6.9776	33,621,107.38
HKD	823,950.39	0.8176	673,661.84
VND	32,161,436,277.35	0.000280065	9,007,292.65
Long-term borrowings	--	--	768,114,136.60
Including:USD	95,497,000.00	6.3757	608,860,222.90
EUR	3,033,499.57	6.9776	21,166,546.60
HKD			
CHF	18,998,625.27	7.2197	137,164,374.86
JPY	16,656,000.00	0.055415	922,992.24
Lease obligations			268,272,355.80
Including:VND	79,129,771,083.96	0.000280065	22,161,479.34
USD	5,345,377.33	6.3757	34,080,522.24
CHF	30,387,289.93	6.9776	212,030,354.22

Other remarks:

(2) Description of overseas business entities, including for important overseas business entities, disclosure of their main overseas business locations, functional currency and selection basis, and disclosure of reasons for changes in functional currency.

√ Applicable □ Not Applicable

Entities	Main operating place	Functional currency
BeA GmbH and its subsidiaries	Germany, Austria, Australia, Germany, France, the Czech Republic, United States, Norway, Sweden, Switzerland, Slovakia, Spain, Italy, the United Kingdom	EUR, AUD, USD, CHF, GBP
Great Star Tools USA, INC. and its subsidiaries	United States	USD
Lista Holding AG and its subsidiaries	Switzerland, Austria, Germany, France, Spain, Italy, the United Kingdom	CHF, EUR, GBP
Geelong Orchid Holding Limited and its subsidiaries	The British Cayman Islands, Thailand, Hong Kong, Mauritius, Macau	HKD, THB, USD

XDD Products (USA) LLC	United States	USD
TGH(Cambodia)Industrial Co.,LTD	Cambodia	USD
Newland.LLC	United States	USD
Great Star Japan Co.,LTD	Japan	JPY
Greatstar Europe AG	Switzerland	CHF
Prexiso AG	Switzerland	CHF
Geelong (Thailand) Co .,Ltd	Thailand	THB
Hong Kong International Huada Kejie Opto-Electro Instrument Co., Ltd.	Hong Kong	USD
Hong Kong Great Star International Co., Ltd	Hong Kong	USD
HongKong Goldblatt Industrial Co.,Ltd	Hong Kong	USD
Prim' Tools Limited	Hong Kong	HKD
Hongkong Shop-Vac International Co., Limited	Hong Kong	USD
GreatStar International Holdings Limited	British Virgin Islands	USD
Great Star Vietnam Co.,Ltd	Vietnam	VND
Vietnam United Co.,Ltd	Vietnam	VND
GreatStar Industrial Vietnam Co., Ltd	Vietnam	VND

83. Hedging

Disclose the qualitative and quantitative information of the hedged items and related hedging instruments and the hedged risks according to the types of Hedging:

84. Government grants

(1) Basic information of government grants

Unit: Yuan

Category	Amount	Presented under	Amount recognized in the current profit and loss
Special subsidy for foreign trade public service platform construction	636,555.46	Other income	442,666.68
Special subsidy for “substituting machine for human” technical transformation project	1,085,393.07	Other income	270,271.68
Special subsidy for strategic emerging industries equipment manufacturing projects	689,999.72	Other income	230,000.04

Financial subsidy for capacity expansion project of novel hand tool series products	160,000.24	Other income	99,999.96
Special subsidy for provincial enterprise technology center innovation capacity construction project	46,296.26	Other income	55,555.56
Special fund for strategic emerging industries development pilot project and base construction	183,999.88	Other income	92,000.04
Subtotal	2,802,244.63		1,190,493.96

(2) Returned government grants

Applicable Not Applicable

Other remarks:

(1) Government grants related to income and used to compensate the Company for related costs or losses already incurred

Item	Amount	Presented under	Basis Documents
Industrial support policy funds	18,050,000.00	Other income	Jiang Cai Fa (2020) No. 46, Shang Cai (2021) No. 6
Special funds for foreign trade and economic development	6,648,200.00	Other income	Hang Cai Qi (2020) NO. 57
Financial subsidies for research and development	6,361,300.00	Other income	Zhe Cai Ke Jiao (2020) No.34, Jiang Ke (2020) No. 10, Qiang Tang Jing Ke (2021) No.11, etc.
Value-added tax rebate	3,967,012.05	Other income	Cai Shui (2016) No.52
Business development funds	3,882,962.80	Other income	Jiang Cai Fa (2020) No.92, Jiang Cai Fa (2020) No.96
Employment stabilization subsidies	2,117,644.30	Other income	Hang Zheng Han (2019) No.19, Hang Renshe Fa (2020) No.94, etc.
Financial special funds	1,655,766.63	Other income	Hang Cai Qi (2021) No.33, Long Jing Xin (2021) No.17, Xian Wei Fa (2021) No.32, etc.
Special fund for e-commerce funding	943,400.00	Other income	Jiang Cai Fa (2020) v67
Patent and intellectual property funding	742,250.00	Other income	Hang Shi Guan (2020) No.173, Hang Shi Guan (2019) No.186, Chang Cai Gong Mao (2019) No. 12, Chang Cai Gong Mao (2019) No.12
Other	1,488,931.01	Other income	Relevant documents
Subtotal	45,857,466.79		

(2) In the current period, government grants included into profit or loss totaled RMB47,047,960.75.

85. Others

VIII. Changes in the consolidation scope

1. Business combination not under common control

(1) Business combination not under common control in current period

Unit: Yuan

Acquirees	Equity acquisition date	Equity acquisition cost	Proportion of equity acquired (%)	Equity acquisition method	Acquisition date	Determine basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end
Acquisition of related operating assets and subsidiary equity of Joh. Friedrich Behrens AG [Note]	June 01, 2021	243,418,722.10	100.00%	Equity transfer agreement	June 01, 2021	Transfer of control right	631,177,117.72	84,381,874.47
Geelong Orchid Holding Limited and its subsidiaries	July 02, 2021	794,236,994.50	100.00%	Equity transfer agreement	July 02, 2021	Transfer of control right	1,124,647,458.44	-19,877,804.61

Other remarks:

[Note] Joh. Friedrich Behrens AG related operating assets and its subsidiaries equity shall be referred to as BeA Company, Geelong Orchid Holding Limited and its subsidiaries shall be referred to as Geelong Orchid Holding Limited.

(2) Combination costs and goodwill

Unit: Yuan

Combination costs	BeA	Geelong Orchid Holding Limited
-- Cash	243,418,722.10	794,236,994.50
--Fair value of non-cash assets		
--Fair value of debt issued or assumed		
--Fair value of equity securities issued		

-- Fair value of contingent consideration		
-- Fair value of equity interests held prior to the date of purchase at the date of purchase		
--Other		
Total consolidated cost	243,418,722.10	794,236,994.50
Less: Share of fair value of identifiable net assets acquired	326,403,496.00	226,199,135.39
Amount by which goodwill/consolidation cost is less than the share of fair value of identifiable net assets acquired	-82,984,773.90	568,037,859.11

The illustration of Combination costs fair value determination method , contingent consideration and its movements. Main reason for the formation of the large amount goodwill:

Other remarks:

(3) Acquisition-date identifiable assets and liabilities of acquirees

Unit: Yuan

	BeA		Geelong Orchid Holding Limited	
	Acquisition-date fair value	Acquisition-date carrying amount	Acquisition-date fair value	Acquisition-date carrying amount
Assets:				
Money funds	17,762,099.60	17,762,099.60	19,233,104.87	19,233,104.87
Receivables	105,999,380.10	105,999,380.10	217,859,223.83	217,859,223.83
Inventory	223,562,467.90	223,562,467.90	257,110,486.15	257,110,486.15
Fixed assets	71,687,528.27	71,687,528.27	68,463,662.85	44,701,030.31
Intangible assets	85,414,108.00	37,110,980.00	225,569.32	225,569.32
Prepayments	10,669,488.40	10,669,488.40	30,983,565.74	30,983,565.74
Other receivables	6,374,178.60	6,374,178.60	9,168,702.04	9,168,702.04
Right-of-use assets	49,777,106.80	49,777,106.80	15,346,921.51	15,346,921.51
Long-term amortization			9,268,206.76	4,782,578.96
Other Assets	14,750,071.13	14,750,071.13	48,998,718.81	48,998,718.81
Liabilities:				
Borrowings	70,834,397.20	70,834,397.20		
Payables	91,333,755.90	91,333,755.90	368,245,573.31	368,245,573.31
Deferred income tax liabilities				

Lease obligations	49,777,106.80	49,777,106.80		
Employee compensation payable			16,476,782.98	16,476,782.98
Taxes payable			9,046,468.09	9,046,468.09
Other payables			33,089,500.28	33,089,500.28
Other liabilities	47,647,672.90	38,856,503.60	23,600,701.83	19,363,462.78
Net assets	326,403,496.00	286,891,537.30	226,199,135.39	202,188,114.10
Less: Minority interests				
Net assets acquired	326,403,496.00	286,891,537.30	226,199,135.39	202,188,114.10

The fair value determination method of identifiable assets and liabilities:

Determined by reference to the analysis of the fair value of each identifiable asset and liability assessed by the asset valuer using the asset-basis approach.

