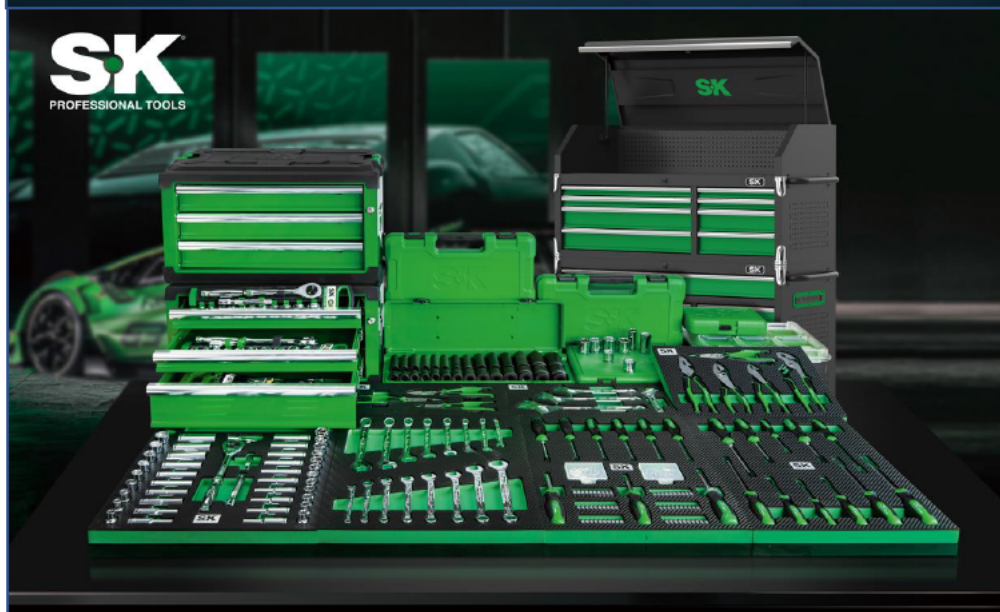
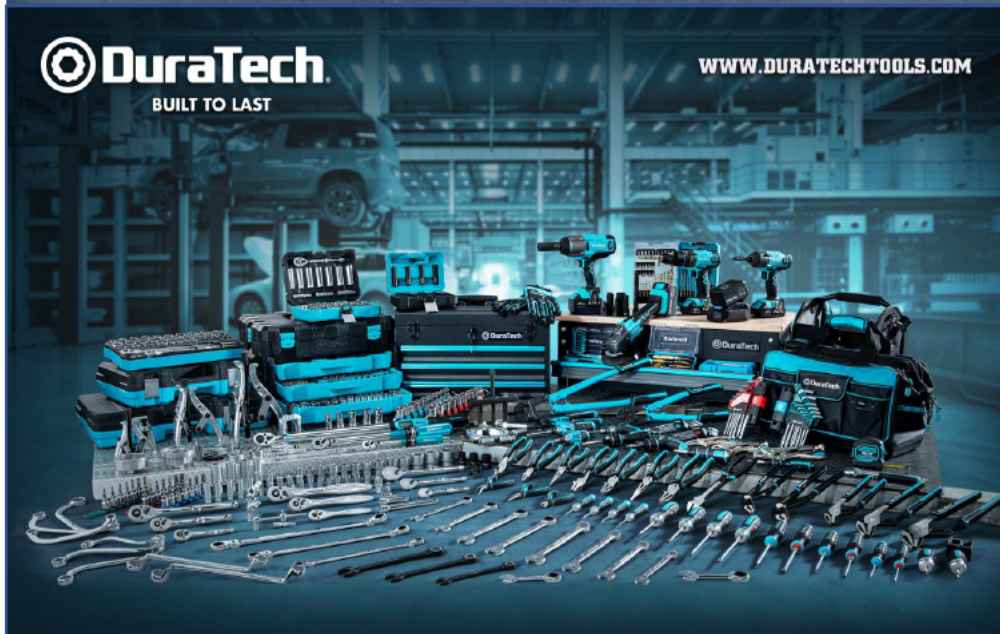


# **Hangzhou GreatStar Industrial Co., Ltd.**

## **2022 Annual Report**

**2023-013**

**April 2023**



# 2022 Annual Report

## Section I Important Notes, Contents and Definitions

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 in this annual report, and that there are no false records, misleading statements, or material omissions, and assume individual and joint legal responsibilities.

Qiu Jianping, the person in charge of the Company, and Ni Shuyi, the chief accountant and the head of accounting department, declare that they guarantee the truthfulness, accuracy, and completeness of the financial information in this annual report.

All the Directors have attended the Board Meeting at which this report was deliberated.

This annual report involves forward-looking statements such as future plans, which do not constitute a material commitment of the Company to investors. Investors and related parties shall maintain adequate risk awareness and understand the differences among plans, forecasts and commitments.

This report details the potential risks that the Company will face in the future in “Section III Management Discussion and Analysis, (XI) Prospects for the Company’s Future Development: Potential Risks”. Investors shall be aware of the investment risks.

The profit distribution plan deliberated and approved by the Company at the Board Meeting is as follows: Based on the amount of CNY 1,194,478,182.00, the Company will distribute a cash dividend of CNY 1.66 (tax included) for every 10 shares to all the shareholders and issue 0 bonus shares (tax included), without carrying out conversion of capital reserve into share capital.

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## **Documents Available for Reference**

- I. Financial statements signed and sealed by the person in charge of the Company, the chief accountant and the head of accounting department.
- II. Original audit reports signed and sealed by the accounting firm and certified public accountant.
- III. Original copies of all the Company's documents and announcements publicly disclosed in newspapers and periodicals designated by China Securities Regulatory Commission (CSRC) during the reporting period.

## Definitions

Item	refers to	Definition
Reporting period	refers to	From January 1, 2022 to December 31, 2022
Company, the Company, the Public Company and GreatStar	refers to	Hangzhou GreatStar Industrial Co., Ltd.
Sheffield	refers to	Hangzhou GreatStar Sheffield Trading Co., Ltd.
Guozi	refers to	Zhejiang Guozi Robotics 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.
NDHB	refers to	Ningbo Donghai Bank Co., Ltd.
PT	refers to	PRIM'TOOLS LIMITED
GreatStar Group	refers to	GreatStar Holding Group Co., Ltd.
Lista	refers to	Lista Holding AG
Prime-Line	refers to	Prime-Line Products, LLC
Lianhe	refers to	Hangzhou Lianhe Machinery Co., Ltd.
Haining GreatStar	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 and BeA	refers to	Joh. Friedrich Behrens AG
Geelong	refers to	Geelong Holdings Limited
GDR	refers to	Global Depository Receipts
CSRC	refers to	China Securities Regulatory Commission

## Section II Company Profile and Key Financial Results

### I. Company information

Stock abbreviation	GreatStar	Stock code	002444
Stock exchange on which shares are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	Hangzhou GreatStar Industrial Co., Ltd.		
Chinese abbreviation	GreatStar		
Name of the Company in English (if any)	Hangzhou GreatStar Industrial Co., Ltd.		
English abbreviation (if any)	GreatStar		
Legal representative of the Company	Qiu Jianping		
Registered address	35 Jiuhuan Road, Shangcheng District, Hangzhou City		
Postal code of the registered address	310019		
Historical changes of the registered address of the Company	Changed from 35 Jiuhuan Road, Jianggan District, Hangzhou City to 35 Jiuhuan Road, Shangcheng District, Hangzhou City		
Office address	35 Jiuhuan Road, Shangcheng District, Hangzhou City		
Postal code of the office address	310019		
Website of the Company	<a href="https://www.greatstartools.com/">https://www.greatstartools.com/</a>		
E-mail	zq@greatstartools.com		

### II. Contact persons and contact methods

	Secretary to the Board of Directors	Representative of Securities Affairs
Name	Zhou Siyuan	Lu Haidong
Contact address	35 Jiuhuan Road, Shangcheng District, Hangzhou City	35 Jiuhuan Road, Shangcheng District, Hangzhou City
Telephone	0571-81601076	0571-81601076
Fax	0571-81601088	0571-81601088
E-mail	zq@greatstartools.com	zq@greatstartools.com

### III. Information disclosure and the place where the report is available

Stock exchange website where companies disclose annual reports	<a href="http://www.szse.cn/">http://www.szse.cn/</a>
Website of the stock exchange on which the annual report of the Company is published	Securities Times, Securities Daily, cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Place where the Company's annual report is available	Office for the Board of Directors of the Company

#### IV. Change of registration

Unified social credit code	91330000731506099D
Change of the Company's main business since its listing (if any)	None
Change of controlling shareholders (if any)	None

#### V. Other relevant information

Accounting firms engaged by the Company

Name	Pan-China Certified Public Accountants LLP (Special General Partnership)
Office address	T2 Office Building, Runao Business Center, Intersection of Boao Road and Pinglan Road, Yingfeng Street, Xiaoshan District, Hangzhou City, Zhejiang Province
Name of signing accountant	Fei Fanghua and Li Xi

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

☐ Applicable ☒ N/A

Financial advisors engaged by the Company to perform continuous supervision duties during the reporting period

☐ Applicable ☒ N/A

#### VI. Principal accounting data and financial indicators

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

☐ Yes ☒ No

	2022	2021	YOY increase/decrease	2020
Operating proceeds (CNY)	12,610,189,590.33	10,919,683,344.37	15.48%	8,544,440,154.30
Net profits attributable to shareholders of the Public Company (CNY)	1,419,559,507.10	1,270,003,396.40	11.78%	1,350,132,516.91
Net profits attributable to shareholders of the Public Company after deducting non-recurring gains and losses (CNY)	1,454,643,772.32	1,073,557,965.88	35.50%	1,233,758,395.96
Net cash flows from operating activities (CNY)	1,631,836,642.39	18,632,169.67	8,658.17%	771,150,625.24
Basic earnings per share (CNY/share)	1.24	1.13	9.73%	1.27
Diluted earnings per share (CNY/share)	1.24	1.13	9.73%	1.25
Weighted average return on equity (ROE)	12.31%	12.70%	-0.39%	16.67%
	As at the end of 2022	As at the end of 2021	Change	As at the end of 2020

Total assets (CNY)	18,579,554,796.77	17,307,154,886.67	7.35%	13,677,779,045.68
Net assets attributable to shareholders of the Public Company (CNY)	13,397,947,543.83	10,598,896,746.70	26.41%	8,826,190,578.28

The lower of the Company's net profits before and after deducting non-recurring gains and losses is negative in the last three fiscal years, and the audit report of the latest fiscal year shows that there is uncertainty in the Company's sustainable operation ability

☐ Yes ☒ No

The lower of the net profits before and after deducting non-recurring gains and losses is negative

☐ Yes ☒ No

## VII. Differences in accounting data by domestic and overseas accounting standards

### 1. Differences in the net profits and net assets disclosed in the financial reports prepared under the international accounting standards and Chinese accounting standards

☐ Applicable ☒ N/A

### 2. Difference in the net profits and net assets disclosed in the financial reports prepared under the overseas accounting standards and Chinese accounting standards

☐ Applicable ☒ N/A

## VIII. Quarterly principal financial indicators

Unit: CNY

	Q1	Q2	Q3	Q4
Operating proceeds	2,875,588,357.88	3,358,609,094.36	3,600,569,974.82	2,775,422,163.27
Net profits attributable to shareholders of the Public Company	182,880,976.76	458,662,642.78	621,565,034.54	156,450,853.02
Net profits attributable to shareholders of the Public Company after deducting non-recurring gains and losses	192,168,174.10	432,121,803.36	610,004,863.57	220,348,931.29
Net cash flows from operating activities	42,355,099.74	269,267,134.98	133,185,327.92	1,187,029,079.75

Whether there is any material difference between the above financial indicators or their totals and those disclosed by the Company in the quarterly and semi-annual reports

☐ Yes ☒ No

## IX. Items and amounts of non-recurring gains and losses

☒ Applicable ☐ N/A

Unit: CNY



Item	Amount in 2022	Amount in 2021	Amount in 2020	Remarks
Gains or losses on disposal of non-current assets (including write-off of provision for assets impairment)	-24,332,379.79	-4,813,678.28	-688,830.06	
Government grants accounted for, in the profit or loss for the current period (except for the government grants closely related to the business of the Company and continuously given at a fixed amount or quantity in accordance with certain standards)	46,471,430.13	43,080,948.70	30,007,164.80	
Gains in fair value of identifiable net assets attributable to invested units at the time of acquisition over investment costs for acquiring subsidiaries, associates and joint ventures by the enterprise		82,984,773.90	53,341,459.79	
Gains or losses on assets entrusted for investment or management	2,368,356.03	1,808,120.10	1,792,735.16	
Gains or losses on changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, excluding those arising from hedging business related to operating activities	-66,784,931.44	95,687,869.64	62,235,238.75	
Other non-operational income and expenditure in addition to the items listed above	-12,290,983.36	-127,210.71	-632,799.21	
Other items of gains and losses that fall into the category of non-recurring gains and losses	12,733,584.83	502,892.56	267,035.13	
Less: Income tax impact	-9,422,034.54	17,156,521.94	25,137,742.09	
Non-controlling interests impact (after tax)	2,671,376.16	5,521,763.45	4,810,141.32	
Total	-35,084,265.22	196,445,430.52	116,374,120.95	--

Details of other items of gains and losses that fall into the category of non-recurring gains and losses:

☐ Applicable ☒ N/A

The Company has no other items of gains and losses that fall into the category of non-recurring gains and losses.

Remarks on the situation that non-recurring profit and loss items listed in the Explanatory Announcement No. 1 of Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit and Loss are defined as recurring profit and loss items

☐ Applicable ☒ N/A

There is no situation that non-recurring profit and loss items listed in the Explanatory Announcement No. 1 of Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit and Loss are defined as recurring profit and loss items.

## Section III Management Discussion and Analysis

### I. Situation of the industry in which the Company is operating during the reporting period

The Company is operating in the tools & storage industry. Its main products include hand tools & storage as well as power tools & laser measurement & power stations, which are primarily used for family housing maintenance, construction engineering, vehicle maintenance, surveying and mapping, home energy management, etc. Family housing and related maintenance are the most important sector where tool products are most widely applied.

In most parts of North America and Europe, due to the extensive use of freestanding buildings and the large floor area per capita, the maintenance of residential houses is costly and time-consuming. On account of the relatively high labor cost, residents in Europe and North America are more willing to carry out the maintenance work of their houses and attached buildings by themselves, thus giving rise to the famous European and American DIY culture. Meanwhile, European and American families have a large number of cars, and the daily maintenance of cars, covering the inspection and replacement of parts, is an important part of the European and American DIY culture. There are heavy professional and DIY-related demands for various tools which are one of the necessities for maintenance in North America and Europe. Therefore, North America and Europe have become the most important markets for the global tool industry, with the highest proportion of potential customers.

With the longest history, the tool industry can be said to have evolved with the birth and development of human beings. In recent centuries, with the ever-increasing global population, the tool industry has been scaling up at a stable growth rate due to the rigid demand for and short replacement cycle of tool products. Besides, it still showed a sustained positive growth trend after a short-lived fluctuation caused by the financial crisis in 2008.

According to the reports released by Frost & Sullivan, the global tool market grew steadily from 2018 to 2022, with the market size increasing from USD 82 billion to USD 103 billion, representing a compound annual growth rate of 5.9%. From 2020 to 2021, the global tool market experienced temporary fluctuations in raw material prices and supply chains. Due to the lockdown of professional maintenance shops, customers, especially local residents in North America and Europe, were in greater and greater demand for professional tools and warehouses used in daily household maintenance. The problem that global tool manufacturing capabilities were lagging in 2020 got solved in 2021, which contributed to strong growth in the size of the global tool market in 2021. Due to customers' overspending on tool products in 2021, the market demand for such products slowed down significantly in 2022. The surge in tool shipments led to inventory accumulation in 2021, so local tool dealers paid more attention to inventory optimization. The growth rate of the global tool market decreased temporarily from 10.8% in 2021 to 3.2% in 2022. In Europe and America, the main markets for tool products, the actual expenditures on tools and hardware fell by 11.7% without regard to inflation, with the lowest year-on-year growth rate over the past 30 years.

In the future, with the recovery of real estate and manufacturing industries as well as the economic growth, the demand for tools and warehousing products is expected to increase continuously, and the size of the global tool market is expected to reach USD 131 billion by 2027 at a CAGR of 4.7% compared to 2023.

## II. Main business carried out by the Company during the reporting period

During the reporting period, the Company continued to develop its main business in the global consumer market of tools. The hand tools & storage business expanded steadily, and important breakthroughs were made in channels and new categories for the power tools business. Moreover, non-tool consumer goods became the highlight of the Company's performance. At present, the Company's main products include hand tools & storage as well as power tools & laser measurement & power stations, which are primarily used for family housing maintenance, construction engineering, vehicle maintenance, surveying and mapping, home energy management, etc.

During the reporting period, the Company continued to maintain its dominant position in the hand tools & storage industry, promoting its sales through product innovation and accelerating category expansion to further gain market share. The power tools business continued to grow at a high rate, becoming an important growth point for the Company's performance. A breakthrough was achieved in the home energy storage business, which proved the Company's ability to develop and expand new categories. Furthermore, the Company obtained important orders for consumer goods other than tools, which is expected to become a new growth point in the future. The cross-border e-commerce business continued to grow rapidly, and the Company's overall market share increased steadily. During the reporting period, the Company achieved operating proceeds of CNY 12,610,189,600.00, up 15.48% year-on-year. In 2022, the Company's net profits attributable to shareholders of the Public Company were CNY 1,419,559,500.00, and the net profits attributable to shareholders of the Public Company after deducting non-recurring gains and losses were CNY 1,454,643,800.00, achieving a year-on-year growth rate of 35.50%.