The contingent liabilities of the acquirees assumed in the business combination:

Other remarks:

(4) Gain/loss of equity held prior to acquisition-date remeasured at fair value

Whether exists any business combination achieved in stages and gain control during the reporting period or not

Yes No

(5) Related instructions on that cannot reasonably determine the combination consideration or the fair value of the acquiree's identifiable assets and liabilities at the acquisition date or at the end of the acquisition period.

(6) Other instructions

2. Business combination under common control

(1) Business combination under common control in current period

Unit: Yuan

Combined party	Proportion of equity arising from business combination	Determination basis of business combination under common control	Combination date	Determination method of combination date	Revenue of the combined party from beginning of the combination date onto the combination date	Net profit of the combined party from beginning of the combination date to the combination date	Revenue of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other remarks:

(2) Combination cost

Unit: Yuan

Combinationcost	
--Cash	
--Carrying amount of non-cash assets	
--Carrying amount of debt issued or assumed	
--Notional value of equity securities issued	
--Contingent consideration	

Instructions of contingent consideration and its movements:

Other remarks:

(3) Carrying amount of combined party assets and liabilities on the combination date

Unit: Yuan

	Combination date	End of previous period
Assets:		
Money funds		
Receivables		
Inventory		
Fixed assets		
Intangible assets		
Liabilities:		
Borrowings		
Payables		
Net assets		
Less: Minority interests		
Net assets acquired		

The contingent liabilities of the acquirees assumed in the business combination:

Other remarks:

3. Reverse purchase

Basic information of the transaction, basis for reverse purchase, whether the assets and liabilities retained by the listed company

constitute business and its basis, determination of combination cost, adjusted amounts and calculation according to the processing of equity transaction.

4. Disposal of the subsidiaries

Whether exists single disposal of a subsidiary resulting in the Company's loss of control or not

Yes No

Whether exists disposal of a subsidiary in stages resulting in the Company's loss of control or not

Yes No

5. Changes in the consolidation scope due to other reasons

Explain the changes in the consolidation scope resulting from other causes (such as new subsidiaries, liquidation subsidiaries, etc.) and related information:

1. The scope of combination increased

Company name	Equity acquisition method	Time point for equity acquisition	Capital contribution	Capital contribution proportion
BeA GmbH	Set up	March 18, 2021	25,000.00 EUR	100.00%
Hongkong Shop-Vac International Co., Limited	Set up	March 5, 2021	[Note]	100.00%
SK Hand Tool,LLC	Set up	May 25, 2021	[Note]	100.00%
Shenzhen Wankebao Technology Co., Ltd	Set up	March 29, 2021	2,828,600.00 RMB	100.00%
GreatStar Industrial Vietnam Co., Ltd	Set up	February 9, 2021	17,000,000.00 USD	100.00%
Hangzhou Great Star Power Tool Co., LTD	Set up	September 16, 2021	2,000,000.00 RMB	100.00%

[Note]As of the balance sheet date, the subsidiary Hong Kong Great Star International Co., Ltd. has not paid in capital contribution in Hongkong Shop-Vac International Co., Limited, and the subsidiary Great Star Tools USA, Inc has not paid in capital contribution in SK Hand Tool,LLC.

2. Entities excluded from the consolidation scope

Company Name	Equity acquisition method	Time point for equity acquisition	Disposal-date net assets	Net profit from the period beginning to the disposal date
Falandi Kitchen & bathroom (Suzhou) Co., Ltd	Cancellation	September 28, 2021		2,613,283.77
Hangzhou Great Star Photoelectric Technology Co., LTD	Cancellation	September 9, 2021		
Eudura Holding Limited	Cancellation	April 8, 2021		

6. Others

IX. Interest in other entities

1. Interest in significant subsidiaries

(1) Composition of the Group Company

Subsidiaries	Main operating place	Place of registration	Business nature	Shareholding ratio		Acquisition method
				Direct	Indirect	
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Manufacturing	65.00%		Business combination not under common control
Hangzhou Great Star Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	100.00%		Set up
Hangzhou Great Star Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	100.00%		Business combination under common control
Prim' Tools Limited	Hong Kong	Hong Kong	Commerce		86.96%	Business combination not under common control
Hong Kong Great Star International Co., Ltd.	Hong Kong	Hong Kong	Commerce	100.00%		Set up
Great Star Tools USA, Inc	United States	United States	Commerce	100.00%		Set up
Arrow Fastener Co., LLC	United States	United States	Manufacturing		100.00%	Business combination not under common control
Great Star Industrial USA, LLC	United States	United States	Commerce		100.00%	Set up
Greatstar Europe AG	Switzerland	Switzerland	Commerce	100.00%		Set up
Lista Holding AG	Switzerland	Switzerland	Manufacturing		100.00%	Business

						combination not under common control
BeA GmbH	Germany	Germany	Manufacturing		100.00%	Set up
Zhongshan Geelong Industrial Co., Ltd.	Zhongshan, Guangdong	Zhongshan, Guangdong	Manufacturing		100.00%	Business combination not under common control

Instructions if the shareholding proportion differs from the voting rights proportion over the subsidiary:

Basis of holding half or less voting rights but still control the investee and holding more than half of the voting rights but do not control the investee:

The basis of control for the important structured entity included in the scope of consolidation:

The basis for determining whether the Company is an agent or a principal:

Other remarks:

(2) Significant not wholly-owned subsidiaries

Unit: Yuan

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	35.00%	19,955,450.09		109,175,474.55
Prim' Tools Limited	13.04%	3,198,578.87	755,470.43	17,291,627.52

Instructions if the non-controlling shareholders proportion differs from the voting rights proportion over the subsidiary:

Other remarks:

(3) Main financial information of significant not wholly-owned subsidiaries

Unit: Yuan

Subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Changzhou Huada Kejie Opto-ele	392,051,512.99	76,900,365.45	468,951,878.44	173,686,804.52	631,034,97	174,317,839.49	256,720,509.75	78,381,978.16	335,102,487.91	98,408,432.31	10,303,76	98,418,736.07

Opto-electro Instrument Co., Ltd.												
Prim' Tools Limited	97,160,819.71	10,895,556.96	108,056,376.67	22,413,209.48		22,413,209.48	85,971,795.30	10,593,060.14	96,564,855.44	11,249,420.93		11,249,420.93
Dongguan Ouda Electronics Ltd.	55,292,072.18	10,634,338.67	65,926,410.85	12,586,952.25	1,086,722.10	13,673,674.35	48,144,058.35	7,993,913.58	56,137,971.93	18,119,854.82		18,119,854.82

Unit: Yuan

Subsidiaries	Current period amount				Previous period amount			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	554,110,840.03	57,950,287.11	57,950,287.11	30,233,194.67	277,741,153.27	21,995,099.11	21,995,099.11	13,311,165.86
Prim' Tools Limited	288,470,625.69	8,311,220.20	8,311,220.20	6,104,141.24	167,093,194.15	9,266,042.10	4,523,437.66	4,068,305.99
Dongguan Ouda Electronics Ltd.	172,937,118.80	14,234,619.39	14,234,619.39	-9,893,790.30	108,579,831.16	8,884,587.30	8,884,587.30	2,478,629.98

Other remarks:

(4) Significant restrictions on the use of company assets and the settlement of company debt**(5) Financial support or other support to structured entities included in the consolidated financial statements**

Other remarks:

2. Transactions resulting in changes in subsidiaries' equity but without losing control**(1) Description of the changes in the owner's equity share in a subsidiary**