## III. Analysis of core competitiveness

### 1. Innovation advantage

Innovation has always been the soul of the Company's development. The Company has an experienced R&D team for professional tool products and non-tool consumer goods, which is always committed to development and innovation of new products and upholds the concept that details determine success or failure to improve product functionality and added value, as well as to ensure the Company's long-term core competitiveness. During the reporting period, the Company invested CNY 319 million in R&D, designing 2,105 new products. The numbers of new patents applied for and patents granted both exceeded 300. Besides, the Company was approved as a high-tech enterprise, innovatively developing automatic lifting and shifting vice series, 12V and 20V lithium battery products, 360-degree surround measuring and light-emitting torches with handles and many other products which received good market feedback. The project of "Intelligent Robot System for Bulk Handling and Its Application" declared by Ole-Systems, one of the Company's subsidiaries, jointly with Jinling Institute of Technology in Jiangsu won the Jiangsu Provincial Science and Technology Achievement Award. During the reporting period, the Company continued to carry out large-scale innovation of power tools, especially lithium battery power tools. With a large number of highly cost-effective innovative products, the Company obtained orders of 12V power tools from a large retail company in the United States. Meanwhile, the Company successfully achieved a breakthrough in home energy storage products, relying on its own professional product team. In the face of constant changes in the global tool industry, the Company timely responded to and seized market opportunities with its innovation advantage, continuing to gain market share and maintaining long-term and stable development.



## 2. Channel advantage

The Company has its own sales channels, highly trusted by customers. This is the guarantee for GreatStar's continuous development. The diversified product mix and sustainable innovation ability of the Company can not only meet the one-stop purchasing needs of channel customers to the greatest extent, but also constantly save their purchasing and management costs and continuously improve channel customer loyalty. The Company has become one of the largest suppliers of tools and storage for many large supermarket chains such as HOME DEPOT, WALMART and LOWES in the United States, Kingfisher in Europe and CTC in Canada, and has been expanding new product categories. In a global context, there are currently more than 20,000 large supermarket chains such as those for hardware, building materials and auto parts, selling a wide range of the Company's products. These channels effectively ensure the rapid development of various innovative products of the Company. Meanwhile, the Company makes continuous efforts in the new sales channel of cross-border e-commerce. The direct sales model based on cross-border e-commerce has become the most important sales channel for GreatStar, in addition to 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 brands, but also gives better play to the Company's advantage of rapid innovation. Relying on the above channel advantage, the Company can constantly develop and expand new product categories with good market prospects. Historically, it has successfully achieved breakthroughs in such major categories as laser measurement, storage, power tools and home energy storage.

## 3. Supply chain advantage

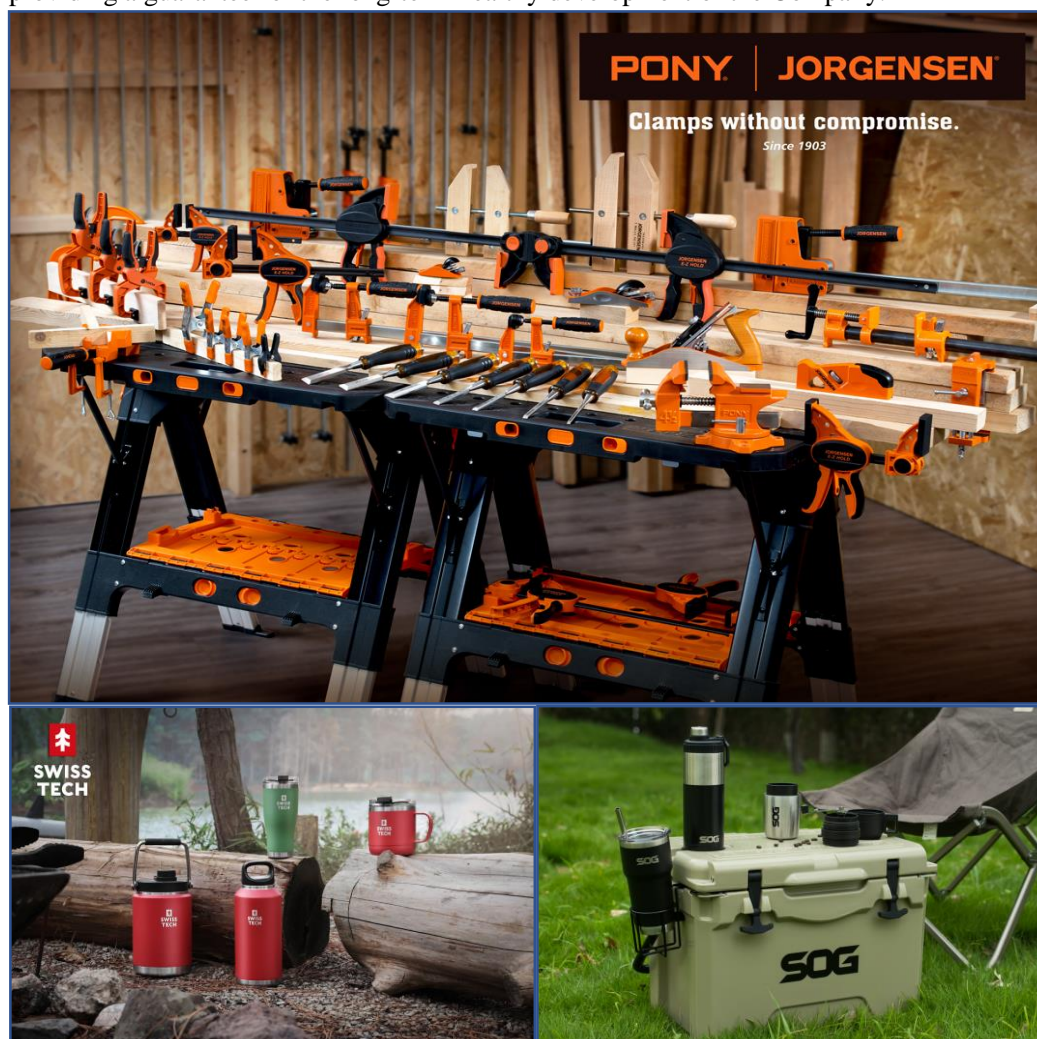
After decades of development, the Company has established a global supply chain management system with China at its core, and has built good cooperative relationships with thousands of suppliers worldwide, ensuring that the Company will not be restricted by its own production capacity and can quickly respond to market demands and timely complete the delivery of various large orders. Relying on China's global supply chain system with the most complete basic categories and the growing global supplier network, the Company can



realize global purchasing and global manufacturing, enabling the Company to maintain a stable supply capacity in the context of short global shipping cycles and laying a foundation for it to continuously increase its market share. Meanwhile, given the high efficiency arising from China's ultra-wide and ultra-fine supply chain network as well as the strong resilience, the Company can also achieve centralized purchasing in China and global distribution, greatly reducing the comprehensive purchasing cost and improving the market competitiveness of the Company's products. At present, the Company has 20 manufacturing bases worldwide, which can fully meet various needs and cope with the complicated external environment.

#### 4. Brand advantage

The main products of the Company are durable consumer goods for households and industrial products for professionals. Brand is the most effective guarantee for the Company to provide consumers with products and services for a long time, so the Company is always committed to the creation and development of its own brands. During the reporting period, the Company made great efforts to develop its own brands, enhance the brand influence and strengthen the brand advantage. Its own brands, especially e-commerce brands, continued to grow. The sales revenues of WORKPRO, DURATECH, SWISSTECH, Prexiso and other brands increased significantly year-on-year. Besides, the sales revenues of the Company's own brands accounted for more than 40% for the first time. The brand advantage not only further enhances the international competitiveness of the Company's products, but also effectively improves the Company's gross profit margin and business stability, providing a guarantee for the long-term healthy development of the Company.





## 5. International advantage

During the reporting period, domestic and international economic patterns were complicated. As a company with international development planning, GreatStar made full use of manufacturing capacities and sales markets in different regions worldwide, actively coping with risks and seeking opportunities.

During the reporting period, the Company positively promoted the full production of manufacturing bases in Southeast Asia and constantly optimized the division and planning of manufacturing work on a global scale, fully reflecting the advantage of the Company's international layout and flexibility of production capacity. At present, the Company's factories in Southeast Asia have all been put into use, and the layout of production capacity has preliminarily taken shape in Southeast Asia. Meanwhile, in the face of poor staff mobility on an international scale during the reporting period, the Company actively made use of the advantages of local teams in Europe and America, continuing to provide customers with a well-established nearby service system and guaranteeing the matching between orders and after-sales services. The international advantage effectively ensures that the Company can not only give play to the superiority of China's manufacturing clusters, but also make use of the strengths in manufacturing costs in Southeast Asia and local channel services in the European and American markets when facing other international competitors, so as to build stronger core competitiveness. The Company is accelerating to become a global resource allocation company integrating local services in Europe and America, manufacturing based on industrial chains in Asia and R&D management in China.

## IV. Analysis of main business

### 1. Overview

During the reporting period, the total demand of the global tool market slowed down and the overall overseas product inventory was high, leading to a sharp decline in the gross sales. Due to inflation, the growth rate of the industry scale still increased, and online channels as well as some best-selling products provided good growth opportunities for the Company. The Company seized the opportunities and effectively guaranteed the unimpeded supply chains and order delivery with its innovation, supply chain integration and channel expansion abilities, achieving substantial growth in some new businesses and products. Online channels continued to grow at a high rate, and the Company's overall market share increased steadily. Meanwhile, drastic fluctuations in the CNY exchange rate and favorable changes in global logistics costs had a positive impact on the Company's profitability. During the reporting period, the Company achieved operating proceeds of CNY 12,610,189,600.00, up 15.48% year-on-year. In 2022, the Company's net profits attributable to shareholders of the Public Company were CNY 1,419,559,500.00, and the net profits attributable to shareholders of the Public Company after deducting non-recurring gains and losses were CNY 1,454,643,800.00, achieving a year-on-year growth rate of 35.50%. The performance of each business segment is as follows:

#### 1. Hand tools & storage

During the reporting period, the influence of the Company's own brands gradually improved, and the orders of some brands increased more than expected. The sales of the Company's own brands accounted for more than 40% for the first time. Besides, in the face of market changes, the product strategy was adjusted timely, and substantial growth was realized in some products, especially outdoor tools. The Company reinforced the development of markets in the Belt and Road countries and achieved some results in channel construction. The cross-border e-commerce business maintained a high growth rate while categories and product lines were constantly improved. The self-built stations of the Company's own brands were put into operation for the first time, and the channel expansion continued to deepen with improvements in online live-streaming channels as well as a continuous increase in the brand popularity and fan base. Combined with the development direction of

the Company, the export department took the initiative to analyze and tap the potential of customers. While ensuring the steady growth of main tool products, it actively sought opportunities for non-tool consumer goods and signed important purchase agreements for non-tool household goods.

The storage business achieved rapid growth, with new categories and products launched at an accelerated pace. The production bases in Thailand were fully put into operation, laying a foundation for further increasing the market share. Zhongshan Geelong took the initiative to adjust its own business strategy and achieved growth more than expected all year round. Lista, located in Europe, seized the opportunities of the market demand recovery in Europe and the rising import demand to maintain steady growth.

## 2. Power tools & laser measurement & power stations

During the reporting period, the Company obtained the purchase order confirmation of power tools from a large retail company for the first time after restarting the power tools business, reaching the ceiling for growth in the power tool business. It proactively adjusted the product supply according to market demand and gave priority to providing customers with heating equipment and home energy storage equipment, so as to meet consumers' immediate needs, extend the Company's product lines, and achieve significant breakthroughs especially in the home energy storage products. Moreover, the Company continued to innovate in power tool product lines for online channels, setting up an important channel for the power tool business.

For the laser measurement business, the focus is on new products and channel construction. Based on the readjusted brand positioning and business direction, the awareness of the Company's own brands and products was improved, and the new series of products launched obtained good market feedback. Besides, the Company opened up marketing channels based on short videos and expanded the online sales business scale. The laser radar business maintained rapid growth year on year, with increasing product application scenarios and channels, and the Company completed the iterative design of some products according to the changing needs of the industry and customers.

## 2. Revenue and costs

### (1) Composition of operating proceeds

Unit: CNY

	2022		2021		YOY increase or decrease
	Amount	Percentage in operating proceeds	Amount	Percentage in operating proceeds	
Total	12,610,189,590.33	100%	10,919,683,344.37	100%	15.48%
Business segment					
Tools and hardware	12,545,286,576.78	99.49%	10,849,925,564.41	99.36%	15.63%
Other operating proceeds	64,903,013.55	0.51%	69,757,779.96	0.64%	-6.96%
Product					
Hand tools & storage	10,004,744,537.61	79.34%	8,911,550,156.07	81.61%	12.27%
Power tools & laser measurement & power stations	2,540,542,039.17	20.15%	1,909,689,643.58	17.49%	33.03%
Personal protective equipment	0.00	0.00%	28,685,764.76	0.26%	-100.00%
Other operating proceeds	64,903,013.55	0.51%	69,757,779.96	0.64%	-6.96%

Region					
America	7,892,263,869.75	62.59%	7,521,994,025.83	68.88%	4.92%
Europe	3,296,852,123.29	26.14%	2,399,120,860.68	21.97%	37.42%
Others	634,667,980.89	5.03%	510,223,523.81	4.67%	24.39%
Domestic (China)	721,502,602.85	5.72%	418,587,154.09	3.83%	72.37%
Other operating proceeds	64,903,013.55	0.51%	69,757,779.96	0.64%	-6.96%
Sales model					
OBM	5,087,869,546.67	40.35%	3,836,999,428.09	35.14%	32.60%
ODM	7,457,417,030.11	59.14%	7,012,926,136.32	64.22%	6.34%
Other operating proceeds	64,903,013.55	0.51%	69,757,779.96	0.64%	-6.96%

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

☒ Applicable ☐ N/A

Unit: CNY

	Operating proceeds	Operating costs	Gross profit margin	YOY increase or decrease of operating proceeds	YOY increase or decrease of operating costs	YOY increase or decrease of gross profit margin
Business segment						
Tools and hardware	12,545,286,576.78	9,244,404,166.19	26.31%	15.63%	13.46%	1.40%
Product						
Hand tools & storage	10,004,744,537.61	7,332,189,779.90	26.71%	12.27%	9.84%	1.62%
Power tools & laser measurement & power stations	2,540,542,039.17	1,912,214,386.29	24.73%	33.03%	32.10%	0.53%
Region						
America	7,892,263,869.75	5,744,738,104.68	27.21%	4.75%	1.52%	2.32%
Europe	3,296,852,123.29	2,362,455,830.12	28.34%	37.42%	34.95%	1.31%
Sales model						
OBM	5,087,869,546.67	3,831,561,078.82	24.69%	32.60%	33.54%	-0.53%
ODM	7,457,417,030.11	5,412,843,087.37	27.42%	6.34%	2.47%	2.74%

In case of any adjustment in the statistical standards for the Company's main business data during the reporting period, the Company's main business data in the prior year based on the statistical standards adjusted at the end of the reporting period shall prevail

☐ Applicable ☒ N/A

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

☒ Yes ☐ No

Business segment	Item	Unit	2022	2021	YOY increase or
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					decrease
Tools and hardware	Sales volume	PCS	513,462,176	444,440,557	15.53%
	Production quantity	PCS	523,831,646	497,037,108	5.39%
	Inventory level	PCS	123,945,263	113,575,793	9.13%

Reasons for any year-on-year increase or decrease of relevant data by more than 30%

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

**(5) Composition of operating costs**

Business segment and product

Unit: CNY

Business segment	Item	2022		2021		YOY increase or decrease
		Amount	Percentage in operating costs	Amount	Percentage in operating costs	
Tools and hardware	/	9,244,404,166.19	99.76%	8,147,389,910.45	99.65%	13.46%
Other operating costs	/	22,518,138.56	0.24%	28,733,758.05	0.35%	-21.63%

Unit: CNY

Product	Item	2022		2021		YOY increase or decrease
		Amount	Percentage in operating costs	Amount	Percentage in operating costs	
Hand tools & storage	/	7,332,189,779.90	79.12%	6,675,528,068.48	81.65%	9.84%
Power tools & laser measurement & power stations	/	1,912,214,386.29	20.63%	1,447,529,390.12	17.70%	32.10%
Personal protective equipment	/	0.00	0.00%	24,332,451.85	0.30%	-100.00%
Other operating costs	/	22,518,138.56	0.24%	28,733,758.05	0.35%	-21.63%

Notes

None

**(6) Whether there was any change in the consolidation scope during the reporting period**

☒ Yes ☐ No

For details, see the notes in VIII, Section X.