Subsidiaries	Date of change	Holding proportion before change	Holding proportion after change
--------------	----------------	----------------------------------	---------------------------------

Longyou Yiyang Forging Co., Ltd.	August 2021	85.1775%	91.9150%
Longyou Huguang Forging Three Tools Co., Ltd.	August 2021	67.00%	82.00%
Hangzhou Great Star Sheffield Tools Co., Ltd.	May 2021	66.00%	68.13%
PREXISO Laser Measurement Tool (Hangzhou) Co., Ltd	June 2021	51.00%	100.00%

(2) Effect of transactions on non-controlling interest and equity attributable to parent company

Unit: Yuan

	Longyou Yiyang Forging Co., Ltd.	Longyou Huguang Forging Three Tools Co., Ltd.	Hangzhou Great Star Sheffield Tools Co., Ltd.	PREXISO Laser Measurement Tool (Hangzhou) Co., Ltd
Purchase cost/disposal consideration				
--Cash	1,239,140.91	18,760,859.09	106,500.00	95,000.00
--Fair value of non-cash assets				
Total purchase cost/disposal consideration	1,239,140.91	18,760,859.09	106,500.00	95,000.00
Less: Share of net assets of subsidiaries based on percentage of equity acquired/disposed	3,336,498.29	21,178,432.96	73,586.43	-1,644,850.54
Difference	-2,097,357.38	-2,417,573.87	32,913.57	1,739,850.54
Including: Adjust capital reserves	-2,097,357.38	-2,417,573.87	-32,913.57	-1,739,850.54
Adjust surplus reserves				
Adjust the undistributed profits				

Other instructions

3. Interest in joint ventures and associates

(1) Significant joint ventures and associates

Associates	Main operating place	Place of registration	Business nature	Shareholding ratio (%)		Accounting treatment on investments in joint ventures and associates
				Direct	Indirect	
Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	27.86%		Equity method
Zhejiang Hangcha Holding Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	20.00%		Equity method
Zhejiang Guozi Robotics Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	21.95%		Equity method
Ningbo Donghai Bank Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Finance	19.00%		Equity method
Shanghai Reno Opto-electronics Technology Co., Ltd.	Shanghai	Shanghai	Commerce		26.00%	Equity method[Note]
Changzhou Stabila Laser Instrument Company Limited	Changzhou, Jiangsu	Changzhou, Jiangsu	Manufacturing		31.85%	Equity method[Note]
Hangzhou Weina Technologies Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	32.53%		Equity method

Instructions if the holding proportion differs from the voting rights proportion over the associates or joint ventures :

[Note]The Company holds 26.00% and 31.85% equity of Shanghai Reno Opto-electronics Technology Co., Ltd. and Changzhou Stabila Laser Instrument Company Limited, respectively, through Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.

Basis for significant influence over an entity on which the Company held less than 20% voting rights:

The Company holds 19.00% equity of Ningbo Donghai Bank Co., Ltd., making it its second largest shareholder. The Company has representatives in its Board of Directors who have the power to participate in decision-making on its financial and operating policies.

(2) Main financial information of significant joint ventures

Unit: Yuan

	Closing balance/Current period amount	Opening balance/Previous period amount
Current assets		
Including:Cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Equity attributable to shareholders of the parent company		
Share of net assets based on percentage of shareholding		
Adjustments		
--goodwill		
--Unrealized profit on internal transactions		
--Other		
Carrying value of equity investments in joint ventures		
Fair value of equity investments in joint ventures for which publicly quoted prices exist		
Operating income		
Finance costs		
Income tax expense		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint ventures for this year		

Other instructions

(3) Main financial information of significant associates

Unit: Yuan

	Closing balance/Current period amount		Opening balance/Previous period amount	
	Zhejiang Hangcha Holding Co., Ltd.	Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	Zhejiang Hangcha Holding Co., Ltd.	Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.
Current assets	7,418,780,740.77	14,948,356,801.94	5,266,602,511.85	11,919,303,863.72
Non-current assets	3,731,133,085.89	19,969,457,376.52	3,320,081,434.69	17,365,495,939.83
Total assets	11,149,913,826.66	34,917,814,178.46	8,586,683,946.54	29,284,799,803.55
Current liabilities	3,477,650,918.98	15,446,567,589.35	2,699,270,768.05	11,153,905,066.11
Non-current liabilities	961,010,530.12	7,448,879,770.24	66,317,470.95	6,656,783,282.56
Total liabilities	4,438,661,449.10	22,895,447,359.59	2,765,588,239.00	17,810,688,348.67
Minority interests	3,593,193,876.73	7,467,456,772.20	3,212,910,476.72	6,674,388,762.33
Equity attributable to shareholders of the parent company	3,118,058,500.83	4,554,910,046.67	2,608,185,230.82	4,799,722,692.55
Share of net assets based on percentage of shareholding	623,611,700.17	1,268,865,846.61	521,637,046.16	1,169,932,406.31
Adjustments	108,979,700.00		108,979,700.00	
--Goodwill	108,979,700.00		108,979,700.00	
--Unrealized profit on internal transactions				
--Other				
Carrying amount of equity investments in associates	732,591,400.17	1,268,865,846.61	630,616,746.16	1,169,932,406.31
Fair value of equity investments in associates for which publicly quoted prices exist				
Operating income	14,493,418,510.34	30,285,690,427.77	11,455,727,931.42	28,148,326,923.56
Net profit	488,571,114.34	556,078,278.04	396,530,359.13	720,788,625.43
Net profit from				

discontinued operations				
Other comprehensive income	-25,326,711.49	-193,723,391.25	-10,646,148.27	-90,602,055.61
Total comprehensive income	463,244,402.85	362,354,886.79	385,884,210.86	630,186,569.82
Dividends received from associates for this year			20,000,000.00	

Other instructions

(4) Aggregate financial information of immaterial joint ventures and associates

Unit: Yuan

	Closing balance/Current period amount	Opening balance/Previous period amount
Joint ventures:	--	--
Total of the following in proportion to shareholding	--	--
Associates:	--	--
Total investment carrying amount	352,485,457.57	407,329,329.45
Total amount of the following items in proportion to shareholding	--	--
--Net profit	1,101,187.62	5,531,925.43
--Other comprehensive income	1,477,170.16	-393,307.40
-- Total comprehensive income	2,578,357.78	5,138,618.03

Other instructions

(5) Instructions of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

(6) Excess losses incurred by joint ventures and associates

Unit: Yuan

Associates	Accumulated unrecognized prior period losses	Unrecognized current period losses (netprofit shared in currentperiod)	Unrecognized losses at the balance sheet date
Shanghai Reno Opto-electronics Technology Co.,Ltd.	-700,243.68	6,412.23	-693,831.45

Other instructions

(7) Unconfirmed commitment related to the joint venture investment**(8) Contingent liabilities related to the joint venture and associates investment****4. Major joint operations**

Joint operations name	Main locations	Registered address	Business nature	Holding proportion /Share	
				Direct	Indirect

Instructions if the shareholding proportion differs from the voting rights proportion over the joint operations:

If the joint operation is a single entity, notify the basis classified as joint operation:

Other instructions

5. The equity of the structured entity not involved in the scope of consolidation

Related instructions for the structured entity not involved in the scope of consolidation.

6. Others**X. Risks related to financial instruments**

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice**(1) Evaluation method of credit risk**

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition

2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

1) significant financial difficulty of the debtor;

2) a breach of binding clause of contract;

3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;

4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 4, 5, and 7 of the notes to the financial statements for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2021, the Company has certain concentration of credit risk, and 37.03% (December 31, 2020: 36.10%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures,

and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Item	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 year(s)	Over 3 years
Bank borrowings	3,055,148,295.97	3,139,533,799.57	2,057,990,775.73	494,435,452.74	587,107,571.10
Trading financial liabilities	978,031.91	978,031.91	978,031.91		
Notes payable	51,728,000.00	51,728,000.00	51,728,000.00		
Accounts payable	1,640,430,929.84	1,640,430,929.84	1,640,430,929.84		
Other payables	676,502,987.21	676,502,987.21	676,502,987.21		
Lease obligations	414,921,112.20	422,186,814.93	125,724,601.18	140,362,949.63	156,099,264.12
Subtotal	5,839,709,357.13	5,931,360,563.46	4,553,355,325.87	634,798,402.37	743,206,835.22

Item	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 year(s)	Over 3 years
Bank borrowings	1,720,841,106.36	1,859,165,409.05	1,334,629,400.52	441,933,719.49	82,602,289.04
Notes payable	24,913,000.00	24,913,000.00	24,913,000.00		
Accounts payable	1,168,327,985.88	1,168,327,985.88	1,168,327,985.88		
Other payables	26,425,047.57	26,425,047.57	26,425,047.57		
Lease obligations	271,850,870.28	271,850,870.28	25,546,871.20	48,895,764.20	197,408,234.88
Long-term payables	1,499,174.07	1,499,174.07	703,214.57	795,959.50	
Bonds payable	799,729,005.89	1,121,084,289.21	25,116,810.36	109,548,195.96	986,419,282.89
Subtotal	4,013,586,190.05	4,473,265,776.06	2,605,662,330.10	601,173,639.15	1,266,429,806.81

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments.