**(7) Major changes or adjustments in the Company's business segments, products or services during the reporting period**□ Applicable ☒ N/A**(8) Major customers and suppliers**

## Major customers

Total sales revenue from the top five customers (CNY)	6,056,269,323.22
Proportion of the total sales revenue from the top five customers in the total annual sales revenue	48.03%
Proportion of the sales revenue from the affiliated parties thereof in the total annual sales revenue	0.00%

## Information of the Company's top five customers

No.	Name	Sales revenue (CNY)	Proportion in the total annual sales revenue
1	Customer 1	3,057,264,391.78	24.24%
2	Customer 2	1,578,675,477.75	12.52%
3	Customer 3	862,130,369.56	6.84%
4	Customer 4	346,410,830.38	2.75%
5	Customer 5	211,788,253.75	1.68%
Total	--	6,056,269,323.22	48.03%

## Other information on major customers

□ Applicable ☒ N/A

## Major suppliers

Total acquisition cost paid to the top five suppliers (CNY)	519,819,828.17
Proportion of the total acquisition cost paid to the top five suppliers in the total annual acquisition cost	5.61%
Proportion of the acquisition cost paid to the affiliated parties thereof in the total annual acquisition cost	0.00%

## Information of the Company's top five suppliers

No.	Name	Acquisition cost (CNY)	Proportion in the total annual acquisition cost
1	Supplier 1	163,104,790.91	1.76%
2	Supplier 2	96,702,638.71	1.04%
3	Supplier 3	95,133,654.01	1.03%
4	Supplier 4	89,906,569.94	0.97%
5	Supplier 5	74,972,174.60	0.81%
Total	--	519,819,828.17	5.61%

## Other information on major suppliers

□ Applicable ☒ N/A**3. Expenses**

Unit: CNY



	2022	2021	YOY increase or decrease	Reasons for any material change
Sales expenses	757,228,439.80	593,003,103.68	27.69%	Mainly attributable to the increase in personnel compensation, advertising and promotion expenses and office expenses
Administrative expenses	760,961,439.86	686,120,731.06	10.91%	Mainly attributable to the increase in personnel compensation
Financial expenses	-110,855,174.76	64,801,716.03	-271.07%	Mainly attributable to the increase in exchange earnings and interest income arising from the depreciation of CNY
R&D expenses	319,444,535.16	309,763,366.15	3.13%	

#### 4. R&D expenses

☒Applicable ☐ N/A

Item	Purpose	Progress	Expected goal	Expected impact on the Company's future development
R&D of two-axis laser level which can be directly traced to laser wavelength	To increase product functionality or improve performance	Completed	To achieve good economic benefits for the Company	To enhance the Company's market competitiveness
R&D of laser instrument which projects cross laser rays on four sides	To increase product functionality or improve performance	Completed	To achieve good economic benefits for the Company	To enhance the Company's market competitiveness
R&D of laser positioning level for continuous measuring and positioning	To increase product functionality or improve performance	Completed	To achieve good economic benefits for the Company	To enhance the Company's market competitiveness
R&D of integrated laser base assembly system technology for laser level	To increase product functionality or improve performance	Completed	To achieve good economic benefits for the Company	To enhance the Company's market competitiveness
R&D of multi-mode control laser level	To increase product functionality or improve performance	Completed	To achieve good economic benefits for the Company	To enhance the Company's market competitiveness
R&D of cross line laser which can realize the function of optical path alignment	To increase product functionality or improve performance	Completed	To achieve good economic benefits for the Company	To enhance the Company's market competitiveness
R&D of laser level for fixed-point horizontal marking at arbitrary distance	To increase product functionality or improve performance	Completed	To achieve good economic benefits for the Company	To enhance the Company's market competitiveness

R&D and application of new multifunction tool car	To develop new products	Completed	To cut down on labor	To increase product lines
Development and application of a high-strength PC alloy in toolbox	To improve functionality or performance	Completed	To ensure product stability	To increase product lines
R&D and application of high-performance antibacterial dust-proof coating materials	To improve functionality or performance	Completed	To ensure product stability	To increase product lines
R&D of high-efficiency wireless charging technology in the application scenarios of power tools and cabinet products	To improve functionality or performance	Uncompleted	To ensure product stability	To increase product lines
R&D and application of intelligent storage system	To improve functionality or performance	Completed	To ensure product stability	To increase product lines
Development and application of leak-proof RFID technology in cabinet products	To develop new products	Uncompleted		To increase product lines
Development and application of multi-station intelligent toolbox production lines	To improve functionality or performance	Completed	To ensure product stability	To increase product lines
Development and application of multi-dimensional intelligent bending machine in toolbox products	To improve functionality or performance	Completed	To ensure product stability	To increase product lines
Application of nano-level spraying technology in toolbox	To improve functionality or performance	Completed	To ensure product stability	To increase product lines
R&D and application of intelligent combination lock in combined cabinets	To improve functionality or performance	Uncompleted	To ensure product stability	To increase product lines
R&D of cable cutters with aluminum handles and replaceable blades	To make it easier to cut cables than traditional products	Completed	To save the labor by 20%	To increase product lines
R&D of copper pipe cutter for ratchets	To resolve the problem of cutting copper pipes in a narrow space	Completed	To enable cutting copper pipes in a narrow space	To increase product lines
R&D of dredging device with a steerable grip	To facilitate driving hand-held and switchable power tools	Completed	To make it available for both hand and power tools	To increase product lines
R&D of multi-angle functional scissors with two-color handles	To cut plates at different angles	Completed	To cut materials at several fixed angles	To increase product lines
R&D of portable multifunction straight plate cutter	To develop portable and multifunction cutters	Completed	To develop small and portable cutters with wrenching function	To increase product lines
R&D of multi-specification ratchet wrench with large torque	To resolve the limitations on the application of traditional ratchet wrenches	Completed	To realize the rotation of ratchet wrenches at multiple angles	To increase product lines
R&D of fine crystal	To increase product	Completed	To achieve	To increase the

tandem rolling and hardening technology and its application in grid products	functionality or improve performance		breakthroughs in existing products and processes	Company's profits
Application of fully automatic integrated drawer molding process in toolbox	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
R&D of power lithium battery packs for BMS integrated control system and their application in power tools	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Research and application of key technologies of multi-mode 3D laser imaging for large-space and high-definition natural scenes – R&D of a laser ranging module with imaging function	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Application of PU foaming materials in cutting tools	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Application of 304 antibacterial materials containing copper in cutting tools	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Development of anti-hydrogen embrittlement high-strength vacuum chrome-plated screwdriver	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Feasibility research on high-power COB integrated light source module	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Application of wireless and PD fast chargers in POWER-BANK	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Research and application of key technologies of multi-mode 3D laser imaging for large-space and high-definition natural scenes – R&D of high-definition laser ranging products based on 12V lithium battery pack platform	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
R&D and application of high-performance polypropylene materials	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
R&D of fluorinated	To increase product	Completed	To achieve	To increase the

coatings and their application in the tool industry	functionality or improve performance		breakthroughs in existing products and processes	Company's profits
R&D of nail guns with quick-change clips	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
R&D of screw bits based on "polymer magnetic composite materials"	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Application of high wear-resistant super-hydrophobic composite coating in lighting products	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
R&D of energy recovery for high-speed screwdrivers	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Application of adaptive control processing technology in hand tool products	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Application of residual heat quenching process of hot rolled alloy steel in tool products	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Design of precision, complex and long-life injection mold based on the control volume method	To increase product functionality or improve performance	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
Intelligent storage SAAS cloud management platform	To increase labor productivity	Completed	To meet the needs of multi-mode business expansion	To increase the Company's profits
Lean supply chain business system software – lean supply chain system for domestic trade	To increase labor productivity	Completed	To meet the needs of multi-mode business expansion	To increase the Company's profits
R&D and industrialization of high-resolution 3D vision sensors with a wide imaging range	To increase product functionality or improve performance	Duration: 2022.07-2023.12	To achieve breakthroughs in existing products and processes	To increase the Company's profits
R&D of high-power and high-precision 3D laser building instrument platform	To increase the added value of products	Completed	To develop new customers and increase revenue	To enrich product lines
R&D of panoramic real-time indoor and outdoor removable space laser measuring instrument	To increase the added value of products	Completed	To develop new customers and increase revenue	To increase product lines
R&D on integration of long-distance laser ranging technology and cross line laser	To improve production efficiency and develop products in a new mode of operation	In progress	To reduce labor and improve construction efficiency	To innovate in products and fill the gaps in the market
R&D of large-angle and	To develop a high-precision	In progress	To develop a platform	To innovate in

high-precision attitude control sensors for laser measuring instrument	and high-value innovative technology		technology and new customers	platforms and fill the gaps in the market
R&D of high-precision panoramic 3D laser imaging system based on single-photon array	Application of full-waveform measurement technology	In progress	To develop a platform technology for laser products	To innovate in platforms and increase the added value of products
R&D of folding trolley	To develop new products	Completed	To mass-produce new products	To increase income
R&D of multifunction combined gas furnace	To develop new products	Completed	To mass-produce new products	To increase income
Demountable service cart for barbecue	To develop new products	Uncompleted	To mass-produce new products	To increase income
R&D of environmental waste sorting and recycling bins	To develop new products	Completed	To mass-produce new products	To increase income
R&D of storage bins	To develop new products	Uncompleted	To mass-produce new products	To increase income
Folding miter saw bracket	To develop new products	Uncompleted	To mass-produce new products	To increase income
Practical application of general-purpose dual power supply system with dry lithium battery in lamps and lanterns	To raise the technical requirements of products	Completed	To increase the output value	To increase the Company's profits
Technical solution of LED applied in flexible light strips	To raise the technical requirements of products	Completed	To increase the output value	To increase the Company's profits
Application of wireless bluetooth interconnection technology in lamps and lanterns	To raise the technical requirements of products	Completed	To increase the output value	To increase the Company's profits
R&D and application of laser sensor module for intelligent equipment – 01 development of special-purpose laser sensor chip	To improve the technological process	Completed	To increase sales	To increase the Company's profits
R&D and application of laser sensor module for intelligent equipment – 02 development of opto-mechatronics module	To improve the technological process	Completed	To increase sales	To increase the Company's profits
R&D and application of laser sensor module for intelligent equipment – 03 development of algorithms matching application scenarios	To improve the technological process	Completed	To increase sales	To increase the Company's profits
R&D and application of laser sensor module for intelligent equipment – 04 development of intelligent laser sensor	To improve the technological process	Completed	To increase sales	To increase the Company's profits
R&D and application of laser sensor module for intelligent equipment – 05 development of new	To improve the technological process	Completed	To increase sales	To increase the Company's profits



intelligent measuring tools				
RD11 – safety-certified single-channel scanning and sensing laser detection device	To develop new products and improve production efficiency	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
RD12 – miniaturized mid- and long-range single-channel multi-angle scanning and sensing laser detection device	To develop new products and improve production efficiency	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
RD13 – phase-type long-range single-point laser sensor detection device	To develop new products and improve production efficiency	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
RD14 – multi-step laser-receiving single-channel scanning and sensing laser detection device	To develop new products and improve production efficiency	Completed	To achieve breakthroughs in existing products and processes	To increase the Company's profits
RD15 – large-sized multi-channel multi-reflection light path scanning and sensing laser detection device	To develop new products and improve production efficiency	2022.1.1-2023.12.31	To achieve breakthroughs in existing products and processes	To increase the Company's profits
RD16 – heavy multi-channel 3D space scanning and sensing laser detection device	To develop new products and improve production efficiency	2022.1.1-2023.12.31	To achieve breakthroughs in existing products and processes	To increase the Company's profits
RD17 – lightweight ultra-small close-range multi-angle scanning and sensing laser detection device	To develop new products and improve production efficiency	2022.1.1-2023.12.31	To achieve breakthroughs in existing products and processes	To increase the Company's profits
R&D of six-claw energy-efficient quick ratchet wrenches	To independently develop new product prototypes or sample products	Completed	To develop new products	To increase revenue from product sales
R&D of aerospace double-ended ring spanner	To make general improvements for existing products and processes	Completed	To increase product functionality or improve performance	To increase revenue from product sales
R&D of toothed socket ratchet wrench	To make general improvements for existing products and processes	Completed	To increase product functionality or improve performance	To increase revenue from product sales
R&D of triple-purpose wrench	To make general improvements for existing products and processes	Completed	To increase product functionality or improve performance	To increase revenue from product sales
R&D of new water pipe wrench	To independently develop new technologies, processes or construction methods	Completed	To develop new products	To increase revenue from product sales
R&D of eight-in-one dog-bone-shaped wrench	To independently develop new technologies, processes or construction methods	Uncompleted	To develop new products	To increase revenue from product sales
Ratchet wrench tester	To independently develop new technologies, processes or construction methods	Completed	To improve product quality	To improve product quality
Assembly machine for ratchet retainer ring	To independently develop new technologies, processes or construction methods	Completed	To increase labor productivity	To increase labor productivity

R&D of numerically-controlled pressing process	To independently develop new technologies, processes or construction methods	Completed	To increase labor productivity	To increase labor productivity
Improvement and application of reverse nail pulling process	To enhance the market competitiveness of products	Completed	To increase production and output value	To increase product lines
Hammer handle spacing lengthening and appearance upgrading process and its application	To enhance the market competitiveness of products	Completed	To increase production and output value	To increase product lines
One-time forging and handle upgrading process and its application	To enhance the market competitiveness of products	Completed	To increase production and output value	To increase product lines
Torsion and tension reinforcement process of brick trowel handle and its application	To enhance the market competitiveness of products	Completed	To increase production and output value	To increase product lines
Development of automatic loading and unloading process for grinding teeth of saws based on robot technology	To improve work efficiency and reduce labor costs	Completed	To reduce labor	To save the cost
Research on single-edge sharpening process of pipe cutter based on five-axis CNC machining technology		Completed	To shorten the time and improve the product accuracy	To improve product quality and win more customers
R&D of multi-station toothed process of hand cutter		Completed	To shorten the time and improve the efficiency	To shorten the production time
R&D of NC precision single-sided grinding process of plastering trowel		Completed	To improve the product accuracy	To improve product quality and win more customers
Development of semi-automatic riveting technology for pipe cutter holder		Completed	To reduce labor and improve product accuracy	To save the cost and improve product quality
Research on file cutting tools		Completed	To increase the product functionality	To develop new products and sales growth points
Research on pipe wrench with opening size adjustable quickly according to the outer pipe diameter		Completed	To increase the product functionality	To develop new products and sales growth points
Development and industrialization of DLC film coating strengthening tool		In progress	To develop new coating technologies	To improve product quality and add new products
Development of 3-axis technology upgrade to 4-axis technology for machining center		In progress	To improve the machining precision, simplify the process and improve the production efficiency	To shorten the production time
R&D of saw tooth dividing machine		In progress	To realize automatic machine feeding and	To save the cost

			reduce the labor	
Research on automatic polishing technology of plastering tools		In progress	To realize fully automatic processing and reduce the dependency on labor	To save production costs and improve product quality
R&D of automatic feeding technology of wire stripper for manipulator polishing and forging	To improve work efficiency and reduce labor costs	In progress	To reduce labor	To save the cost
Development of automatic feeding technology for stamping parts	To improve work efficiency and reduce labor costs	In progress	To reduce labor	To save the cost
R&D and industrialization of high-resolution 3D vision sensors with a wide imaging range		In progress	R&D of 3D vision sensor	To add new products
Research on multi-station automatic welding process of shelf brackets	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase product lines
Research on high-peel-strength thermoplastic elastomer for nylon handle cladding of hand tools and its application	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase the application highlights of corresponding products, improve the Company's technical strength, promote other products and enhance the Company's overall competitiveness
Technical research on production lines for high-efficiency stamping of stainless steel plates for putty knives	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase the application highlights of corresponding products, improve the Company's technical strength, promote other products and enhance the Company's overall competitiveness
Research on forming process of low-shrinkage polypropylene composite filled with calcium carbonate and plastic parts	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase the application highlights of corresponding products, improve the Company's technical strength, promote other products and enhance the Company's overall competitiveness
PLC-based manipulator-operated material taking and feeding system for screwdriver bits	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To improve the adhesion strength of product cladding. To decrease the scrap rate.
Multi-specification injection mould for screwdriver bits based on rapid positioning technology	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To improve the adhesion strength of product cladding. To decrease the scrap rate.

Research on manufacturing process of folding prefabricated plastic operating table for woodworking decoration	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To improve the adhesion strength of product cladding. To decrease the scrap rate.
Fine blanking die sets of nitrogen spring type and fine blanking of impact parts	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase product lines
Research on multi-station automatic welding technology and equipment	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase product lines
Precision mold for rapid prototyping and extruding of aluminum alloy with uneven wall thickness	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase product lines
Design and development of continuous precision punching process and mold for stepless quick-clamp high-carbon steel	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase product lines
Drive circuit with a hand-held power bank and multiple LED functions	To realize various functions, make products portable, as well as save energy and electricity	Uncompleted	To realize various functions, make products portable, as well as save energy and electricity	To increase product lines
R&D of LED lamps with portable bluetooth speakers	To realize various functions, make products portable, as well as save energy and electricity	Completed	To realize various functions, make products portable, as well as save energy and electricity	To increase product lines
R&D of integrated continuous die forging technology for sheet metal parts	To improve production efficiency and reduce labor costs	Completed	To cut down on labor	To increase product lines
R&D of fully automatic assembly technology for L-shaped angle square	To increase labor productivity	Completed	To reduce labor	To further promote automatic production
R&D of automatic assembly technology for angle square	To increase product functionality or improve performance	Completed	To reduce labor and ensure quality stability	To further promote automatic production
Research on the engine guarantee technology for yacht consignment	To develop new products	Completed	To promote new products and technologies	To expand product lines
Development of key technologies of multifunction laser level	To increase product functionality or improve performance	Completed	To increase the output value	To expand product lines
Development of key technologies of display stand for fishing rods	To increase product functionality or improve performance	Completed	To increase the output value	To expand product lines
R&D of fully automatic dispensing and assembly technology of level production line	To increase labor productivity	Completed	To reduce labor and ensure quality stability	To further promote automatic production
Development of several key technologies of file cutting	To develop new products	Product design-drawing completed	To increase the output value	To expand product lines

R&D of folding trolley	To develop new products	Completed	To mass-produce new products	To increase income
R&D of multifunction combined gas furnace	To develop new products	Completed	To mass-produce new products	To increase income
Demountable service cart for barbecue	To develop new products	Uncompleted	To mass-produce new products	To increase income
R&D of environmental waste sorting and recycling bins	To develop new products	Completed	To mass-produce new products	To increase income
R&D of storage bins	To develop new products	Uncompleted	To mass-produce new products	To increase income
Folding miter saw bracket	To develop new products	Uncompleted	To mass-produce new products	To increase income
R&D of adjustable wrenches with helical teeth	To nearly double the torque of adjustable wrenches	Trial production	To improve product performance	To obtain stable market orders
R&D of SK-type plier tools	To achieve quick shift and increase the torque	Trial production	To improve product performance	To obtain stable market orders

#### R&D employees

	2022	2021	Turnover
Number of R&D employees (person-time)	1,099	978	12.37%
As (%) in the total number of the Company's employees	10.41%	9.07%	1.34%
Educational background structure of R&D employees			
Undergraduate	408	361	13.02%
Master's degree	24	20	20.00%
Age structure of R&D employees			
Under 30	178	141	26.24%
30-40	599	378	58.47%

#### R&D expenses

	2022	2021	Turnover
R&D expenses (CNY)	319,444,535.16	309,763,366.15	3.13%
As (%) in the operating proceeds	2.53%	2.84%	-0.31%
Capitalized R&D expenses (CNY)	0.00	0.00	0.00%
As (%) in the R&D expenses	0.00%	0.00%	0.00%

Reasons for the significant changes in R&D employees and their impacts

☐ Applicable ☒ N/A

Reasons for the significant changes in the proportion of the total R&D expenses in the operating proceeds compared with prior year

☐ Applicable ☒ N/A

Reasons for and reasonable explanation of the significant changes in capitalized R&D expenses

☐ Applicable ☒ N/A



## 5. Cash flows

Unit: CNY

Item	2022	2021	YOY increase or decrease
Sub-total of cash inflows from operating activities	13,850,370,894.60	11,353,982,165.74	21.99%
Sub-total of cash outflows from operating activities	12,218,534,252.21	11,335,349,996.07	7.79%
Net cash flows from operating activities	1,631,836,642.39	18,632,169.67	8,658.17%
Sub-total of cash inflows from investing activities	345,733,789.20	576,965,254.73	-40.08%
Sub-total of cash outflows from investment activities	860,100,111.16	1,790,034,046.53	-51.95%
Net cash flows from investment activities	-514,366,321.96	-1,213,068,791.80	-57.60%
Sub-total of cash inflows from financing activities	4,690,798,053.76	4,415,766,206.58	6.23%
Sub-total of cash outflows from financing activities	5,300,549,759.79	2,884,992,006.99	83.73%
Net cash flows from financing activities	-609,751,706.03	1,530,774,199.59	-139.83%
Net increase in cash and cash equivalents	792,240,939.29	270,923,023.10	192.42%

Main influencing factors of the significant year-on-year changes in relevant data

☒ Applicable ☐ N/A

The net cash flows from operating activities increased by 8,658.17% year on year, mainly due to the substantial increase in cash received from sales of goods and provision of services.