The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of December 31, 2021, balance of borrowings with interest accrued at floating interest rate totaled RMB929,187,140.36 (December 31, 2020: RMB1,009,781,140.56). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's gross profit and equity will not be significantly affected

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to section V (IV) 2 of notes to financial statements for details in foreign currency financial assets and liabilities at the end of the period

IX. Fair value disclosure

1. Details of fair value of assets and liabilities at fair value at the balance sheet date

Unit: Yuan

Item	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuing fair value measurement	--	--	--	--
(I) Trading financial assets	9,227,687.75	4,330,070.00		13,557,757.75
1. Financial assets at fair value through profit or loss	9,227,687.75	4,330,070.00		13,557,757.75
(2) Investments in equity instruments	9,227,687.75			9,227,687.75
(3) Derivative financial assets		4,330,070.00		4,330,070.00
(3) Investments in other equity instruments			16,550,000.00	16,550,000.00
(iv) Receivables financing			559,020,827.52	559,020,827.52
Total assets continuously measured at fair value	9,227,687.75	4,330,070.00	575,570,827.52	589,128,585.27
(vi) Financial liabilities		978,031.91		978,031.91

for trading				
Derivative financial liabilities		978,031.91		978,031.91
Total liabilities measured at fair value on a continuing basis		978,031.91		978,031.91
II. Non-continuing fair value measurements	--	--	--	--

2. Basis for determining level 1 fair value at recurring and non-recurring fair measurement

Debt instrument investments are measured using market quotes as a reasonable estimate of fair value.

3. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring and non-recurring fair measurement

Derivative financial assets are measured using valuation notices provided by banks and securities companies as a reasonable estimate of fair value.

4. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

1. As receivables financing is within 1 year, whose time value has no significant impact on the fair value, it is recognized that the fair value of receivables financing mentioned above is approximately equal to its carrying amount.

2. Equity instrument investments and other equity instrument investments (Hangzhou Haibang Xinqu Talent Venture Capital Investment Partnership (LP)), are measured using investment cost as a reasonable estimate of fair value, based on overall consideration of business environment and operating conditions.

5. Continuous third level fair value measurement items, adjustment information between opening balance and closing balance and sensitivity analysis of the non-observable parameter

6. Continuous fair value measurement items, the reasons for conversion and the policy for conversion time determination if it occurs different levels' conversion during current period

7. Valuation techniques changing and its reason in current period

8. The fair value of financial assets and financial liabilities not measured with fair value.

9. Others

XII. Related party relationships and transactions

1. Parent Company

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Greatstar Holding Group.Ltd	Hangzhou	Industrial investment	100 million yuan	40.56%	40.56%

Instructions for the parent company:

The Company's ultimate controlling party is Qiu Jianping.

The ultimate controller of the enterprise is:

Other remarks:

2. Subsidiaries of the Company

See note IX, Interest in significant subsidiaries.

3. Associates and joint ventures of the Company

See note IX, Interest in joint venture and associates.

The information of other associates or joint ventures with related party transactions to the Company or existing carrying amount with the Company in previous periods are as follows:

Associates/ joint ventures names	Relationship with the Company
----------------------------------	-------------------------------

Other instructions

4. Other related parties of the Company

Other related parties	Relationships with the Company
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Wang Lingling	Actual control person spouse, act in concert person
Hangzhou Great Star Precision Machinery Co., Ltd.	Controlled by the same actual controller
Hangcha Group Co., Ltd.and its affiliated companies	Controlled by the same actual controller
Zhongce Rubber Group Company Limited.and its affiliated companies	Companies controlled by the Company's associate, Hangzhou Zhongce Haichao Enterprise Management Co.,Ltd.
Hangzhou Weiming Investment Management Co., Ltd.	The original joint venture of the company

Other instructions

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving of services

Purchase of goods and receiving of services

Unit: Yuan

Related parties	Content of transaction	Current period amount	Approval amount	Exceed the limitation or not	Previous period amount
Shanghai Reno Opto-electronics Technology Co., Ltd.	Material	7,192.04	100,000.00	No	70,094.25
Zhejiang Guozi Robotics Co., Ltd.	Product and service	785,830.34	15,000,000.00	No	1,840,830.51
Hangcha Group Co., Ltd. and its affiliated companies	Forklift, spare parts and maintenance	9,749,969.30	30,770,000.00	No	6,054,457.09
Hangcha Group Co., Ltd. and its affiliated companies	Automatic storage system	781,280.21	30,770,000.00	No	1,296,460.17
Changzhou Stabila Laser Instrument Company Limited	Material		10,000,000.00	No	129,853.95
Changzhou Stabila Laser Instrument Company Limited	Labour service		10,000,000.00	No	23,722.40
Zhongce Rubber Group Company Limited.and its affiliated companies	Spare parts and maintenance costs	1,050,065.29	400,000,000.00	No	612,489.60
Hangzhou Weina Technology Co.,	Software and hardware	37,168.14	500,000.00	No	

Ltd.					
				No	

Sale of goods and rendering of services

Unit: Yuan

Related parties	Content of transaction	Current period amount	Previous period amount
Changzhou Stabila Laser Instrument Company Limited	Laser measurement product	8,802,699.15	5,003,092.51
Changzhou Stabila Laser Instrument Company Limited	Water and electricity	117,404.10	123,594.90
Changzhou Stabila Laser Instrument Company Limited	Consulting service	2,520,746.47	2,593,278.97
Changzhou Stabila Laser Instrument Company Limited	Labour service		29,940.00
Shanghai Reno Opto-electronics Technology Co., Ltd.	Sale of goods	1,937,505.66	
Zhongce Rubber Group Company Limited	Hand tool	14,409.98	301,911.46
Hangcha Group Co., Ltd. and its affiliated companies	Hand tool and spare parts	16,188,555.01	15,177,595.81
Hangcha Group Co., Ltd. and its affiliated companies	Operating service	2,535,515.08	1,250,867.26
Zhejiang Guozi Robotics Co., Ltd. and its affiliated companies	Hand tool	9,957,102.80	4,387,224.01
Hangzhou Weina Technologies Co., Ltd.	Technical service		75,943.40

Instructions for purchase and sale of goods, rendering and receiving of services

(2) Situation for related entrusted management/contracting and entrusting management/subcontracting

The situation for entrusted management/contracting

Unit: Yuan

Name of the entrusting party/subcontractor or	Name of the entrusted party/contractor	Asset types for entrusted/contracting	The starting date of entrusting/contracting	The expiry date of entrusted/contracting	Pricing basis for entrusting income/contracting income	Entrusting income/contracting income confirmed in current period
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Instructions for related entrusting/contracting situation

The situation table for entrusting management/subcontracting

Unit: Yuan

Name of the entrusting party/subcontract or	Name of the entrusted party/contractor	Asset types for entrusting/subcontracting	The starting date of entrusting/subcontracting	The expiry date of entrusting/subcontracting	Pricing basis for entrusted fee/subcontracting fee	Entrusted fee/subcontracting fee confirmed in current period
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Instructions for related management/subcontracting situation

(3) Related party leases

The Company as the lessor:

Unit: Yuan

Lessees	Types of asset leased	Lease income for Year 2021	Lease income for Year 2021
Changzhou Stabila Laser Instrument Company Limited	Buildings	176,106.15	185,392.35

The Company as the lessee:

Unit: Yuan

Lessor	Types of asset leased	Lease expenses for Year 2021	Lease expenses for Year 2020
Hangzhou Great Star Precision Machinery Co., Ltd.	Buildings	1,264,476.19	1,296,000.00
Hangcha Group Co., Ltd. and its affiliated company Shanghai Hangcha Forklift Sales Co., Ltd.	Transport facilities	243,840.42	241,057.06

Instructions for related party leases

(4) Related party guarantee

The Company as the guarantor

Unit: Yuan

Guaranteed party	Amount	Starting date	Maturity	Performance completed or not
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The Company as the guaranteed party

Unit: Yuan

Guarantor	Amount	Starting date	Maturity	Performance completed or not
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Instructions for related party guarantee:

The Company issued letter of guarantee for bank loans of GreatStar Europe AG, a wholly-owned subsidiary, and GreatStar Greatstar Holding Group. Ltd provided suretyship guarantee for the letter of guarantee issued by the Company. As of December 31, 2021, the balance of bank loans under the letter of guarantee totaled EUR 34,000,000.00, with payment maturity between February 28, 2022 and June 26, 2023.