The net cash flows from investing activities increased by 57.60% year on year, mainly due to the decrease in the net cash paid by subsidiaries and other business units in the current year compared to the prior year.

The net cash flows from financing activities decreased by -139.83% year-on-year, mainly due to the increase in cash payments for debt service.

Reasons for the significant differences between the net cash flows from the Company's operating activities and the net profits for the current year during the reporting period

☐ Applicable ☒ N/A

## V. Analysis of non-core business

☐ Applicable ☒ N/A

## VI. Analysis of assets and liabilities

### 1. Material changes in composition of assets

Unit: CNY

	As at the end of 2022		As at the beginning of 2022		Change in percentage	Reasons for any material change
	Amount	Percentage in total assets	Amount	Percentage in total assets		
Monetary assets	4,863,206,182.40	26.18%	4,033,707,240.16	23.31%	2.87%	
Accounts receivable	1,896,685,590.11	10.21%	1,798,265,505.53	10.39%	-0.18%	
Inventories	2,812,572,525.68	15.14%	2,835,777,996.84	16.39%	-1.25%	
Investment real estate property	122,158,556.01	0.66%	127,058,966.69	0.73%	-0.07%	
Long-term equity investment	2,544,523,517.55	13.70%	2,353,942,699.80	13.60%	0.10%	
Fixed assets	1,518,902,232.96	8.18%	1,494,547,487.29	8.64%	-0.46%	
Construction in progress	304,599,362.46	1.64%	113,750,851.49	0.66%	0.98%	
Right-to-use assets	417,129,361.41	2.25%	411,722,761.66	2.38%	-0.13%	
Short-term loans	1,379,062,713.11	7.42%	1,806,901,201.39	10.44%	-3.02%	Mainly attributable to the decrease in loans caused by the rise in market interest rate of USD loans
Contractual liabilities	131,898,420.14	0.71%	91,235,951.19	0.53%	0.18%	
Long-term loans	798,604,951.84	4.30%	1,015,445,732.07	5.87%	-1.57%	
Lease liabilities	318,221,349.99	1.71%	289,196,511.02	1.67%	0.04%	
Other amounts payable	21,198,376.32	0.11%	676,502,987.21	3.91%	-3.80%	Mainly attributable to the repayment of funds borrowed from affiliated parties

The overseas assets account for a relatively high proportion

☒Applicable ☐ N/A

Item	Reason for formation	Size	Location	Operation mode	Control measures to ensure the safety of	Profitability	Proportion of overseas assets in the	Whether there is a material impairment
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					assets		Company's net assets	risk
100% shares of Lista Holding AG	Share acquisition	20,607.23 (Unit: CNY 10,000)	Switzerland	Independent accounting	Financial supervision and commissioned external audit	Profitable	1.51%	No
100% shares of Arrow Fastener Co., LLC	Share acquisition	46,131.71 (Unit: CNY 10,000)	USA	Independent accounting	Financial supervision and commissioned external audit	Profitable	3.39%	No

## 2. Assets and liabilities measured at fair value

☒ Applicable ☐ N/A

Unit: CNY

Item	Opening balance	Changes in fair value recognised in profit or loss for the current period	Cumulative changes in fair value recognised in equity	Provision for impairment in the current period	Purchase amount in the current period	Sales amount in the current period	Other changes	Closing balance
<b>Financial assets</b>								
1. Held-for-trading financial assets (excluding derivative financial assets)	0.00				188,000.00	128,000.00		60,000,000.00
2. Derivative financial assets	4,330,070.00	5,900,034.24			5,162,396.75	2,374,061.48		10,230,104.24
4. Investments in other equity instruments	16,550,000.00							16,550,000.00
Sub-total of financial assets	20,880,070.00	5,900,034.24	0.00	0.00	5,350,396.75	2,502,061.48	0.00	86,780,104.24
Total	20,880,070.00	5,900,034.24	0.00	0.00	5,350,396.75	2,502,061.48	0.00	86,780,104.24
Financial liabilities	978,031.91	-47,435,678.38						48,413,710.29

Other changes

N/A

Whether there is a significant change in the measurement attribute of the Company's main assets during the reporting period

☐Yes ☒No**3. Restricted assets rights as at the end of the reporting period**

Item	Book value as at the end of the reporting period (Unit: CNY)	Reason for restriction
Monetary assets	33,448,671.74	Guarantee deposits for future foreign exchange settlement
Monetary assets	20,893,800.00	Guarantee deposits for short-term loans
Monetary assets	6,616,370.00	Guarantee deposits for letters of credit
Monetary assets	7,384,067.19	Guarantee deposits for bank acceptance bills
Monetary assets	1,393,093.00	Customs guarantee deposits
Monetary assets	43,000.00	Guarantee deposits for ETC
Fixed assets	27,776,638.39	Used as collateral for drawing bank acceptance bills
Fixed assets	10,003,152.72	Used as collateral for bank loans
Intangible assets	2,046,633.50	Used as collateral for drawing bank acceptance bills
Intangible assets	1,385,386.53	Used as collateral for bank loans
100% shares of Arrow Fastener Co., LLC (Note)	481,723,419.57	Used as collateral for bank loans
Total	592,714,232.64	

(Note): The 100% shares of Arrow Fastener Co., LLC are the book balance of net assets as at the end of the reporting period

**VII. Analysis of investment situation****1. General situation**☒Applicable ☐N/A

Investment in the reporting period (CNY)	Investment in the same period of prior year (CNY)	Change
1,529,848,856.93	1,123,031,335.02	36.22%

**2. Significant equity investments acquired during the reporting period**☒Applicable ☐N/A

Unit: CNY

Name of the investee	Main business	Investment mode	Amount of investment	Shareholding ratio	Source of funds	Partner	Term of investment	Product type	Progress as of the balance sheet date	Projected income	Profit or loss from investments in the current period	Whether it is involved in a lawsuit	Date of disclosure (if any)	Index of disclosure (if any)
Hangzhou GreatStar Garden Tools Co., Ltd.	Agricultural scientific research and experimental development;	Newly established	698,610,000.00	100.00%	Self-owned funds	/	Long-term	Long-term equity investment	Established and completed	-2,317,343.88	-2,317,343.88	No	December 17, 2022	Announcement No.: 2022-093
Hangzhou GreatStar Energy Co., Ltd.	Battery manufacturing; atomic power equipment manufacturing based on new energy	Newly established	349,305,000.00	100.00%	Self-owned funds	/	Long-term	Long-term equity investment	Established and completed	-1,158,671.94	-1,158,671.94	No	September 24, 2022	Announcement No.: 2022-067
Zhongshan Jilong Import and Export Trade Co., Ltd.	Wholesale of hardware products; import and export of goods	Newly established	21,065,000.00	100.00%	Self-owned funds	/	Long-term	Long-term equity investment	Established and completed	2,035,695.77	2,035,695.77	No		
Zhejiang Shiwanke	Household appliance	Newly established	10,000,000.00	100.00%	Self-owned fund	/	Long-term	Long-term equity	Established and comp	-1,036,552.73	-1,036,552.73	No		



Electri c Applia nce Co., Ltd.	manuf acturi ng				s			inves tment	leted					
Total	--	--	1,07 8,98 0,00 0.00	--	--	--	--	--	--	- 2,476 ,872. 78	- 2,476 ,872. 78	--	--	--

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

☒ Applicable ☐ N/A

Unit: CNY

Item	Invest ment mode	Wheth er it is a fixed asset invest ment	Relate d industr y	Amou nt investe d in this reporti ng period	Actual invest ment amoun t accum ulated as at the end of the reporti ng period	Source of funds	Progre ss	Project ed incom e	Accum ulated incom e realize d as at the end of the reporti ng period	Reaso ns for failure to compl ete the planne d schedu le and realize the project ed incom e	Date of disclos ure (if any)	Index of disclos ure (if any)
Annua l output of 550,00 0 sets of laser sensor modul es	Self- built	Yes	Laser measur ement	12,024 ,283.0 2	39,960 ,000.0 0	Raised funds	40.00 %	0.00	0.00	/		
Phase- I factory constr uction of GreatS tar Intellig ent Equip ment Co., Ltd. in	Self- built	Yes	Hand tools	68,380 ,874.8 1	92,216 ,998.5 9	Raised funds	92.00 %	0.00	0.00	/		

Vietnam												
Intelligent factory with an annual output of 1 million sets of new power tools	Self-built	Yes	Power tools	19,200,447.56	3,749,200.00	Raised & Self-owned funds	23.00 %	0.00	0.00	/		
Construction of toolboxes production bases in Thailand	Self-built	Yes	Toolboxes	11,233,233.87	116,493,835.50	Raised and self-owned funds	97.00 %	0.00	0.00	/		
Total	--	--	--	110,838,839.26	252,420,034.09	--	--	0.00	0.00	--	--	--

#### 4. Investments in financial assets

##### (1) Securities investment

☐ Applicable ☒ N/A

There is no securities investment in the reporting period.

##### (2) Investment in derivatives

☒ Applicable ☐ N/A

##### 1) Investment in derivatives for the purpose of hedging during the reporting period

☒ Applicable ☐ N/A

Unit: CNY 10,000

Type	Initial investment amount	Changes in fair value recognised in profit or loss for the current period	Cumulative changes in fair value recognised in equity	Purchase amount in the current period	Sales amount in the current period	Closing amount	Proportion of the closing amount in the Company's net assets as at the end of the reporting
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							period
Future exchange	28,062.46	-4,139.28	0	516,239.68	237,406.15	306,895.99	22.53%
Total	28,062.46	-4,139.28	0	516,239.68	237,406.15	306,895.99	22.53%
Reasons for the significant changes in the accounting policies and specific accounting principles of hedging business during the reporting period compared to the same period of prior year	Unchanged						
Realized gains and losses during the reporting period	The gains or losses from investment in derivatives recognised during the reporting period are CNY - 25,565,069.36.						
Description of the effect of hedging	During the reporting period, the Company adhered to the principle of exchange rate risk-neutral and signed forward exchange contracts as hedging tools according to the amount of foreign exchange based on the sales forecasts as well as the target cost of exchange rate, with the delivery time and the agreed delivery amount matching the predicted amount cashed, so as to avoid the risks caused by exchange rate fluctuations. During this report period, the changes of hedging tools in cash flows could offset the changes of the hedged items in cash flows caused by the risk of exchange rate fluctuations, which met the hedging effectiveness requirements and achieved the hedging target.						
Source of funds for investment in derivatives	Self-owned funds						
Position risk analysis and control measures of derivatives during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>1. Market risk: The changes in the international and domestic economic conditions may cause large fluctuations in the exchange rate, so forward exchange transactions will face certain market risks. The Company's forward exchange transactions are to lock in the settlement or sale price of foreign exchange and reduce the impact of exchange rate fluctuations on the Company's profits. The Company will closely track exchange rate changes and determine the plan to sign forward exchange contracts based on the target exchange rate for transactions, the research and judgment of foreign exchange rate trends, as well as the Company's forecasts of foreign exchange payment and ability to withstand price changes caused by exchange rate fluctuations, while implementing dynamic management on transactions to ensure a reasonable profit level.</p> <p>2. Liquidity risk: All foreign exchange transactions of the Company are based on reasonable estimates of the Company's future imports and exports to meet the needs of transaction authenticity.</p> <p>3. Bank default risk: If the cooperative bank closes down or any other defaults occur during the term of the contract, the Company will not be able to deliver the original foreign exchange contract at the contract price, resulting in the risk of uncertain returns. Therefore, the banks that the Company chooses to carry out foreign exchange transactions with include the five major state-owned banks, Chinese-funded banks such as China Merchants Bank, and foreign-funded banks such as HSBC and Standard Chartered Bank. These banks have strong strength and stable operations, and the risk of their closedown that may bring losses to the Company is very low.</p>						

	<p>4. Operational risk: The Company's forward exchange transactions may cause related risks due to improper operation of handling personnel. The Company has formulated relevant management systems and specified the operating procedures and responsible persons, which is conducive to preventing and controlling risks.</p> <p>5. Legal risk: Legal disputes may arise when the Company conducts forward exchange transactions and signs ambiguous contracts or agreements with banks on relevant transactions. The Company will legally strengthen the review of relevant contracts and choose banks with good credit to carry out such transactions, so as to control risks.</p>
For the changes in the market prices of the invested derivatives or the fair values of products during the reporting period, the analysis of the fair values of derivatives shall disclose the specific method used and the setting of relevant assumptions and parameters	<p>The gains or losses from changes in fair value recognised during the reporting period are CNY -41,392,762.63. The fair values of derivatives are measured with the notice of valuation given by banks and securities companies as a reasonable estimate of the fair value.</p>
Whether it is involved in a lawsuit (if applicable)	N/A
Date of announcement of the Board Meeting on approval of investment in derivatives (if any)	April 12, 2022
Date of announcement of the Shareholders' Meeting on approval of investment in derivatives (if any)	May 10, 2022
Independent directors'	The Company carries out foreign-exchange derivative transactions, which meets the needs of the Company's actual operation and can reduce the impact of exchange rate fluctuations on the Company's profits to a certain

special opinions on the Company's investment in derivatives and risk control	extent. The Company has established the Management System of Foreign-exchange Derivative Transactions and effective risk control measures in accordance with relevant laws and regulations. We agree upon the Company's proposal to conduct foreign-exchange derivative transactions in 2022.
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## 2) Investment in derivatives for speculation purposes during the reporting period

☐ Applicable ☒ N/A

There is no investment in derivatives for speculation purposes during the reporting period.

## 5. Use of raised funds

☒ Applicable ☐ N/A

### (1) Overall use of raised funds

☒ Applicable ☐ N/A

Unit: CNY 10,000

Year of fund-raising	Mode of fund-raising	Total funds raised	Total funds used during the current period	Total accumulated funds used	Total funds repurposed during the reporting period	Total accumulated funds repurposed	Proportion of the total accumulated funds repurposed	Total funds unused	Use and whereabouts of funds unused	Amount of funds that have been idle for more than two years
2020	Issue of convertible bonds	97,260	20,275.42	74,006.34	0	13,494.42	13.87%	25,991.94	Deposited in a special fund raising account	0
Total	--	97,260	20,275.42	74,006.34	0	13,494.42	13.87%	25,991.94	--	0

#### Overall use of raised funds

According to the Reply on Approval of Public Issue of Convertible Bonds for Hangzhou GreatStar Industrial Co., Ltd. (ZJXK (2019) No. 2656) from CSRC, the Company is authorized to issue convertible bonds not exceeding CNY 972,600,000.00. CITIC Construction Securities Co., Ltd., the lead underwriter, shall give priority to the original shareholders of the Company for placement, and the remaining part after the original shareholders' priority placing (including the part waived by the original shareholders) shall be issued to public investors via the Internet. The part whose subscription amount is less than CNY 972,600,000.00 shall be exclusively sold by the lead underwriter. The Company actually issued 9,726,000 convertible bonds, each with a face value of CNY 100.00, raising a total of CNY 972,600,000.00. After deducting the underwriting and sponsor fees of CNY 5,188,679.25 (excluding tax), the raised funds reached CNY 967,411,320.75. These funds have been remitted by CITIC Construction Securities Co., Ltd., the lead underwriter, to the Company's supervision account for raised funds on July 2, 2020. In addition, after deducting the underwriting and sponsor fees, audit and capital verification fees, attorney fees, credit rating fees, information disclosure fees for this issue, lottery fees, bond issuance registration fees and other external expenses directly related to the issue of convertible bonds, with a total of CNY 2,289,867.92, the Company raised a net of CNY 965,121,452.83. The above raised funds have been verified by Pan-China Certified Public Accountants LLP (Special General Partnership) with the Verification Report issued (TJY (2020) No. 244).