(5) Fund borrowing from related parties

Unit: Yuan

Related party	Amount	Starting date	Maturity	Notes
Borrow				
Mr.Qiu Jianping and his concerted action person, Ms.Wang Lingling	583,000,000.00			As resolved at the fifteenth meeting of the fifth session of the Board of Directors and the second extraordinary general meeting of 2021, the Company accepts financial assistance from Qiu Jianping, the de facto controller, and Wang Lingling, the person acting in concert with him, in the principal amount of not more than RMB583 million, for a term of not more than one year from the date of approval at the general meeting of the Company, which can be used on a revolving basis during the validity period, and the Company can repay the amount in advance according to actual needs. The interest rate is not higher than the interest rate of bank loans in the same period.
Lend				

(6) Assets exchange or debt restructuring between the related parties

Unit: Yuan

Related party	Related party transaction items	Current period amount	Previous period amount
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(7) Key management's emoluments

Unit: Yuan

Item	Current period amount	Previous period amount
Key management's emoluments	12,192,656.29	9,162,360.40

(8) Other transactions with related parties**6. Balance due to or from related parties****(1) Receivables**

Unit: Yuan

Item	Related Party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Receivable	Changzhou Stabila Laser Instrument Company Limited	8,233,675.28	411,683.76	2,161,820.67	108,091.03
Receivable	Shanghai Reno Opto-electronics Technology Co., Ltd.	3,779,983.57	188,999.18	1,684,295.07	84,214.75
Receivable	Hangcha Group Co., Ltd. and its affiliates	1,229,141.76	61,457.09	1,903,592.60	95,179.63
Receivable	Zhejiang Guozi Robotics Co., Ltd. and its affiliates	10,664,320.29	533,216.01	3,390,261.58	169,513.08
Subtotal		23,907,120.90	1,195,356.04	9,139,969.92	456,998.49
Receivables financing-Bank acceptance	Zhejiang Guozi Robotics Co., Ltd.	0.00	0.00	2,800,000.00	0.00
Subtotal		0.00	0.00	2,800,000.00	0.00
Notes receivable	Zhejiang Guozi Robotics Co., Ltd.	20,702.51		0.00	0.00
Subtotal		20,702.51		0.00	0.00
Prepayments	Zhejiang Guozi Robotics Co., Ltd.	0.00	0.00	414,974.87	20,748.74
Subtotal		0.00	0.00	414,974.87	20,748.74

Other receivables	Hangzhou Weiming Investment Management Co., Ltd.	6,160,202.73	308,010.14		
Subtotal		6,160,202.73	308,010.14		

(2) Payables

Unit: Yuan

Item	Related Party	Closing balance	Opening balance
Accounts payable	Hangzhou Zhongce Auto Space Automobile Service Co., Ltd.	2,064.00	156,708.54
Accounts payable	Zhejiang Guozi Robotics Co., Ltd. and its affiliates	920,220.37	3,800,654.70
Accounts payable	Hangcha Group Co., Ltd. and its affiliates	2,595,530.60	6,305,294.00
Accounts payable	Hangzhou Great Star Precision Machinery Co., Ltd.	124,000.00	240,500.00
Subtotal		3,641,814.97	10,503,157.24
Other payables	Hangzhou Great Star Precision Machinery Co., Ltd.	0.00	12,000.00
	Qiu Jianping, Wang Lingling	583,570,527.78	
Subtotal		583,570,527.78	12,000.00

7. Related party commitments**8. Other****XIII. Share-based payment****1. Overall situation of Share-based payment**

Applicable Not Applicable

2. Equity-settled share-based payment

Applicable Not Applicable

3. Cash-settled share-based payment

Applicable Not Applicable

4. Amendment and termination of share-based payment**5. Others****XIV. Commitments and contingencies****1. Important commitments**

Significant commitments on balance sheet date

As of the approved issuing date of this report, the Company has no significant commitments to be disclosed

2. Contingencies**(1) Important contingent matters as at the balance sheet date**

As of the approved issuing date of this report, the Company has no significant contingencies to be disclosed.

(2) The Company has no important contingent matters to disclose, and also should make illustration

There are no significant contingent matters to be disclosed.

3. Other**XV. Events after the balance sheet date****1. Important non-adjustment matters**

Unit: Yuan

Item	Content	Amount of impacts on financial position and operating results	Reasons for failure to estimate impact

2. Distribution of profits

Unit: Yuan

3. Sales return**4. Other events after the balance sheet date**

Profit distribution after the balance sheet date

On April 11, 2022, the 8th meeting of the 5th session of the Board of Directors of the Company considered and approved the "Proposal on the Company's Profit Distribution Proposal for the Year 2021". In 2021, the Company will not pay cash dividends, will not send bonus shares, will not increase capital by capital reserve, and the remaining undistributed profits will be carried forward to the next year.

XVI. Other significant matters

1. Accounting error correction for previous period

(1) The retrospectively adjusted method

Unit: Yuan

Content of accounting error correction	Processing procedure	Each effected report items of comparative period	Accumulative effected amount
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(2) Prospective application method

Content of accounting error correction	Approval procedure	Reason
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2. Debt restructuring

3. Assets Exchange

(1) Non-cash Assets Exchange

(2) Other assets Exchange

4. Annuity Plan

5. Discontinued operations

Unit: Yuan

Item	Revenue	Expenses	Profit before tax	Income tax	Net profit	Net discontinued operations profit attributable to owners of the parent company
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Other instructions

6. Segment information

(1) Determination basis and accounting policy of the reportable segments

Reportable segments are identified according to the structure of the Company's internal organization, management requirements and internal reporting system, and based on product segments. Assets and liabilities shared by different segments are allocated among segments proportionate to their respective sizes.

The Company determines the reporting segments on the basis of the regional segments, the main operating revenue and the main operating cost shall be divided by the actual sales place, and the assets and liabilities shall

be divided by the location of the operating entity.

(2) Financial information of product segments

Unit: Yuan

Item	Hand Tools	Power Tools	Laser Measurement	Storage	PPE	Offset	Total
Revenue from main operations	6,540,834,718.85	1,021,102,413.74	888,587,229.84	2,370,715,437.22	28,685,764.76		10,849,925,564.41
Cost of main operations	4,716,308,916.32	799,043,331.71	648,486,058.41	1,959,219,152.16	24,332,451.85		8,147,389,910.45
Total assets	13,179,632,291.26	1,179,709,194.26	638,231,863.17	2,304,979,653.36	4,601,884.62		17,307,154,886.67
Total liabilities	4,253,567,577.01	1,116,595,607.66	213,533,614.09	910,168,297.07			6,493,865,095.83

(3) If the Company has no reporting segments or cannot disclose the total assets and liabilities of each reporting segments, the reasons shall be explained

(4) Other instructions

7. Other important transactions and matters that can affect investor decision - making 8、 Others

8. Other

(II) Lease

1. The company as lessee

(1) Please refer to section V (I) 17 of notes to financial statements for details on right-of-use assets.

(2) Please refer to section III (29) of notes to financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows

Item	Current period amount	Amount of the same period last year
Short term rental fees	44,003,860.27	582,301.10
Low-value asset lease fee (except for short-term lease)	657,286.80	228,497.90
Total	44,661,147.07	810,799.00

(3) Current profit and loss and cash flow related to the lease

Item	Current period amount
Interest expense for the lease liability	9,721,218.32
Total cash outflow related to the lease	59,939,559.59

(4) Please refer to the description of note VIII (2) of the lease liabilities and the corresponding liquidity risk

management.

2. The company as a lessor

(1) Operating lease

1) Lease income

Item	Current period amount	Amount of the same period last year
Lease income	18,779,421.23	11,727,101.90

2) Operating leased assets

Item	Closing balance
Fixed assets	6,623,884.70
Investment real estate	127,058,966.69
Subtotal	133,682,851.39

Please refer to Note V(1) 15 of the operating leased fixed assets.

3) Uncancellation of the future outstanding lease proceeds under the lease contract with the lessee

Remaining period	Closing balance	Opening balance
Within 1 year	17,983,746.50	515,963.00
Over 1 year	157,079,216.00	523,333.90
Total	175,062,962.50	1,039,296.90

(2) Finance lease

1) Current period profit or loss related to finance lease

Item	Current period amount	Amount of the same period last year
Finance income on the net investment in the lease	84,811.20	2,255,495.40

2) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	Opening balance
Within 1 year	90,708.80	95,821.70
1-2 years	90,708.80	95,821.70
2-3 years	90,708.80	95,821.70
3-4 years	90,708.80	95,821.70
4-5 years	90,708.80	95,821.70
Over 5 years	97,686.40	204,701.80
Total	551,230.40	683,810.30

3) Reconciliation of undiscounted lease payments to net investment in the lease

Item	Closing balance	Opening balance
Undiscounted lease payments	551,230.40	683,810.30
Less: Unrealized finance income relating to lease payments	14,135.20	17,021.38
Net investment in the lease	537,095.20	666,788.92

XVII. Notes to the Principal Items in the Financial Statements of the Parent Company

1. Accounts receivables

(1) Accounts receivables disclosed by categories

Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Provision proportions		Amount	Proportion	Amount	Provision proportions	
Among which:										
Accounts receivable with provision for bad debts by portfolio	1,030,064,717.88	100.00%	57,148,716.92	5.55%	972,916,000.96	1,352,861,821.37	100.00%	77,001,556.87	5.69%	1,275,860,264.50
Among which:										
Total	1,030,064,717.88	100.00%	57,148,716.92	5.55%	972,916,000.96	1,352,861,821.37	100.00%	77,001,556.87	5.69%	1,275,860,264.50

Provision made on an individual basis:

Unit: Yuan

Name	Closing balance			
	Book balance	Provision for bad debts	Provision proportions	Provision reason

Provision made on a portfolio basis:

Unit: Yuan

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportions
Age portfolio	1,030,064,717.88	57,148,716.92	5.55%
Total	1,030,064,717.88	57,148,716.92	--

Illustration of this portfolio recognition basis:

Provision made on a portfolio basis:

Unit: Yuan

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportions

Illustration of this portfolio recognition basis:

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit loss, please

refer to the disclosure of other receivables to disclose the relevant information on the provision for bad debts:

Applicable Not Applicable

Disclosure as account receivable aging

Unit: Yuan

Age	Book balance
Within 1 year(including 1 year)	1,007,048,960.45
1-2 years	10,919,739.81
2-3 years	3,922,817.49
Over 3 years	8,173,200.13
3-4 years	2,354,257.02
4-5 years	3,210,977.60
Over 5 years	2,607,965.51
Subtotal	1,030,064,717.88

(2) Provision , recovered or reversed of the bad debt in current period

Provision for bad debts in current period:

Unit: Yuan

Categories	Opening balance	Increase/Decrease Amount				Closing balance
		Provision	Reversal	Write-off	Others	
Within 1 year	66,487,243.46	-16,134,795.49				50,352,447.97
1-2 year(s)	839,468.91	252,505.11				1,091,974.02
2-3 years	471,887.20	312,676.31				784,563.51
3-4 years	970,066.93	-263,789.82				706,277.11
4-5years	896,380.23	709,108.57				1,605,488.80
Over 5years	7,336,510.14	-4,081,104.43		647,440.20		2,607,965.51
Total	77,001,556.87	-19,205,399.75	0.00	647,440.20	0.00	57,148,716.92

The major provision for bad debts reversal in current period:

Unit: Yuan

Company name	Reversal amount	Reversal Method

(3) Accounts receivable actually written off in current period

Unit: Yuan

Item	Written-off amount

Including the major written off of the account receivables:

Unit: Yuan

Company name	Account Receivable categorized by nature	Write-off amount	Write-off reason	Write-off procedure	Related party or not

Instructions for Written off the account receivables:

(4) Details of the top 5 debtors with largest balances

Unit: Yuan

Debtors	Closing balance of Account Receivable	% of the total closing balance	Closing balance of provision for bad debts

(5) Transfer of accounts receivable and continued involvement in formed assets and liabilities

Other remarks:

(6) Accounts receivable terminated from recognition due to the transfer of financial assets

Other remarks:

Closing balance of top 5 debtors totaled RMB 614,740,724.38, accounting for 59.68 % of the total closing balance of accounts receivable, and provision for bad debts made thereon totaled RMB30,761,781.69.

2. Other receivables

Unit: Yuan

Item	Closing balance	Opening balance
Other receivables	1,458,883,819.83	883,363,518.44
Total	1,458,883,819.83	883,363,518.44

(1) Interest receivables

1) Interest receivables on categories

Unit: Yuan

Item	Closing balance	Opening balance

2) The major overdue interest receivables

Unit: Yuan

Debtors	Closing balance	Overdue date	Overdue reason	Whether there is an impairment and its

				judgment basis
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Other remarks:

3) Changes in provision for bad debts

Applicable Not Applicable

(2) Dividends receivable

1) Dividends receivable on category

Unit: Yuan

Item(or the invested unit)	Closing balance	Opening balance
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2) Material dividends receivable aged over 1 year

Unit: Yuan

Item(or the invested unit)	Closing balance	Age	Reason for not recovered	Whether there is an impairment and its judgment basis
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3) Changes in provision for bad debts

Applicable Not Applicable

Other remarks:

(3) Other receivables

1) Other receivables categorized by nature

Unit: Yuan

Nature of receivables	Closing balance	Opening balance
Accounts receivable from related parties within the scope of the merger	1,519,230,520.47	903,148,614.64
Export tax rebates	22,067,723.30	25,792,468.24
Equity disposal payment receivable	6,160,202.73	
Security deposits	5,173,827.26	13,833,823.47
Temporary advance payment receivable	1,175,931.64	966,599.78
Employee petty cash		188,025.00
Other		396,240.11
Total	1,553,808,205.40	944,325,771.24

2) Changes in provision for bad debts

Unit: Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	45,880,793.31	2,495,511.26	12,585,948.23	60,962,252.80
Opening balance in the current period	—	—	—	—
Provision made in the current period	30,368,134.51	-2,277,997.01	5,871,995.27	33,962,132.77
Closing balance	76,248,927.82	217,514.25	18,457,943.50	94,924,385.57

The book balance movements of the material provision for bad debts in current period

 Applicable Not Applicable

Disclosure as account receivable aging

Unit: Yuan

Age	Book balance
Within 1 year(including 1 year)	1,551,627,863.31
1-2 years	1,268,167.51
2-3 years	659,300.00
Over 3 years	252,874.58
3-4 years	92,326.25
4-5 years	125,000.00
Over 5 years	35,548.33
Total	1,553,808,205.40

3) Provision , recovered or reversed of the bad debt in current period

Provision for bad debts in current period:

Unit: Yuan

Categories	Opening balance	Increase/Decrease Amount				Closing balance
		Provision	Reversal	Write-off	Others	
Portfolio grouped with balances due from related parties within the consolidation scope	58,798,022.81	34,122,072.66				92,920,095.47

Portfoliogrøpedwit hages						
Within 1 year	2,010,479.16	-390,612.02				1,619,867.14
1-2 year(s)	70,202.50	56,614.25				126,816.75
2-3 years	21,000.00	110,860.00				131,860.00
3-4 years	37,500.00	-9,802.12				27,697.88
4-5 years	10,500.00	52,000.00				62,500.00
Over 5years	14,548.33	21,000.00				35,548.33
Total	60,962,252.8 0	33,962,132.77				94,924,385.57