As of December 31, 2022, the Company has invested a total of CNY 740,063,400.00 in the raised funds. The net income from interest on funds is CNY 34,052,300.00, and the gains or losses from exchange of financial expenses are CNY 809,000.00. As of December 31, 2022, the account balance of the raised funds is CNY 259,919,400.00.

## (2) Commitments of raised funds

☒ Applicable ☐ N/A

Unit: CNY 10,000

Committed investments and over-raised funds	Whether there is any change (including partial changes)	Total committed investments of raised funds	Total investments adjusted (1)	Amount invested in this reporting period	Cumulative investments as at the end of the reporting period (2)	Progress as at the end of the reporting period (3) = (2)/(1)	Date of achieving the conditions for intended use	Benefits realized during this reporting period	Whether the expected benefits are achieved	Whether there is any significant change in the feasibility
Committed investments										
Laser measuring instrument and smart home appliance production base construction	No	20,426	20,426	8,368.39	16,962.59	83.04%	December 31, 2023		N/A	No
Toolbox production base construction	Yes	26,776	13,281.58	0	13,281.58	100.00%		2,311.3	N/A	Yes
Intelligent warehousing and logistics base construction	No	22,542.15	22,542.15	246.87	7,717.06	34.23%	December 31, 2023		N/A	No
R&D center construction	No	7,768	7,768	3,538.33	3,550.69	45.71%	December 31, 2023		N/A	No
Capital increase of subsidiaries and acquisition of the	No		13,494.42	8,121.83	13,494.42	100.00%	July 2, 2021	27,026.69	N/A	No

100% shares of Geelong Holdings Limited held by Geelong Orchid Holdings Ltd										
Sub-total of committed investments	--	77,512.15	77,512.15	20,275.42	55,006.34	--	--	29,337.99	--	--
Over-raised funds										
N/A										
Addition al working capital (if any)	--	19,000	19,000		19,000	100.00%	--	--	--	--
Sub-total of over-raised funds	--	19,000	19,000		19,000	--	--		--	--
Total	--	96,512.15	96,512.15	20,275.42	74,006.34	--	--	29,337.99	--	--
Failures to complete the planned schedule and realize the projected income and their respective reasons (including the reasons for N/A as to whether the expected benefits are	<p>I. The reasons why the Company's investments of raised funds did not reach the planned schedule are as follows:</p> <p>1. The subjects of implementation for laser measuring instrument and smart home appliance production base construction are the Company's wholly-owned sub-subsidiary, Haining GreatStar Intelligent Equipment Co., Ltd., as well as wholly-owned subsidiaries, GreatStar Intelligent Equipment Co., Ltd. in Vietnam and Hangzhou GreatStar Tools Co., Ltd. The implementation sites are located in Lianhang Economic and Technological Development Zone, Haining City, Zhejiang Province, Nanjianqiao Industrial Zone, Shuiyuan County, Haiphong City, Vietnam, and HZGC Lot 26 (2020), Jianggan District, Hangzhou City. The project was originally scheduled to be completed on December 31, 2022. During the implementation of the project, the Company was restricted by the shortage of global shipping capacity in 2021 and the first half of 2022, and some raw materials and equipment could not be timely delivered to Vietnam. The COVID-19 pandemic affected the construction progress of the project to a certain extent, resulting in the delay of the completion time of the project. In order to better implement this project and ensure the maximization of project benefits, the 29th Meeting of the 5th Session of Board of Directors and the 1st Extraordinary General Meeting of Shareholders of the Company in 2023 approved the extension of the project implementation period to December 31, 2023.</p> <p>2. The subject of implementation for intelligent warehousing and logistics base construction is the Company's wholly-owned sub-subsidiary, Haining GreatStar Intelligent Equipment Co., Ltd. The implementation site is located in Lianhang Economic and Technological Development Zone, Haining City, Zhejiang Province. The project was originally scheduled to be completed on December 31, 2022. During the implementation of this project, the Company's revenue scale and order size achieved rapid growth. The existing warehousing capacity cannot meet the growing order demand, so the Company needs to increase the number of warehousing and logistics bases and improve the overall warehousing and logistics capacity. In order to better implement the project and ensure the maximization of project benefits, the 29th Meeting of the 5th Session of Board of Directors and the 1st Extraordinary General Meeting of Shareholders of the Company in 2023 have approved and decided to add Vietnam GreatStar Intelligence Co., Ltd., a wholly-owned subsidiary, and Hangzhou GreatStar Energy Co., Ltd., a wholly-owned sub-subsidiary as one of the implementation subjects of the intelligent warehousing and logistics base project, and to add Nanjianqiao Industrial Zone, Shuiyuan County, Haiphong City, Vietnam, JG1601-43 Plot, Unit of Genbei New District,</p>									

achieved )	<p>Shangcheng District, Hangzhou City, Zhejiang Province, and Chang'an Town, Haining City, Zhejiang Province as one of the implementation sites of the project, as well as to adjust the investment structure of the project while extending the implementation period of the project to December 31, 2023.</p> <p>3. The subject of implementation for R&amp;D center construction is the Company, and the construction site is located at the northwest corner of the intersection of Hongpu Road and Jiuheng Road, Jiupu Street, Shangcheng District, Hangzhou City. The project was originally scheduled to be completed on December 31, 2022. During the implementation of this project, new products combined endlessly, so it was necessary to adjust the R&amp;D focus to products more in line with the long-term development strategy of the Company. Meanwhile, after the Company consolidated by combining its original wholly-owned subsidiary, Hangzhou Lianhe Machinery Co., Ltd., the planned investments in equipment and software needed to be reevaluated, resulting in the failure to complete the relevant work as planned. In order to make efficient use of the Company's R&amp;D capability and ensure the maximization of project benefits, the 29th Meeting of the 5th Session of Board of Directors and the 1st Extraordinary General Meeting of Shareholders the Company in 2023 approved the extension of the project implementation period to December 31, 2023.</p> <p>II. Description of the failure of raised funds investment project to be separately accounted for the benefits</p> <p>The construction project of intelligent warehousing and logistics base is designed to meet the needs of the Company to improve operation efficiency, expand business in the future and achieve sustainable development of the Company, so the benefits cannot be calculated separately. The implementation of R&amp;D center construction projects is mainly based on product R&amp;D design, product trial production and product testing, producing no direct economic benefits. The supplementary working capital project is designed to meet the needs of working capital for the continuous expansion of the Company's operating scale, so the benefits cannot be accounted separately.</p>
Description of significant changes in project feasibility	<p>Due to the shortage of global shipping capacity, some raw materials and equipment cannot be delivered to the project's implementation site in time, which has a certain impact on the construction progress of the Company's tool storages production base project. As a result, the project's completion date is delayed to some extent. According to the Company's long-term strategic planning and current development needs, in order to improve the use efficiency of raised funds, improve the Company's existing production capacity and supply capacity faster, and better meet customer needs, after deliberation and approval of the 7th meeting of 5th session of board of directors and the annual general meeting of shareholders in 2020, the Company used the uninvested raised funds of CNY 134,944,200.00 from the Toolbox cabinet production base construction project up to April 5, 2021 for the purchase of 100% equity of Geelong Holdings Limited held by Geelong Orchid Holdings Ltd., and the construction project of the original toolbox cabinet production base was terminated. In order to promote the smooth implementation of equity acquisition and reduce transaction costs, the Company held its 10th meeting of 5th session of board of directors meeting on June 21, 2021, deliberated and approved the Proposal on Changing the Implementation Subjects of Some Raised Projects, and agreed to change the implementation subjects of equity acquisition projects from the Company to Hong Kong GreatStar International Co., Ltd., a wholly-owned subsidiary of the Company.</p>
Amount, purpose and progress of the overraised funds	N/A
Change of the implementation location of the raised funds investment project	<p>Applicable</p> <p>Incurred in prior year</p> <p>On July 22, 2020, the Company held the 37th Meeting of the 4th Session of Board of Directors, deliberated and approved the Proposal on Adding the Implementation Subjects and Locations of the Raised Funds Investment project and Using Part of the Raised Funds to Increase Capital to the Wholly-owned Subsidiary. 1. Agreed to add Vietnam Giant Intelligence Co., Ltd., a wholly-owned subsidiary, as one of the implementation subjects of the laser measuring instrument and smart home production base construction project, and add Nanjianqiao Industrial Zone, Shuiyuan County, Haiphong City, Vietnam, as one of the implementation locations of the project; 2. Agreed to add the wholly-owned subsidiary Thailand New Land Co., Ltd. (renamed Geelong (Thailand) Co., Ltd.) as one of the implementation subjects of the toolbox cabinet production base construction project, and add No. 54/5, Village 1, Mayangpong Town, Baodan County, Rayong Province, Thailand, as one of the implementation locations of the project.</p> <p>On April 14, 2021, the Company held the 8th meeting of the 5th Session of Board of Directors, deliberating and approving the Proposal on Changing the Implementation Subject and Location of the Raised Funds Investment Project, Adjusting the Investment Structure of the Raised Project and Extending the Implementation Period. 1. Agreed to add Hangzhou GreatStar Tool Co., Ltd., a wholly-owned subsidiary, as one of the implementation subjects of the</p>



	<p>laser measuring instrument and smart home production base construction project, and add Hang Zheng Gong Chu (2020) No. 26 Plot, Jianggan District, Hangzhou as one of the implementation sites of the project; 2. Agreed to change the implementation subject of R&amp;D center construction project to Hangzhou GreatStar Technology Co., Ltd.</p> <p>On June 21, 2021, the Company held the 10th meeting of the 5th Session of Board of Directors, deliberated and approved the Proposal on Changing the Implementation Subject of Some Raised Funds Investment Projects, agreeing that the implementing entity for the Company's acquisition of 100% of the equity 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.</p> <p>On December 30, 2022, the Company held the 29th meeting of the 5th Session of Board of Directors, deliberated and approved the Proposal on Increasing the Implementation Subject and Implementation Location of the Raised Funds Investment Projects, Adjusting the Investment Structure of the Raised Projects and Extending the Implementation Period. Agreed to add Vietnam GreatStar Intelligence Co., Ltd., a wholly-owned subsidiary, and Hangzhou GreatStar Energy Co., Ltd., a wholly-owned Sub-subsidiary, as one of the project implementation subjects. Meanwhile, Nanjianqiao Industrial Zone, Shuiyuan County, Haiphong City, Vietnam, JG1601-43 Plot, Unit of Genbei New District, Shangcheng District, Hangzhou City, Zhejiang Province, and Chang'an Town, Haining City, Zhejiang Province are added as one of the implementation sites of this project.</p>
Adjustment of implementation methods of raised funds investment project	N/A
Advance investment and replacement of raised funds for investment projects	<p>Applicable</p> <p>1. On July 22, 2020, the Company held the 37th meeting of the 4th Session of Board of Directors, deliberated and approved the Proposal on Using Raised Funds to Replace Self-raised Funds of Pre-investment in the Project.</p> <p>(1) The Company agreed to replace the self-raised funds pre-invested in the project with the raised funds of CNY 148,254,900.</p> <p>(2) The Company agreed to replace the issuance fee of CNY 1.7238 million paid by the Company's own funds with the raised funds.</p> <p>The expenses of the Company's R&amp;D center construction project include employees' remunerations, bonuses, social insurance premiums, housing provident funds and other expenses. In accordance with the relevant provisions of the People's Bank of China <i>Administrative Rules for RMB Bank Settlement Accounts</i>, the employees' remunerations can not be paid via the Company's special account. And considering that the employees' social insurance premium and housing provident fund are uniformly transferred or paid by the Company's own fund account, it is not feasible to pay the personnel expenses involved in the raised funds investment project (hereinafter referred to as "Fund-raised Project") directly via the special account for raising funds. Therefore, it is necessary to advance the payment with the Company's own funds, and then transfer the same amount from the fund raising account to the relevant deposit account of the Company. On September 23, 2022, the Company held the 24th meeting of the 5th Session of Board of Directors, deliberated and approved the Proposal on Using its Own Funds to Pay Part of the Subsequent Funds of the Raised Funds Investment Project in Exchange for the Same Amount of Raised Funds. It is agreed that during the implementation of the raised funds investment project (hereinafter referred to as "Project"), the Company shall first pay part of the project with its own funds (personnel expenses such as salary, bonus, social insurance premium, housing provident fund, etc.), then make monthly statistics on the amount of funds paid for the project with its own funds, and transfer the same amount from the raised funds special account to the Company's own funds account. As of December 31, 2022, the Company paid the fund amount of the raised project with its own funds, and transferred the same amount from the special fund raising account to the Company's own fund account, totaling CNY 20.1543 million.</p>
Description of temporary replenishment of	N/A

working capital with idle raised funds	
Amount and reasons of raised fund surplus in the implementation of the project	Applicable  The Company's project of "capital increase to subsidiaries and acquisition of 100% equity of Geelong Holdings Limited held through Geelong Orchid Holdings Ltd" has been implemented as planned. In order to facilitate the management of the fund collection special account, the Company has cancelled the raised fund special account of the project. In addition, the saved raised funds (interest income) of USD 14.98 (discounted to CNY 100.00 according to the spot exchange rate of the trading day) will be transferred to its own fund account for permanent replenishment of working capital.
Purpose and destination of unutilized raised funds	By the end of the period, the balance of the unutilized raised funds is equivalent to CNY 259,919,400.00 (CNY 34,052,300.00, including the cumulative bank deposit interest minus bank charges), which is deposited in the special account for the raised funds.
Problems or other circumstances in the utilization and disclosure of the raised funds	N/A

**(3) Projects involved with changes in raised fund**

☑Applicable ☐ N/A

Unit: CNY 10,000

Items after change	Corresponding original commitment project	Total funds to be invested in the project after change (1)	Actual investment amount in this reporting period	Actual cumulative investment amount at the end of the period (2)	Investment progress by the end of the period (3)=(2)/(1)	Date of achieving the conditions for intended use	Benefits realized during this reporting period	Whether the expected benefits are achieved	Whether the project feasibility has changed significantly after change
Capital increase to subsidiary and	Toolbox production base construction	13,494.42	8,121.83	13,494.42	100.00%	July 2, 2021	27,026.69	N/A	No



acquisition of 100% stake in Geelong Holdings Limited through Geelong Orchid Holdings Ltd									
Total	--	13,494.42	8,121.83	13,494.42	--	--	27,026.69	--	--
Description of reasons for change, decision-making procedures and information disclosure (project-wise)	According to the Company's long-term strategic planning and current development needs, in order to improve the use efficiency of raised funds, improve the Company's existing production capacity and supply capacity faster, and better meet customer needs, after deliberation and approval of the 7th meeting of the 5th session of board of directors and the annual general meeting of shareholders in 2020, the Company used the uninvested raised funds of CNY 134,944,200.00 from the Toolbox cabinet production base construction project up to April 5, 2021 for the purchase of 100% equity of Geelong Holdings Limited held by Geelong Orchid Holdings Ltd., and the construction project of the original toolbox cabinet production base was terminated. In order to promote the smooth implementation of equity acquisition and reduce transaction costs, the Company held its 10th meeting of the 5th session of board of directors meeting on June 21, 2021, deliberated and approved the Proposal on Changing the Implementation Subjects of Some Raised Projects, and agreed to change the implementation subjects of equity acquisition projects from the Company to Hong Kong GreatStar International Co., Ltd., a wholly-owned subsidiary of the Company.								
Details and reasons for not achieving the planned progress or expected earnings (project-wise)	N/A								
Description of significant changes in project feasibility after change	N/A								

## VIII. Sale of major assets and equity

### 1. Sale of major assets

☐ Applicable ☒ N/A

No major assets were sold during the reporting period.

### 2. Sale of major equity

☐ Applicable ☒ N/A

## IX. Analysis of major holding and participating companies

☒ Applicable ☐ N/A

Details of main subsidiaries and the participating companies which have more than 10% influence on the net profit of the Company

Unit: CNY

Designatio	Type	Main	Registered	Total assets	Net assets	Operating	Operating	Net profit
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n		business	capital			proceeds	profit	
Hong Kong GreatStar International Co., LTD	Subsidiary	Hand tools, power tools and storages	978,911,994.66	3,602,465,774.67	1,877,030,188.85	1,164,633,571.47	173,992,774.96	150,241,386.40

Acquisition and disposal information of subsidiaries during the reporting period

☒ Applicable ☐ N/A

Companies	Acquisition and disposal method of subsidiaries during the reporting period	Impact on overall production, operation and performance
Zhongshan Jilong Import and Export Trade Co., Ltd.	Established	No significant impact
Zhejiang Shiwanke Electric Appliance Co., Ltd.	Established	No significant impact
Hangzhou GreatStar Energy Co., Ltd.	Established	No significant impact
Hangzhou GreatStar Garden Tools Co., Ltd.	Established	No significant impact
SHOP-VAC VIETNAM CO.,LTD	Established	No significant impact
HUADA VIETNAM CO.,LTD	Established	No significant impact
Hangzhou Lianhe Machinery Co., Ltd.	Cancelled	No significant impact
Zhejiang GreatStar Intelligent Tool Co., Ltd.	Cancelled	No significant impact
Hangzhou GreatStar Power Tools Co., Ltd.	Cancelled	No significant impact
International Storage Solutions Limited	Cancelled	No significant impact

Description of major holding and participating companies

None

## X. Structural subjects under control of the Company

☐ Applicable ☒ N/A

## XI. Prospect of the company's future development

### (I) The Company's development strategy

The Company's overall development strategy is: to focus on the main business, base in China, pursue the global layout, and plan long-term development.

“Focusing on the main business” means that the Company will continue to use the existing European and American large-scale supermarkets and e-commerce self-operated channels to focus on the main business with TOOLS as the core product. Meanwhile, the Company will continue 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 the extension of acquisitions, focusing on the development of non-hand tools including power tools and outdoor products.

“Basing in China” means that the Company will rely on the Southeast Asia supply chain network with China as the core and the know-how of Chinese engineers, leading global supply chain division of tool industry, continue to expand the leading position in the industry, leading the development of international tool industry, and in the future, gradually take over the European and American industrial transfer to create customer demand as the core of the innovative economic era.

“Pursuing the global layout” means that the Company will continue to strengthen the construction of its own brand service system in Europe and America and the production capacity layout in Southeast Asia, select foreign high-quality companies for industrial combination and integration, better access to international resources and international markets, and gradually upgrade the

Company from an ODM company in China to an international OBM company designed in China, created in Asia and combined with local services in Europe and America.

Finally, “Planning long-term development” means that the Company will respect the century-old development history of the tool industry, rely on the characteristics of slow growth and stable cash flow in the field of durable consumer goods, plan its own business and development path in a long period, gradually cultivate new business growth points, and eventually become a good company with steady operation, sustained growth and healthy development that creates long-term value for society.

## (II) Business plan

### 1. Overall business goals

The basic strategy of the Company is to focus on the main business, base in China, pursue the global layout and plan long-term development. Since the three-year development goal was set in the annual report in 2019, the cumulative revenue had increased by 90.33% and non-profit increased by 77.13% in the past three years. The current global supply chain and industry pattern continue to present rare strategic development opportunities. The international layout of the Company since 2018 will continue to strengthen its position in the industry in the future. Meanwhile, the layout of power tool product line, especially household energy storage products, will bring new growth points to the Company. The Company strives to achieve the cumulative 100% growth of the main business in the next three years.

### 2. Development goal in private brands

The private brands are the long-term and stable core competitiveness of the Company. The Company will continue to maintain investment in the promotion of private brand products, and ensure that the sales revenue proportion of private brand products will continue to increase in 2023, striving to reach 50% of the revenue proportion.

### 3. Development goal in cross-border e-commerce

Cross-border e-commerce is the core of the Company's strategy for sustainable growth. The Company will actively integrate internal advantageous resources, improve the product categories and service capabilities of cross-border e-commerce, and continue to maintain the cross-border e-commerce business growth of nearly 50% in 2023.

### 4. Development goal in power tools

As a new business line after laser and cabinet, power tool will become the second growth curve of the Company in the future. The Company will integrate domestic high-quality lithium power resources, orderly promote the power tool products with its own characteristics, and strive to achieve more than 50% growth of power tool business in 2023.

## (III) Possible risks

After a comprehensive analysis of the Company's external environment and actual situation, the main operating risks the Company faces include:

### 1. Exchange rate fluctuation risk

At present, the Company's operating income basically comes from the overseas market. For example, the wide fluctuation of CNY exchange rate will have a certain impact on the Company's operating income. Most of the Company's main business orders are denominated in USD, and the fluctuations of the exchange rate between CNY and USD directly affect the price competitiveness of products, thus affecting the Company's operating performance. In this regard, the Company will continue to strengthen overseas layout and foreign exchange settlement regulation, 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 fluctuate greatly, resulting in the Company's production costs have fluctuated. Although the Company's production capacity is dominated by outsourced production, which has a high ability of bargaining with upstream outsourced manufacturers, if the price of raw materials continues to rise, the Company's profitability may still be affected to some extent. In this regard, the Company will continue to strengthen procurement and cost control, establish strategic cooperative relations with suppliers and sign long-term agreements to absorb the risk of raw material price fluctuations.

Meanwhile, the Company will continue to optimize the product structure, strengthen the R&D of new products, and rely on innovative products to determine reasonable prices, maintaining the product gross margin.

### 3. Risk of trade conflict

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

## XII. Reception of survey, communication and interview activities during the report period

☒Applicable ☐ N/A

Reception date	Reception place	Reception mode	Reception object type	Reception object	Main contents discussed and information provided	Basic information index of survey
January 17, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2021 annual performance forecast.	The Company's 2021 annual performance forecast.
January 18, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2021 annual performance forecast.	The Company's 2021 annual performance forecast.
January 19, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2021 annual performance forecast.	The Company's 2021 annual performance forecast.
April 26, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2021 annual report and 2022 quarterly report.	The Company's 2021 annual report and 2022 quarterly report.
April 27, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2021 annual report and 2022 quarterly report.	The Company's 2021 annual report and 2022 quarterly report.
April 28, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2021 annual report and 2022 quarterly report.	The Company's 2021 annual report and 2022 quarterly report.
August 29, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2022 semi-annual report.	The Company's 2022 semi-annual report.
August 30, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2022 semi-annual report.	The Company's 2022 semi-annual report.
August 31, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	The Company's 2022 semi-annual report.	The Company's 2022 semi-annual report.
October 21,	Company	Telephone	Others	Institutional investors	Company 2022	Company 2022

2022		communication		and individual investors	Q3 report.	Q3 report.
October 24, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	Company 2022 Q3 report.	Company 2022 Q3 report.
October 25, 2022	Company	Telephone communication	Others	Institutional investors and individual investors	Company 2022 Q3 report.	Company 2022 Q3 report.



## Section IV Corporate Governance

### I. Basic situation of corporate governance

During the reporting period, the Company continuously improved the corporate governance structure, established and improved the internal management and control system, improved the corporate governance level, and standardized the operation of the Company in strict accordance with the requirements of relevant laws and regulations such as the Company Law, Securities Law, Governance Code for Listed Companies, and Rules for Stock Listing of Shenzhen Stock Exchange.

By the end of this report, the actual situation of corporate governance basically conforms to the requirements of the documents on corporate governance of listed companies issued by China Securities Regulatory Commission.

#### (I) Situation of shareholders and general meetings of shareholders

In strict accordance with the requirements of the Opinions on the Shareholders' Meeting of Listed Companies, Articles of Association and Rules of Procedure of the Shareholders' Meeting, the Company standardizes the convening, holding and voting procedures of the shareholders' meeting, treats all shareholders equally, guarantees the right of all shareholders to know and participate in the Company's major matters, and ensures that all shareholders can fully exercise their rights.

#### (II) Situation of directors and the board of directors

The Company elects directors in strict accordance with the appointment procedures stipulated in the Company Law and Articles of Association. Currently, the Company has nine directors, including three independent directors, accounting for one-third of the total directors. The number and composition of the board of directors of the Company meet the requirements of laws and regulations. The board of directors consists of four special committees: Strategy and Development Committee, Compensation and Evaluation Committee, Nomination Committee and Audit Committee. The board of directors carries out its work in strict accordance with the Articles of Association, Rules of Procedure of the Board of Directors, Working System of Independent Directors, Rules of Secretary of the Board of Directors, Guidelines on Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 -- Standardized Operation of Listed Companies on the Main Board, etc. All directors of the Company attend the board of directors and general meeting of shareholders on time to perform the duties of director in good faith, diligence and due diligence.

#### (III) Situation of supervisors and the board of supervisors

The board of supervisors shall elect supervisors in strict accordance with the recruitment procedures of the Company Law, Articles of Association and Rules of Procedure of the Board of Supervisors. The Board of Supervisors shall consist of three supervisors, one of whom is the employee supervisor. The number and personnel composition of the board of supervisors shall meet the requirements of laws and regulations. The Company's supervisors conscientiously perform their duties, in the spirit of being responsible to all shareholders, and in accordance with the Rules of Procedure of the Board of Supervisors and other rules and regulations, convene the board of supervisors, attend the general meeting of shareholders, sit on the board of directors, effectively supervise the Company's major matters, related transactions, financial conditions, the performance of the directors and the president and give independent opinions.

#### (IV) Situation of relationship between the controlling shareholder and the listed company

The Company and the controlling shareholder are separately independent in personnel, assets, finance, organization and business, and the Company's board of directors, board of supervisors and internal organs can operate independently. The code of conduct of the controlling shareholders of the Company is, through the general meeting of shareholders, to exercise shareholder rights, and undertake corresponding obligations, not directly or indirectly intervene in the Company's decision-making and business activities beyond the general meeting of shareholders, damage the legitimate rights and interests of the Company or other shareholders.

#### (V) Situation of performance evaluation and incentive and constraint mechanism

The Company has established a relatively comprehensive performance evaluation method, and the appointment of senior managers is open, transparent and in accordance with relevant laws, regulations and internal rules and regulations of the Company. The

Company has established a work performance evaluation system, so that employees' income is linked with their work performance. In the future, the Company will explore more forms of incentive, form a multi-level comprehensive incentive mechanism, improve performance evaluation standards, better mobilize the enthusiasm of managers, attract and stabilize outstanding management talents and technical and business backbone.

(VI) Situation of relevant stakeholders

The Company fully respects and maintains the legitimate rights and interests of relevant stakeholders, achieves the balance of interests of shareholders, employees, society and other parties, attaches great importance to social responsibility, and jointly promotes the sustainable and healthy development of the Company with stakeholders.

(VII) Situation of information disclosure and transparency

In strict accordance with the provisions of relevant laws and regulations and the provisions of the Company's Information Disclosure Management System, the Company shall strengthen the management of information disclosure affairs, fulfill the obligation of information disclosure, and appoint Securities Times, Securities Daily and www.cninfo.com.cn as the newspapers and websites of the Company to disclose information truthfully, accurately, timely and completely, ensuring fair access to company information for all investors. The Company will continue to improve various internal rules and regulations of corporate governance, strengthen standardized operation and promote the sustainable and stable development of the Company in accordance with the requirements of the Code of Governance for Listed Companies and Rules for Stock Listing of Shenzhen Stock Exchange.

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

☐Yes ☒No

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

## **II. Independence of the Company in terms of assets, personnel, finance, organization and business, etc. relative to the controlling shareholders and actual controllers**

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

(I) Independence of the Company's business

The Company has independent production, procurement and sales systems, and is completely independent from the controlling shareholder in business. The controlling shareholder and its affiliated enterprises have no competition with the Company.

(II) Independence of the Company's personnel

The Company's personnel, personal affairs and wages are completely independent. The president, vice president, secretary of the board of directors, chief financial officer and other senior management personnel of the Company all work in the Company and receive remuneration, but do not hold any position or receive remuneration except director and supervisor in the controlling shareholder and its subsidiaries.

(III) Integrity of the Company's assets

The property right 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 them. The assets of the Company are complete, with production equipment, auxiliary production equipment, patents and other assets suitable for the scope of production and business. The Company has complete control and dominance of all assets.

(IV) Independence of institutions

The Company's board of directors, board of supervisors, managers and other internal institutions operate independently, and each functional department is completely separated from the controlling shareholder in terms of powers and responsibilities, personnel and other aspects. There is no superior and subordinate relationship between the controlling shareholder and its functional

departments and the Company and its functional departments, and there is no phenomenon that the controlling shareholder affects the independence of the Company's production, operation and management.

(V) Independence of finance

The Company has set up an independent financial department, and established a sound financial and accounting management system for independent accounting. And there is no controlling shareholder's intervention in the Company's financial and accounting activities. The Company opens accounts in commercial banks independently and does not share bank accounts with controlling shareholders. The Company independently declares its taxes and fulfills tax obligations in accordance with the law.

### III. Competition among peers

☐ Applicable ☒ N/A

### IV. Description of annual and extraordinary general meetings of shareholders held during the reporting period

#### 1. General Meeting of shareholders during this reporting period

Session	Type	Investor participation ratio	Date of convening	Date of disclosure	Resolution
Annual General Meeting 2021	Annual general meeting	57.74%	May 9, 2022	May 10, 2022	Announcement No.: 2022-031
1st extraordinary general meeting 2022	Extraordinary general meeting of shareholders	59.30%	August 3, 2022	August 4, 2022	Announcement No.: 2022-046
2nd extraordinary general meeting 2022	Extraordinary general meeting of shareholders	55.44%	August 29, 2022	August 30, 2022	Announcement No.: 2022-060
3rd Extraordinary general meeting 2022	Extraordinary general meeting of shareholders	53.13%	October 10, 2022	October 11, 2022	Announcement No.: 2022-069

#### 2. Preferred shareholders whose voting rights have been restored request an extraordinary general meeting of shareholders

☐ Applicable ☒ N/A

### V. Description of directors, supervisors and senior managers

#### 1. Basic information

Name	Position	Employment status	Gender	Age	Commencement date	Expiration date	Number of shares (shares) at the beginning of the period	Number of shares increased in the current period (shares)	Number of shares (shares) reduced in the current period	Other increase/decrease changes (shares)	Ending number of shares held (shares)	Reasons for change in shares
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Qiu Jianping	Chairman of the board	Incumbent	Male	61	June 16, 2008	August 30, 2023	45,817,500	2,878,958	0	0	48,696,458	Increased shares
Chi Xiaoheng	Vice Chairman & President	Incumbent	Female	48	January 12, 2021	August 30, 2023	729,950	0	0	0	729,950	
Wang Lingling	Director & Vice President	Incumbent	Female	61	June 16, 2008	August 30, 2023	12,950,960	0	0	0	12,950,960	
Li Zheng	Director & Vice President	Incumbent	Male	63	August 31, 2020	August 30, 2023	676,470	0	0	0	676,470	
Xu Zheng	Director	Incumbent	Female	39	June 16, 2008	August 30, 2023	0	0	0	0	0	
Cen Zhengping	Director	Incumbent	Male	61			0	0	0	0	0	
Wang Gang	Independent director	Incumbent	Male	47	August 31, 2020	August 30, 2023	0	0	0	0	0	
Chen Zhimin	Independent director	Incumbent	Female	62	August 31, 2020	August 30, 2023	0	0	0	0	0	
Shi Hong	Independent director	Incumbent	Female	59	August 31, 2020	August 30, 2023	0	0	0	0	0	
Fu Yajuan	Chairman of the Board of Supervisors	Incumbent	Female	50	August 31, 2020	August 30, 2023	0	0	0	0	0	
Chen Jun	Supervisor	Incumbent	Male	42	June 15, 2011	August 30, 2023	0	0	0	0	0	
Huang Qiaozhen	Supervisor	Incumbent	Female	39	May 9, 2022	August 30, 2023	0	0	0	0	0	
Ni Shuyi	Chief financial officer	Incumbent	Female	46	June 16, 2008	August 30, 2023	0	0	0	0	0	
Wang Weiyi	Vice president	Incumbent	Male	53	June 16, 2008	August 30, 2023	771,525	0	0	0	771,525	

Wang Min	Vice president	Incumbent	Male	51	June 16, 2008	August 30, 2023	760,200	0	0	0	760,200	
Li Feng	Vice president	Incumbent	Male	48	June 16, 2008	August 30, 2023	812,977	40,300	0	0	853,277	Increased shares
Zhou Siyuan	Secretary to the Board of Directors	Incumbent	Male	36	January 31, 2018	August 30, 2023	0	600,000	0	0	600,000	Increased shares
Zhang Ou	Vice president	Incumbent	Male	56	April 29, 2019	August 30, 2023	0	0	0	0	0	
Jiang Saiping	Vice president	Incumbent	Female	51	May 10, 2022	August 30, 2023	0	0	0	0	0	
Zhang Mao	Vice president	Incumbent	Female	43	January 27, 2022	August 30, 2023	2,900	0	0	0	2,900	
Total	--	--	--	--	--	--	62,522,482	3,519,258	0	0	66,041,740	--

During the reporting period, whether there is any resignation of directors and supervisors and dismissal of senior management personnel during their terms of office

☐ Yes ☒ No

Description of changes in directors, supervisors and senior managers of the Company

☒ Applicable ☐ N/A

Name	Position	Type	Date	Cause
Zhang Mao	Senior executive	Appointment	January 27, 2022	According to the needs of the Company's business development, we aim to better manage international e-commerce business. After being nominated by the Company's president, we have agreed to appoint Ms. Zhang Mao, the head of the international e-commerce department, as the vice president of the Company.
Huang Qiaozhen	Supervisor	Elected	May 9, 2022	Due to the resignation of the former supervisor Jiang Saiping, the Board of Supervisors of the Company has nominated Ms. Huang Qiaozhen as the candidate of shareholder

				representative supervisor of the 5th Board of Supervisors.
Jiang Saiping	Senior executive	Appointment	May 10, 2022	In order to further develop the Company's own brand and key account business, upon the nomination of the president of the Company, we have agreed to appoint Ms. Jiang Saiping, senior Sales Director, as the Vice President of the Company.
Jiang Saiping	Supervisor	Quit	May 9, 2022	Application for resignation as chairman of the Board of Supervisors as a result of the job.

## 2. Employment status

Professional background, main work experience and main responsibilities of directors, supervisors and senior managers of the Company

Professional background, main work experience and main responsibilities of directors, supervisors and senior managers of the Company

### 1. Directors

Mr. Qiu Jianping, Chairman of the board, Chinese nationality, has no right of permanent residence abroad. Born in 1962, he graduated from Xi'an Jiaotong University in 1985 with a master's degree in mechanical casting. He served as Chairman and President of the Company from June 2008 to January 2021, Chairman of the Board of Directors of the Company from January 2021 to present.

Ms. Chi Xiaoheng, Vice Chairman & President, Chinese nationality, no right of permanent residence abroad. Born in 1975, college degree. Director and Vice President of the Company from June 2008 to August 2020. She served as Vice Chairman & Vice President of the Company from August 2020 to January 2021. Vice Chairman & President of the Company from January 2021 to present.

Mr. Li Zheng, Director and Vice President, Chinese nationality, has no right of permanent residence abroad. Born in 1959, college degree. Vice Chairman & Vice President of the Company from 2008 to August 2020, Director and Vice President of the Company from August 2020 to present.

Ms. Wang Lingling, Director & Vice President, Chinese nationality, has no right of permanent residence abroad. Born in 1961, bachelor's degree, Director and Vice President of the Company from 2008 to present.