Of which, major recovered or reversed amount in current period:

Unit: Yuan

Debtors	Recovered or reversed amount	Way to recover
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4) Other receivable actually written off in current period

Unit: Yuan

Item	Written-off amount
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Including major written off of other receivables

Unit: Yuan

Debtors	Nature of receivables	Written off amount	Written off reason	Written off procedure	Related party or not
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Instructions for written off other Accounts receivable

5) Details of the top 5 debtors with largest balances

Unit: Yuan

Debtors	Nature of receivables	Closing balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Great Star Tools USA,INC.	Balance due from related parties within theconsolidation scope	616,542,888.20	Within 1 year	39.68%	30,827,144.41
Hong Kong GreatStar International Ltd	Balance due from related parties within theconsolidation	317,883,356.35	Within 1 year	20.46%	15,894,167.82

	scope				
Hangzhou United Machinery Co., Ltd.	Balance due from related parties within the consolidation scope	157,630,944.24	Within 1 year	10.14%	7,881,547.21
Haining GreatStar Intelligent Equipment Co., Ltd.	Balance due from related parties within the consolidation scope	130,000,000.00	Within 1 year	8.37%	6,500,000.00
Guangdong Shiwanke Electric Co., Ltd	Balance due from related parties within the consolidation scope	55,000,000.00	Within 1 year	3.54%	2,750,000.00
Total	--	1,277,057,188.79	--	82.19%	63,852,859.44

6) Other Accounts receivable related to government grants

Unit: Yuan

Debtors	Government subsidy	Closing balance	Ages	Estimated collection date, amount, and basis

7) Other accounts receivable derecognized due to financial assets transfer

8) Transfer of other accounts receivable and continued involvement in formed assets and liabilities

Other remarks:

3. Long-term equity investments

Unit: Yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	4,157,167,492.92		4,157,167,492.92	2,949,758,632.92		2,949,758,632.92
Investments in joint ventures and associates	2,352,069,024.80		2,352,069,024.80	2,205,406,001.38		2,205,406,001.38

Total	6,509,236,517.72		6,509,236,517.72	5,155,164,634.30		5,155,164,634.30
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(1) Investments in subsidiaries

Unit: Yuan

Investees	Opening balance(Carrying amount)	Increase/ Decrease				Closing balance(Carrying amount)	Closing balance of provision for impairment
		Increase	Decrease	Provision for impairment	Others		
Longyou Yiyang Forging Co., Ltd.	48,437,846.12					48,437,846.12	
Hangzhou GreatStar Sheffield Tools Co., Ltd.	3,300,000.00	106,500.00				3,406,500.00	
Hangzhou United Electric Manufacture Co., Ltd.	21,185,561.86					21,185,561.86	
Hangzhou UnitedTools Co., Ltd.	12,804,728.00					12,804,728.00	
Hangzhou GreatStar Sheffield Trading Co., Ltd.	5,000,000.00					5,000,000.00	
Ningbo Fenghua Great Star Tools Co., Ltd.	22,558,141.65					22,558,141.65	
Zhejiang GuoxinTools Co., Ltd.	25,750,000.00					25,750,000.00	
Zhejiang Great Star Tools Co., Ltd.	464,800,000.00					464,800,000.00	
Hangzhou Juye Tools Co., Ltd.	120,000,000.00					120,000,000.00	
Hangzhou Great Star Tools Co., Ltd.	63,772,246.86					63,772,246.86	
Hong Kong	227,854,794.66	669,838,900.00				897,693,694.66	

Great Star International Co., Ltd.	6	0					
Changzhou HuadaKejie Opto-electro Instrument Co., Ltd.	200,864,082.56					200,864,082.56	
Hangzhou GreatStarIntelligent Technology Co., Ltd.	22,000,000.00					22,000,000.00	
Hangzhou Ole-Systems Co., Ltd.	9,600,000.00					9,600,000.00	
Great Star Tools USA, Inc	627,095,000.00	328,565,000.00				955,660,000.00	
Hangzhou GreatStar Craftsman Tools Co., Ltd.	4,250,000.00					4,250,000.00	
Hangzhou United Precision Tool Company	10,030,288.26					10,030,288.26	
Greatstar Europe AG	732,567,215.00					732,567,215.00	
Hangzhou United Machinery Co., Ltd.	7,677,294.07					7,677,294.07	
Longyou Hugong Forging Three Tools Co., Ltd.	84,612,153.88	20,000,000.00				104,612,153.88	
Haining Great Star Hardware Tools Co., Ltd.	2,000,000.00					2,000,000.00	
Suzhou Xindadi Hardware	60,000,000.00					60,000,000.00	

Product Co., Ltd.							
Geelong(Thailand) Co.,Ltd	123,599,280.00	72,478,660.00				196,077,940.00	
Guangdong Shiwanke Electrical Appliance Co., Ltd.	50,000,000.00					50,000,000.00	
PREXISO Laser Measurement Tool (Hangzhou) Co., Ltd		3,920,000.00				3,920,000.00	
GreatStar Industrial Vietnam Co.,Ltd		110,499,800.00				110,499,800.00	
Hangzhou GreatStar Power Tool Co., LTD		2,000,000.00				2,000,000.00	
Total	2,949,758,632.92	1,207,408,860.00				4,157,167,492.92	

(2) Investments in joint ventures and associates

Unit: Yuan

Investees	Opening balance(Carrying amount)	本期增减变动								Closing balance(Carrying amount)	Closing balance of provision for impairment	
		Increase	Decrease	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ Profit declared for distribution			
I. Joint ventures												
II. Associates												
Hangzhou Zhongce Haichao Enterprise	1,169,932,406.31			154,907,277.48	-53,965,729.03	-2,008,108.15					1,268,865,846.61	

Management Co., Ltd.											
Zhejiang Hangcha Holdings Co., Ltd.	630,616,723.91		97,714,220.58	-5,065,342.30	9,325,793.43				732,591,395.62		
Hangzhou Weiming Investment Management Co., Ltd.	58,037,632.85		59,110,202.73	1,072,569.88					0.00		
Zhejiang Guozi Robotics Co., Ltd.	89,544,523.80		-15,436,526.53	9,886.20	1,687,973.07				75,805,856.54		
Ningbo Donghai Bank Co., Ltd.	181,319,746.49		8,011,052.94	1,230,525.43					190,561,324.86		
Hangzhou Weina Technology Co., Ltd.	75,954,968.02		8,052,874.62	236,758.53					84,244,601.17		
Subtotal	2,205,406,001.38	0.00	59,110,202.73	254,321,468.97	-57,553,901.17	9,005,658.35	0.00	0.00	0.00	2,352,069,024.80	
Total	2,205,406,001.38	0.00	59,110,202.73	254,321,468.97	-57,553,901.17	9,005,658.35	0.00	0.00	0.00	2,352,069,024.80	

(3) Other instructions

4. Operating revenue and cost

Unit: Yuan

Item	Current period amount		Previous period amount	
	Revenue	Cost	Revenue	Cost
Main operations	5,212,156,918.90	4,187,985,128.21	5,361,055,983.42	4,061,291,433.13

Other operations	9,471,135.66	3,601,242.42	4,533,964.30	2,889,063.37
Total	5,221,628,054.56	4,191,586,370.63	5,365,589,947.72	4,064,180,496.50

Relevant information:

Unit: Yuan

Contract classification	Division 1	Division 2		Total
Type of merchandise				
Including:				
By operating area				
Including:				
Market or customer type				
Including:				
Contract type				
Including:				
By the time of commodity transfer				
Including:				
By contract term				
Including:				
By sales channel				
Including:				
Total				

Information relating to performance obligations:

Performance obligations of sales of hand tools and power tools, laser measurement, storage, PPE and other products are generally fulfilled within one year. The Company collects advances or provides term of credit based on different customers. The Company acts as the main responsible person for direct sales. The Company obtains the unconditional right to collect payments when the following conditions are all met: 1) for domestic sales: a. the Company delivers the product to the customer in accordance with the contract; and b. the customer has accepted the product; 2) for overseas sales: a. the Company has declared the product in accordance with the contract; b. the Company has obtained the bill of lading or, the Company has shipped the product to the designated destination

and the goods are delivered to the customer; and c. the control of the goods is transferred to the customer.