Ms. Xu Zheng, Director, Chinese nationality, has no right of permanent residence abroad. Born in 1984, bachelor's degree. From 2008 to present, she has been secretary to the chairman of GreatStar Holding Group Co., Ltd. Director of Hangcha Group Co., Ltd. from 2011 to present. She has been a director of the Company since 2008.

Mr. Cen Zhengping, Director of the Company, born in Hong Kong, China in 1962, master's degree, professor-level senior engineer. He has served as a director of the Company since May 2019.

Mr. Wang Gang, Independent Director, Chinese nationality, has no right of permanent residence abroad. Born in October 1975, Master's degree, Certified Public Accountant, senior economist. From August 2017 to now, he has served as Director, Deputy



General Manager and Secretary of the Board of Directors of Hangzhou Robam Appliances Co., Ltd. He has been an independent director of the Company since August 2020.

Ms. Shi Hong, Independent Director, Chinese nationality, no right of permanent residence abroad. Born in July 1963, master's degree, associate professor. From September 2005 to July 2018, she served as Associate Professor and Director of Environmental Engineering Laboratory, College of Marine Science and Engineering, Shanghai Maritime University. He has been an independent director of the Company since August 2020.

Ms. Chen Zhimin, Independent Director, Chinese nationality, has no right of permanent residence abroad. Born in April 1960, master's degree. Currently, she is a director of Zhejiang Caitong Capital Investment Co., Ltd., a supervisor of Hangzhou Tigermed Pharmaceutical Technology Co., Ltd., and Zhejiang Canaan Technology Co., Ltd., and an independent director of Hangzhou Honghua Digital Technology Co., Ltd., and Tongkun Group Co., Ltd. He has been an independent director of the Company since August 2020.

#### 4.5.2.2 Supervisors

Ms. Fu Yajuan, Supervisor of the Company, Chinese nationality, has no right of permanent residence abroad. Born in September 1972, college degree, senior accountant, Deputy Chief Financial Officer of the Company from July 2008 to present.

Mr. Chen Jun, Supervisor, Chinese nationality, has no right of permanent residence abroad. Born in August 1980, bachelor's degree, intermediate engineer. Since 2009, he has been the manager of the Industrial Design Department of the Company, the Deputy Secretary of the Enterprise Science and Technology Association of the Company, and the Secretary of the R&D and Innovation Branch of the Communist Party of China GreatStar.

Ms. Huang Qiaozhen, Supervisor, Chinese nationality, has no right of permanent residence abroad. Born in November 1983, bachelor's degree. From January 2021 to now, she has served as secretary to the president of the Company and part-time deputy director of the Office of the President.

#### 4.5.2.3 Other senior managers

Mr. Zhou Siyuan, Secretary of the Board of Directors and Vice President, Chinese nationality, has no right of permanent residence abroad. Born in 1986, master's degree, Secretary of the Board of Directors from January 2018 to present.

Ms. Ni Shuyi, Chief Financial Officer, Chinese nationality, has no right of permanent residence abroad. Born in 1976, bachelor's degree. She has been the Chief Financial Officer of the Company since 2008.

Mr. Wang Weiye, Vice President, Chinese nationality, has no right of permanent residence abroad. Born in 1970, he 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 one of the principal persons in charge of the national laboratory.

Mr. Wang Min, Vice President, Chinese nationality, has no right of permanent residence abroad. Born in 1971, college degree, Vice President of the Company from 2008 to present, responsible for the Company's product procurement business.

Mr. Li Feng, Vice President, Chinese nationality, has no right of permanent residence abroad. Born in 1975, college degree. From 2008 to present, he has been the Vice President of the Company, responsible for the external sales of the Company's products.

Mr. Zhang Ou, Vice President, Chinese nationality, no overseas permanent residence right, born in 1967, senior economist, professor, Vice President of the Company from April 2019 to now, responsible for the operation of the Company's laser industry sector.

Ms. Zhang Mao, Vice President Chinese nationality, no right of permanent residence abroad. Born in 1979, bachelor's degree. From May 2021 to January 2022, she served as Senior Director of International E-commerce Department of Hangzhou GreatStar Technology Co., Ltd. Vice President of the Company from January 2022 to present, responsible for the Company's international e-commerce business.

Ms. Jiang Saiping, Vice President, Chinese nationality, no right of permanent residence abroad. Born in November 1971, bachelor's degree. From December 2013 to May 2022, she served as the Director of Export Sales of the Company, Vice President of the Company from May 2022 to present, responsible for the Company's private brand and key account business.

## Employment in the shareholder unit

☑Applicable ☐ N/A

Name	Shareholder unit	Position in the shareholder unit	Commencement date	Expiration date	Whether to receive remuneration and allowance in the shareholder unit
Qiu Jianping	GreatStar Holding Group Co., Ltd.	Chairman of the board	August 10, 2009		No
Wang Lingling	GreatStar Holding Group Co., Ltd.	Vice Chairman	January 10, 2020		No
Li Zheng	GreatStar Holding Group Co., Ltd.	Director	August 10, 2009		No
Chi Xiaoheng	GreatStar Holding Group Co., Ltd.	Director	August 10, 2009		No
Xu Zheng	GreatStar Holding Group Co., Ltd.	Manager	January 1, 2016		Yes
Fu Yajuan	GreatStar Holding Group Co., Ltd.	Supervisor	January 10, 2020		No
Description of employment in a shareholder unit	None				

## Employment in other organizations

☑Applicable ☐ N/A

Name	Other units	Position in other units	Commencement date	Expiration date	Whether to receive compensation and allowance in other units
Qiu Jianping	Zhejiang Hangcha Holding Co., Ltd.	Chairman & General Manager	February 2, 2011		No
Qiu Jianping	Hangcha Group Co., Ltd.	Director	February 2, 2011		No
Qiu Jianping	Zhejiang Zhongtai GreatStar Real Estate Co., Ltd.	Director	May 10, 2005		No
Qiu Jianping	Hangzhou Haiwo Holding Co., Ltd.	Executive Director	March 19, 2011		No
Qiu Jianping	Hangzhou GreatStar Precision Machinery Co., Ltd.	Chairman of the board	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 Industries Co.,	Executive Director	June 20, 2013		No

	Ltd.				
Qiu Jianping	Jindao 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	Taifeng Co., Ltd.	Director	January 20, 2011		No
Qiu Jianping	Hangzhou Kunxia Investment Management Partnership (limited partnership)	Managing partner	January 18, 2018		No
Qiu Jianping	Zhejiang Equity Service Group Co., Ltd.	Director	November 8, 2017		No
Qiu Jianping	Zhejiang Guozi Robotics Co., Ltd.	Director	September 26, 2014		No
Qiu Jianping	Zhejiang Private Enterprise Joint Investment Co., Ltd.	Director	April 13, 2015		No
Qiu Jianping	Hangzhou Lujing Cultural Creative Co., Ltd.	Executive Director	November 26, 2015		No
Qiu Jianping	Zhejiang Youbang Small Loan Co., Ltd.	Director	December 25, 2009		No
Qiu Jianping	Shanghai Haichao Haoyun Enterprise Management Partnership (limited partnership)	Managing partner	April 17, 2019		No
Qiu Jianping	Shanghai Haichao Wenxing Enterprise Management Partnership (limited partnership)	Managing partner	January 7, 2021		No
Qiu Jianping	Shanghai Haichao Jinguan Enterprise Management Partnership (limited partnership)	Managing partner	January 7, 2021		No
Qiu Jianping	Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	Chairman of the board	April 17, 2019		No
Qiu Jianping	Zhejiang Xinchai	Director	December 26,		No

	Co., Ltd.		2019		
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
Wang Lingling	Hangzhou GreatStar Precision Machinery Co., Ltd.	Director	September 20, 2011		No
Wang Lingling	Hangzhou Fuyang Chongsheng Trading Co., Ltd.	Executive Director & General Manager	November 11, 2013		No
Wang Lingling	Zhejiang Zhongtai GreatStar Real Estate Co., Ltd.	Supervisor	March 11, 2011		No
Wang Lingling	Zhejiang Hangcha Holding Co., Ltd.	Director	January 27, 2012		No
Wang Lingling	Hangzhou Haiwo Holding Co., Ltd.	Supervisor	February 17, 2022		No
Wang Lingling	Zhejiang Yunsong Artificial Intelligence Technology Co., Ltd.	Supervisor	May 20, 2022		No
Li Zheng	Hangzhou GreatStar Precision Machinery Co., Ltd.	Director	September 20, 2011		No
Xu Zheng	Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	Supervisor	April 21, 2019		No
Xu Zheng	Hangcha Group Co., Ltd.	Director	March 25, 2011		No
Xu Zheng	Zhejiang Hangcha Holding Co., Ltd.	Supervisor	January 27, 2012		No
Xu Zheng	Zhongce Rubber Group Co., Ltd.	Chairman of the Board of Supervisors	October 21, 2019		No
Cen Zhengping	Hanjia Design Group Co., Ltd.	Chairman of the board	March 18, 2007		No
Cen Zhengping	Zhejiang Chengjian Group Co., Ltd.	Chairman & General Manager	February 15, 2006		No
Cen Zhengping	Shanghai Hanjia Investment Co., Ltd.	Chairman & General Manager	September 12, 2007		No
Cen Zhengping	Zhejiang Chengjian Real Estate Group Co., Ltd.	Chairman of the board	September 21, 2010		Yes
Cen Zhengping	Zhejiang Hanjia Investment Co.,	Executive Director, General	October 20, 2010		No

	Ltd.	Manager			
Cen Zhengping	Zhejiang Dishang Investment Co., Ltd.	Chairman of the board	April 4, 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	Hangzhou Zheda Zinc Electric Energy Co., Ltd.	Director	June 21, 2017		No
Cen Zhengping	Zhejiang Kaiyin Holding Co., Ltd.	Director	April 9, 2018		No
Cen Zhengping	Zhejiang Chengjian Design & Research Institute Co., Ltd.	Director	March 15, 2022		No
Wang Gang	Hangzhou Robam Appliances Co., Ltd.	Vice President, Secretary of the Board, Director	June 1, 2008		Yes
Wang Gang	Hangzhou Nuobang Non-textile Co., Ltd.	Director	January 1, 2013		No
Wang Gang	Dize Household Appliances (Shanghai) Trading Co., Ltd.	Director	July 1, 2012		No
Wang Gang	Hangzhou Fortune Gas Cryogenic Equipment Co., Ltd.	Director	January 1, 2018		No
Wang Gang	Jiangsu Mige New Material Co., Ltd.	Director	December 7, 2022		No
Wang Gang	De Dietrich Appliances Trading (Shanghai) Co., Ltd.	Director	June 1, 2016		No
Wang Gang	Hangzhou Guoguang Tourism Supplies Co., Ltd.	Director	October 1, 2017		No
Wang Gang	Shanghai Qingke Information Technology Co., Ltd.	Supervisor	November 1, 2017		No
Wang Gang	Ningbo Qingfeng Investment Co., Ltd.	Director	December 1, 2017		No
Wang Gang	Hangzhou Laoban Fuchuang Investment Management Co.,	Supervisor	May 1, 2018		No

	Ltd.				
Wang Gang	Shengzhou Jindi Intelligent Kitchen Electric Co., Ltd.	Director	July 1, 2018		No
Wang Gang	Hangzhou Xiaodian Technology Co., Ltd.	Independent director	September 1, 2020		Yes
Wang Gang	Hangzhou Hengsheng Technology Co., Ltd.	Director	December 28, 2022		No
Chen Zhimin	Zhejiang Caitong Capital Investment Co., Ltd.	Director			No
Chen Zhimin	Hangzhou Tigermed Consulting Co., Ltd.	Supervisor	April 22, 2020		Yes
Chen Zhimin	Zhejiang Canaan Technology Co., Ltd.	Supervisor	September 20, 2022		Yes
Chen Zhimin	Hangzhou Honghua Digital Technology Co., Ltd.	Independent director	December 6, 2019		Yes
Chen Zhimin	Tongkun Group Co., Ltd.	Independent director	June 23, 2020		Yes
Zhou Siyuan	Zhejiang Guozi Robotics Co., Ltd.	Director	September 14, 2017		No
Zhou Siyuan	Hangzhou Weiming Investment Management Co., Ltd.	Director	September 1, 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
Zhang Ou	Shanghai Lainuo Photoelectric Technology Co., Ltd.	Director	April 4, 2007		No
Zhang Ou	Changzhou Haojia Intelligent Technology Service Co., Ltd.	Executive Director, General Manager	September 20, 2018		No

Punishment of current and outgoing directors, supervisors and senior managers of the Company by the securities regulatory authorities in the past three years



☐ Applicable ☒ N/A

### 3. Remuneration of directors, supervisors and senior managers

Decision-making procedure, determination basis and actual payment of remuneration for directors, supervisors and senior managers

#### 4.3.1 Decision-making procedures for remuneration of directors, supervisors and senior managers

The remuneration plan for directors of the Company shall be put forward by the remuneration committee and examined and approved by the board of directors and the general meeting of shareholders. The compensation plan of the Company's supervisors shall be put forward by the Human Resources Department and reviewed and approved by the Board of Supervisors and the shareholders' meeting. The compensation committee of the Company's senior management personnel shall put forward the pre-plan for the part of duty salary, which shall be reviewed and approved by the board of directors; Based on the Company's operating performance, the annual reward principle will be determined for performance-based pay, which will be paid after the executive's personal performance appraisal and authorized by the chairman of the board.

#### 4.3.2 Determination basis for remuneration of directors, supervisors and senior managers

The directors, supervisors and senior managers of the Company shall receive their duties salary according to their positions, and the annual reward principle shall be determined according to the Company's operating performance. The performance salary shall be paid after examination and verification by the chairman of the Company.

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

Unit: CNY 10,000

Name	Position	Gender	Age	Employment status	Total pre-tax remuneration received from the Company	Whether to receive remuneration from related parties of the Company
Qiu Jianping	Chairman of the board	Male	61	Incumbent	62.57	No
Chi Xiaoheng	Vice Chairman & President	Female	48	Incumbent	180	No
Li Zheng	Director & Vice President	Male	63	Incumbent	120	No
Wang Lingling	Director & Vice President	Female	61	Incumbent	40.67	No
Cen Zhengping	Director	Male	61	Incumbent	0	Yes
Xu Zheng	Director	Female	39	Incumbent	0	Yes
Shi Hong	Independent director	Female	59	Incumbent	9.29	No
Chen Zhimin	Independent director	Female	62	Incumbent	9.29	No
Wang Gang	Independent director	Male	47	Incumbent	9.29	No
Jiang Saiping	Vice president	Female	51	Incumbent	68.4	No
Fu Yajuan	Chairman of the Board of Supervisors	Female	50	Incumbent	34.52	No
Chen Jun	Supervisor	Male	42	Incumbent	44.08	No
Huang Qiaozhen	Supervisor	Female	39	Incumbent	21.06	No
Zhou Siyuan	Secretary of the Board and Vice	Male	36	Incumbent	100	No

	President					
Ni Shuyi	Chief financial officer	Female	46	Incumbent	100	No
Wang Weiyi	Vice president	Male	53	Incumbent	120	No
Wang Min	Vice president	Male	51	Incumbent	100	No
Li Feng	Vice president	Male	48	Incumbent	120	No
Zhang Ou	Vice president	Male	56	Incumbent	121.21	No
Zhang Mao	Vice president	Female	43	Incumbent	62.4	No
Total	--	--	--	--	1,322.78	--

## VI. Performance of directors' duties during the reporting period

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

Session	Date of convening	Date of disclosure	Resolution
16th Meeting of the 5th Session of Board of Directors	January 27, 2022	January 28, 2022	Announcement No.: 2022-004
17th Meeting of the 5th Session of Board of Directors	April 11, 2022	April 12, 2022	Announcement No.: 2022-013
18th Meeting of the 5th Session of Board of Directors	April 25, 2022	April 26, 2022	Announcement No.: 2022-027
19th Meeting of the 5th Session of Board of Directors	May 10, 2022	May 11, 2022	Announcement No.: 2022-032
20th Meeting of the 5th Session of Board of Directors	June 30, 2022	July 1, 2022	Announcement No.: 2022-038
21st Meeting of the 5th Session of Board of Directors	July 18, 2022	July 19, 2022	Announcement No.: 2022-043
22nd Meeting of the 5th Session of Board of Directors	August 12, 2022	August 13, 2022	Announcement No.: 2022-047
23rd Meeting of the 5th Session of Board of Directors	August 25, 2022	August 26, 2022	Announcement No.: 2022-057
24th Meeting of the 5th Session of Board of Directors	September 23, 2022	September 24, 2022	Announcement No.: 2022-063
25th Meeting of the 5th Session of Board of Directors	October 19, 2022	October 20, 2022	Announcement No.: 2022-072
26th Meeting of the 5th Session of Board of Directors	November 8, 2022	November 9, 2022	Announcement No.: 2022-077
27th Meeting of the 5th Session of Board of Directors	December 11, 2022	December 14, 2022	Announcement No.: 2022-090
28th Meeting of the 5th Session of Board of Directors	December 16, 2022	December 17, 2022	Announcement No.: 2022-092
29th Meeting of the 5th Session of Board of Directors	December 30, 2022	December 31, 2022	Announcement No.: 2022-096

### 2. Directors' attendance at the board of directors and shareholders' meetings

Directors' attendance at the board of directors and shareholders' meetings							
Name of director	Number of board meetings to be attended during the reporting period	Number of board meetings attended	Number of board meetings attended via correspondence	Number of board appointments	Number of board absences	Whether failed to attend two consecutive board meetings in person	Number of shareholders' meetings attended

Qiu Jianping	14	14	0	0	0	No	4
Chi Xiaoheng	14	14	0	0	0	No	4
Wang Lingling	14	14	0	0	0	No	4
Li Zheng	14	14	0	0	0	No	4
Xu Zheng	14	14	0	0	0	No	4
Cen Zhengping	14	11	3	0	0	No	4
Wang Gang	14	11	3	0	0	No	4
Chen Zhimin	14	11	3	0	0	No	4
Shi Hong	14	11	3	0	0	No	4

Description of failure to attend two consecutive board meetings in person

### 3. Cases in which directors raise objections to relevant matters of the Company

Whether the director has raised an objection to the relevant matters of the Company

☐Yes ☒No

During the reporting period, the directors raised no objections to relevant matters of the Company.