Information relating to the transaction price allocated to the remaining performance obligation:

At the end of this report period, the amount of income corresponding to the performance obligations that have been signed but not yet fulfilled or not fulfilled is RMB 46,268,755.74 , of which RMB 46,268,755.74 is expected to be recognized in 2022, RMB XXX is expected to be recognized in XX year, and RMBXXX is expected to be recognized in XX year.

Other remarks:

5. Investment income

Unit: Yuan

Item	Current period amount	Previous period amount
Income from long-term equity investments accounted for under the cost method		82,000,000.00
Income from long-term equity investments accounted for under the equity method	254,321,468.97	260,562,082.75
Investment income from disposal of long-term equity investments		266,783.83
Investment income from trading financial assets during the holding period		3,647,177.70
Investment income from disposal of financial assets held for trading	78,486,454.00	10,007,728.68
Loss on discount on receivables financing	-4,570,835.23	
Total	328,237,087.74	356,483,772.96

6. Other

XVIII. Supplementary Information

1. Current non-recurring profit and loss statement

Applicable Not applicable

Unit: Yuan

Item	Amount	Note
Gains or losses on disposal of non-current assets	-4,813,678.28	
Government subsidies recognized in current profit or loss (except those closely related to the company's normal business operations, which are in accordance with national policies and are continuously enjoyed in	43,080,948.70	

accordance with certain standards in fixed or quantitative amounts)		
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than the gain arising from the fair value of the identifiable net assets of the investee to which the enterprise is entitled at the time the investment is acquired	82,984,773.90	
Gains or losses from entrusting others to invest or manage assets	1,808,120.10	
Gains or losses from changes in the fair value of financial assets and liabilities held for trading, and investment income from disposal of financial assets and liabilities for trading and available-for-sale financial assets, except for effective hedging activities related to the Company's normal business operations	95,687,869.64	
Non-operating income and expenses other than those mentioned above	-127,210.71	
Other profit or loss items that meet the definition of non-recurring profit or loss	502,892.56	
Less: Income tax affected amount	17,156,521.94	
Amount of minority interest affected	5,521,763.45	
Total	196,445,430.52	--

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

Applicable Not applicable

There are no other specific cases of gain or loss items that meet the definition of non-recurring gain or loss for the Company.

Information on the definition of non-recurring gain or loss items listed in "Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities - Non-recurring Profit or Loss" as recurring profit or loss items

Applicable Not applicable

2. Return on equity and earnings per share

Profit for the reporting period	Return on equity weighted average (ROEWA)	Earnings per share	
		Basic earnings per share (RMB / share)	Diluted earnings per share (yuan / share)
Net profit attributable to ordinary shareholders of the Company	12.51%	1.13	1.13
Net profit attributable to ordinary shareholders of the Company after	10.58%	0.95	0.95

deduction of non-recurring gains and losses			
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3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profit and net assets in financial reports disclosed simultaneously under IAS and under PRC GAAP

Applicable Not applicable

(2) Differences in net profit and net assets between financial reports disclosed in accordance with foreign accounting standards and those disclosed in accordance with PRC GAAP at the same time

Applicable Not applicable

(3) Explanation of the reasons for differences in accounting data under domestic and foreign accounting standards, and the name of the foreign institution should be indicated if the data that has been audited by the foreign auditor has been reconciled for differences

4. Miscellaneous

2. Calculation process of the return on equity weighted average(ROEWA)

Item	Serial No.	Current Amount	
Net income attributable to ordinary shareholders of the Company	A	1,270,003,396.40	
Non-recurring profit or loss	B	196,445,430.52	
Net income attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	C=A-B	1,073,557,965.88	
Net assets attributable to ordinary shareholders of the Company at the beginning of the period	D	8,826,190,578.28	
Net assets attributable to ordinary shareholders of the Company arising from the issuance of new shares or debt-to-equity swaps	E	801,333,703.24	
Cumulative number of months from the month following the addition of net assets to the end of the reporting period	F	10	
Decrease in net assets attributable to ordinary shareholders of the Company, such as cash dividends	G1		
Cumulative number of months from the month following the decrease in net assets to the end of the reporting period	H1		
Decrease in net assets attributable to shareholders of the Company's common stock due to share repurchases	G2	186,441,914.48	
Cumulative number of months from the month following the decrease in net assets to the end of the reporting period	H2	3, 4, 5	
Other	Translation differences on foreign currency statements	I1	-138,225,095.06
	Accumulated number of months from the month	J1	6

following the increase or decrease in net assets to the end of the reporting period		
Share in other comprehensive income of Hangzhou Zhongce Haichao Enterprise Management Co.,Ltd	I2	-53,965,729.03
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J2	6
Share in other comprehensive income of Ningbo Donghai Bank Co.,Ltd	I3	1,230,525.43
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J3	6
Share in other comprehensive income of Zhejiang Hangcha Holding Co.,Ltd	I4	-5,065,342.30
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J4	6
Share in other comprehensive income of Hangzhou Nano Sic Technology Co.,Ltd	I5	236,758.53
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J5	6
Share in other comprehensive income of Zhejiang Guozhi Robotic Technology Co., Ltd	I6	9,886.20
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J6	6
Share of changes in owner's equity in Zhejiang Guozhi Robotics Co., Ltd. accounted for under the equity method, other than net profit or loss, other comprehensive income and earnings distribution	I7	1,687,973.07
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J7	6
Share of changes in owner's equity in Zhejiang Hangcha Holding Co.,Ltd accounted for under the equity method, other than net profit or loss, other comprehensive income and earnings distribution	I8	9,325,793.43
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J8	9
Share of changes in owner's equity in Hangzhou Zhongce Haichao Enterprise Management Co.,Ltd	I9	-2,008,108.15

accounted for under the equity method, other than net profit or loss, other comprehensive income and earnings distribution		
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J9	6
Adjustment to capital surplus for consideration paid for the acquisition of minority interest in Longyou Yiyang Forging Co.,Ltd	I10	2,097,357.38
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J10	4
Adjustment to capital surplus for consideration paid for the acquisition of minority interest in Longyou Hugong Forging No.3 Tools Co., LTD	I11	2,417,573.87
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J11	4
Adjustment to capital surplus for consideration paid for the acquisition of minority interest in Hangzhou GreatStarSheffield Tool Co., Ltd	I12	-32,913.57
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J12	7
Adjustment to capital surplus for consideration paid for the acquisition of minority interest in PREXISO Laser Measurement Tool (Hangzhou) Co., Ltd	I13	-1,739,850.54
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J13	6
Remeasurement of changes in defined benefit plans	I14	71,842,154.00
Accumulated number of months from the month following the increase or decrease in net assets to the end of the reporting period	J14	6
Number of months in the reporting period	K	12
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H/K + I \times J/K$	9,998,271,289.13
Weighted average return on net assets	$M = A/L$	12.70%
Weighted average return on net assets after deducting non-recurring gains and losses	$N = C/L$	10.74%

3. Procedure for calculating basic and diluted earnings per share

(1) The calculation process of basic earnings per share

Item	No.	Current Amount
Net income attributable to ordinary shareholders of the Company	A	1,270,003,396.40
Non-recurring profit or loss	B	196,445,430.52
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	C=A-B	1,073,557,965.88
Total number of shares at the beginning of the period [Note]	D	1,064,448,049
Increase in shares due to transfer of capital from provident fund or distribution of stock dividends, etc.	E	
Increase in number of shares due to issuance of new shares or conversion of debt to shares	F	68,190,792
Cumulative number of months from the month following the increase in shares to the end of the reporting period	G	10
Number of shares increased by treasury shares at the beginning of the period for conversion of debts, etc.	H	10,799,651
Cumulative number of months from the month following the increase in shares to the end of the reporting period	I	10
Decrease in shares due to buyback, etc.	J	6,015,310
Cumulative number of months from the month following share reduction to the end of the reporting period	K	3, 4, 5
Number of share reduction in the reporting period	L	
Number of months in the reporting period	M	12
Weighted average number of common shares outstanding	$N=D+E+F \times G/M+H \times I/M-J \times K/M-L$	1,127,818,705.67
Basic earnings per share	$O=A/N$	1.13
Basic earnings per share, net of non-recurring gains and losses	$P=C/N$	0.95

[Note] Total number of shares at the beginning of the period excluding the number of repurchased shares

(2) The procedure for calculating diluted earnings per share is the same as that for basic earnings per share.