### 4. Other instructions for directors to perform their duties

Whether the director's suggestions to the Company have been accepted

☒Yes ☐No

Whether the director's suggestions to the Company have been adopted or not

During the reporting period, in strict accordance with relevant laws and regulations, the Articles of Association and Rules of Procedure of the Board of Directors of the Company, the directors of the Company earnestly performed the relevant duties, strictly implemented the resolutions of the general meeting of shareholders, participated in the meetings of the board of directors and the general meeting of shareholders, carefully deliberated various proposals, and actively promoted the implementation of the resolutions of the board of directors. Meanwhile, each director timely understood the Company's operating conditions, internal control system construction and the implementation of the board's resolutions, studied, planned and promoted the next stage of work priorities, fully understood and agreed on the Company's renewal of financial audit institutions, profit distribution, related transactions, financial assistance and other matters in the report period, so as to promote the sustainable and high-quality development of the Company's various businesses.

## VII. Situation of special committees under the board of directors during the reporting period

Committee name	Membership	Number of meetings held	Date of convening	Meeting content	Important opinions and suggestions put forward	Performance of other duties	Details of objection (if any)
Compensation and Evaluation Committee	Chen Zhimin, Shi Hong, Wang Gang,	1	April 11, 2022	We deliberated and adopted the Proposal on the Compensation Plan			

	Chi Xiaoheng, Xu Zheng			of the Company's Directors in 2022 and Proposal on the Compensation Plan of the Company's Senior Executives in 2022.			
Audit committee	Wang Gang, Shi Hong, Chen Zhimin, Wang Lingling, Xu Zheng	4	April 11, 2022	The meeting deliberated and approved the full text and abstract of 2021 Annual Report, 2021 Annual Audit Report of the Company, 2021 Financial Final Accounts Report of the Company, 2021 Annual Internal Control Self-evaluation Report of the Company, Proposal on Renewing Tianjian Certified Public Accountants (Special General Partnership) as Audit Institution of the Company in 2022, Proposal on the Forecast of Daily Connected Transactions in 2022, Summary of 2021 Audit Work and 2022 Audit Work Plan of the Audit Department, and Special Report on the Deposit and Use of the Company's Raised Funds in 2021.			
Audit committee	Wang Gang, Shi Hong, Chen Zhimin, Wang Lingling, Xu Zheng	4	April 25, 2022	The meeting has deliberated and approved Q1 2021 Report.			
Audit committee	Wang Gang, Shi Hong, Chen Zhimin, Wang Lingling,	4	August 25, 2022	The meeting has deliberated and approved the full text and abstract of the 2022 Semi-Annual Report and			

	Xu Zheng			Special Report on 2022 Semi-Annual Storage and Use of the Company's Raised Funds.			
Audit committee	Wang Gang, Shi Hong, Chen Zhimin, Wang Lingling, Xu Zheng	4	October 19, 2022	The meeting has deliberated and approved the Q3 Report 2022			

## VIII. Work of the Board of Supervisors

The Board of Supervisors find out whether the Company is at risk in its supervisory activities during the reporting period

☐Yes ☒No

The Board of Supervisors has no objection to the supervisory matters in the reporting period.

## IX. Employees condition

### 1. Number of employees, position types and education level

Number of active employees in the parent company at the end of reporting period (person)	1,403
Number of active employees in the main subsidiary at the end of reporting period (person)	9,156
Total number of active employees at the end of reporting period (person)	10,559
Total number of employees receiving salary during the period (person)	10,559
Number of retired employees of the parent company and its main subsidiary that shall bear the expenses(person)	0
Positions	
Position category	Number of each position (person)
Production personnel	7,199
Sales personnel	1,035
Technical personnel	1,099
Financial personnel	170
Administrative personnel	1,056
Total	10,559
Educational background	
Educational background type	Quantity (person)
Graduate degree or above	120
University degree (including junior college)	2,716
Senior high school (including technical secondary school and technical school)	2,924
Below high school	4,799
Total	10,559



## 2. Salary policy

In strict accordance with the relevant provisions of the national labor contract law, the Company carries out staff salary management and ensures that the employees are paid on time and in full before the 20th day of each month. The average salary of employees in 2022 is higher than the provincial average salary standard of Zhejiang Province in 2022. The overtime salary of employees in weekdays and weekends is calculated in full according to the regulations. Some positions are subject to the comprehensive working hour system. Complete one general salary adjustment annually, three salary adjustment quarterly, and one external salary level survey. The salary calculation scheme is divided into two categories: the front-line employees are paid according to overtime work, and the hourly wage and overtime pay are calculated according to the national labor law policy. The salary of management positions are based on a combination of fixed salary and performance-based pay.

## 3. Training plan

Staff training and development is an important part of the Company's work. Training management in 2022 will continue to focus on the three directions of new staff growth education, professional and technical training, and staff professional quality education. The Company organized 314 training sessions throughout the year, with a total of 5,999 people attending the training, and the total class hours reached 11,783 hours. Meanwhile, the Company continued to carry out the construction of talent echelon and focuses on the director and manager level talent selection and training. In 2022, in order to support the long-term sustainable development of the Company, the Company will focus on improving the management skills of in-service middle and senior management personnel, doing a good job in the training of reserve talents, strengthening the construction of internal trainer team and building a strong teaching team to meet the growing training demand.

## 4. Labor service outsourcing condition

☐ Applicable ☒ N/A

## X. Profit distribution of the Company and conversion of capital reserve fund to share capital

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

☒ Applicable ☐ N/A

The Company held the 2020 annual general meeting of shareholders on May 10, 2021, deliberated and approved the Company's Shareholder Return Plan for the Next Three Years (2021-2023), which comprehensively considered the Company's profitability, development strategy planning, shareholder return, social cost of capital, external financing environment and other factors. The Company's Board of Directors has formulated the Three-year Shareholder Return Plan (2021-2023).

During the reporting period, the formulation and implementation of the Company's profit distribution policy were in line with China Securities Regulatory Commission's Notice on Further Implementation of Related Matters Concerning Cash Dividend of Listed Companies, Guidance on Supervision of Listed Companies No. 3 -- Cash Dividend of Listed Companies, the Articles of Association, and other relevant provisions. The relevant decision-making procedures and mechanisms were complete, and the independent directors were diligent and responsible, fully safeguarding the legitimate rights and interests of minority shareholders.

Special description of the cash dividend policy	
Whether it complies with the provisions of the Company's articles of association or the resolution of the general meeting of shareholders:	Yes

Whether the dividend standard and proportion are clear and definite:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors performed their duties and played their due roles:	Yes
Whether minority shareholders have sufficient opportunities to express their opinions and appeals, and whether their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Yes

The Company's profit in the reporting period and the parent company's profit available to shareholders are positive, but no cash dividend distribution plan has been proposed

☐ Applicable ☒ N/A

Profit distribution and conversion of capital reserve into share capital during the reporting period

☒ Applicable ☐ N/A

Bonus shares per 10 shares (shares)	0
Dividend payout per 10 shares (CNY) (tax included)	1.66
Share capital base (shares) of the distribution plan	1,194,478,182
Cash dividend amount (CNY) (tax included)	198,283,378.21
Amount of cash dividend by other means (e.g. share repurchase) (CNY)	50,184,048.00
Total cash dividend (including other means) (CNY)	248,467,426.21
Distributable profit (CNY)	4,882,191,240.72
The proportion of total cash dividends (including other means) in total profit distribution	100
This cash dividend situation	
Others	
Detailed description of profit distribution or capital reserve conversion plan	
Audited by Pan-China Certified Public Accountants (special general partnership), the Company (parent company) achieved a net profit of CNY 653,002,000.00 in 2022. According to the Company Law, the Accounting Standards for Business Enterprises and the Articles of Association, the Company intends to withdraw the legal surplus reserve of CNY 65,300,200.00 in accordance with 10% of the net profit achieved in 2022, and the remaining profit available for distribution in prior years is CNY 429,8560,700.00, deducting CNY 4,071,200.00 generated by absorption of combined subsidiaries. The actual profit available for distribution by shareholders was CNY 4,882,191,200.00. (Note: The difference in mantissa between the total count and the number calculated according to the details is due to rounding)	

## XI. Implementation of company equity incentive plans, employee stock ownership plans, or other employee incentive measures

☐ Applicable ☒ N/A

The Company has no implementation of equity incentive plan, employee stock ownership plan or other employee incentive measures during the reporting period.

## XII. Construction and implementation of the internal control system during the reporting period

### 1. Construction and implementation of internal control

During the reporting period, the Company continuously improves the internal control system in strict accordance with the *Company Law*, *Securities Law*, *Governance Guidelines for Listed Companies*, *Basic Norms for Enterprise Internal Control* and relevant laws, regulations and normative documents. *The Board of Directors carries out self-evaluation on the internal control of the company every year and discloses the Internal Control Self-Evaluation Report*. Meanwhile, according to the requirements of Shenzhen Stock Exchange, the Company hires an accounting firm to conduct internal control audit of the company. In 2022, the Company revised the Articles of Association in accordance with the new Securities Law, the Shenzhen Stock Exchange Listing Rules and other laws, regulations and normative documents, and the actual situation of the company. The Company constantly improves and enhances the level of corporate governance in accordance with the provisions and requirements of laws, regulations, normative documents and the Articles of Association.

During the reporting period, the Company has no major or material defects in the internal control of financial reporting and non-financial reporting. The Company has maintained effective internal control over financial reporting in all major aspects in accordance with the requirements of the internal control standard system and relevant regulations of the enterprise.

### 2. Specific situation of major internal control defects found during the reporting period

☐Yes ☒No

## XIII. The Company's management and control over its subsidiaries during the reporting period

Designation	Integration plan	Integration progress	Problems encountered in integration	Measures taken to resolve it	Settlement progress	Follow-up resolution plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

## XIV. Internal control self-evaluation report or internal control audit report

### 1. Internal control self-evaluation report

Date of full text disclosure of internal control evaluation reports	April 22, 2023
Index to full text disclosure of internal control evaluation reports	The 2022 Annual Internal Control Self-Evaluation Report disclosed by <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Proportion of the total assets of the units included in the evaluation to the total assets of the consolidated financial statements of the Company	100.00%
Proportion of the operating income of the units included in the evaluation to the operating income of the Company's consolidated financial statements	100.00%
Defect identification criteria	

Category	Financial report	Non-financial report
Qualitative criteria	<p>(1) Signs of major defects in financial reports include: ① Fraud by directors, supervisors and senior managers; ② Correct the material defects in the financial reports that have been announced; ③ The CPA found that there was a material misstatement in the current financial report and the Company's internal control failed to find the misstatement in the operation process; ④ Ineffective supervision of internal control by the audit committee and the internal audit institution. (2) Indications of material deficiencies in financial reports include: ① Failure to select and apply accounting policies in accordance with GAAP; ② No anti-fraud procedures and control measures have been established; ③ No corresponding control mechanism has been established or no corresponding compensatory control has been implemented for the accounting treatment of unconventional or special transactions; (3) Refers to other defects except major defects and material defects as general defects.</p>	<p>If any of the following circumstances occurs, it can be identified as a major defect. In other circumstances, it can be identified as a material defect or a general defect according to the degree of influence. (1) Unscientific decision-making procedure; (2) Violating national laws and regulations, such as environmental pollution; (3) The loss of managerial or technical personnel; (3) The loss of managerial or technical personnel; (5) The results of internal control evaluation, especially the major or material defects, have not been rectified; (6) Lack of system control or systematic failure of system for important business.</p>
Quantitative criteria	<p>Internal control defects that may cause or have caused loss related to profit, as measured by operating income measures. If this defect alone or in conjunction with other defects may result in a misstatement of less than 1% of the operating income in the financial report, it is considered a general defect; If it is more than 1% of operating proceeds but less than 3%, it is deemed to be a material defect. If it exceeds 3% of revenue, it is considered a major defect. Losses that may result from or have resulted from internal control defects related to asset management, measured by the total assets index. If this defect alone or in conjunction with other defects may result in a misstatement of less than 1% of the total assets in the financial report, it is considered to be a general defect; If it is more than 1% of the total assets but less than 3%, it is deemed as a material defect; If it exceeds 3% of the total assets, it is considered a major defect.</p>	<p>(1) Major defects: causing direct property losses of more than CNY 10 million; (2) Material defects: causing direct property losses of CNY 1 million - 10 million (inclusive); (3) General defects: causing direct property losses of less than CNY 1 million (inclusive).</p>
Number of major defects in financial reports (PCS)		0
Number of major defects in non-financial reports (PCS)		0



Number of material defects in financial reports (PCS)	0
Number of material defects in non-financial reports (PCS)	0

## 2. Internal control audit report

☒Applicable ☐ N/A

The deliberative comment section of the internal control audit report	
In our opinion, GreatStar maintained effective internal control over financial reporting in all material respects as of December 31, 2022, in accordance with the Basic Norms for Internal Control of Enterprises and relevant regulations.	
Disclosure of internal control audit report	Disclosure
Date of the full text disclosure of internal control audit reports	April 22, 2023
Index to the full text disclosure of internal control audit reports	Verification Report on the Internal Control of Hangzhou GreatStar Industrial Co., Ltd. (Tian Jian Shen (2023) No.3370, published by <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Internal control audit report opinion type	Standard unqualified opinion
Whether there are major defects in non-financial reports	No

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

☐Yes ☒No

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

☒Yes ☐ No

## XV. Description of listed company governance special action self-examination problem rectification

According to the document requirements of Zhejiang Securities Regulatory Bureau Notice on Carrying out Special Action on the Governance of Listed Companies under the Jurisdiction (Zhejiang Securities Regulatory Company (2022) No. 141), our company carefully carries out inspection according to the relevant requirements in the self-inspection list. Through self-inspection, it is found that the Company complies with relevant regulations in terms of the operation of the three committees, investor management and management, internal control system construction, information disclosure quality and other aspects. The directors, supervisors and senior managers are diligent and responsible, and the Company does not have the situation that the controlling shareholders and their related parties occupy funds or violate external guarantees. The Company will further improve the internal control system, do a good job in information disclosure, investor relationship management and other related work, and constantly improve the level of corporate governance.



## Section V Environmental and Social Responsibility

### I. Major environmental protection issues

Whether the listed company and its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department

☐Yes ☒No

Administrative punishment for environmental problems during the reporting period

Name of company or subsidiary	Cause of punishment	Violation situation	Punishment result	The impact on the production and operation of listed companies	Corrective action of the Company
None	None	None	None	None	None

Refer to other environmental information disclosed by key pollutant discharge units

The Company and its subsidiaries do not belong to the key pollutant discharge units announced by the national environmental protection department. During the reporting period, the Company was not subject to administrative penalties due to environmental problems.

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

☒Applicable ☐N/A

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 Instruction, Regulations on Greenhouse Gas Management and other systems, integrating the concept of environmental protection into the daily production and operation of the company. Meanwhile, the Company actively design green products, build green factories and promote green office to implement the concept of energy saving and low carbon. The Company takes environmental factors into full consideration in the product design and R&D stage, actively launches green products, continuously improves the product environmental protection attributes, and continuously develops new environmental protection technology, so as to reduce material waste, environmental pollution and energy consumption; In order to help fight the battle of pollution prevention and control, the Company has developed scientific waste management and control procedures, chemical management procedures and other relevant standards, so as to strictly control pollution, maximize the impact of its business operations on the environment, and realize green production; In accordance with the principles of low-carbon energy and clean production, the Company promotes the green transformation and upgrading of the factory through the construction of rooftop solar energy, the use of electric forklift and other measures to achieve green development, centering on the concept of green office. The Company advocates system upgrading and supports with all departments to actively promote the popularity of green office awareness in the whole company.

Reasons for not disclosing other environmental information

None

### II. Social Responsibility

(1) Protecting the rights and interests of shareholders and creditors

During the reporting period, the Company further strengthened the standardized operation, established and improved the corporate governance structure, standardized management in the convening and procedure of the general meeting of shareholders, and

ensured the shareholders' right to know, right to participate and right to vote on major issues of the company; The Company constantly improved the Company's internal control system, revised the Articles of Association according to relevant regulations; The Company conscientiously performed the obligation of information disclosure, ensured the true, accurate, complete, timely and fair information disclosure, did not selectively disclose information, strictly implemented the insider information registration and insider information confidentiality system, and treated all shareholders and investors fairly; The Company strengthened investor relationship management, communicated with investors through investor relationship interactive platforms, hotlines and other means, and protected the legitimate rights and interests of all shareholders, especially minority shareholders.

(2) Protection of employee rights and interests

The Company adheres to the people-oriented, takes the 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 employees' pension, medical, unemployment, industrial injury, maternity and other social insurance on time, respects and protects employees' individual rights and interests, and pays attention to employees' health, safety and satisfaction. The Company attaches great importance to personnel training, and regularly organizes training on production safety knowledge, basic skills of various positions, and comprehensive quality training of management personnel, so that employees can effectively improve their overall professional quality and comprehensive quality in addition to their own work, so as to realize the common growth of employees and enterprises, and build harmonious and stable labor-capital relations.

(3) Protecting the rights and interests of suppliers, clients and consumers

The Company has been following the trading principles of "honesty and trustworthiness, mutual benefit, legal compliance", pays attention to the communication and coordination with all relevant parties, fully respects and protects the legitimate rights and interests of suppliers and customers, and establishes a strategic partnership with suppliers and customers. The Company constantly improves the procurement system and process. In terms of the selection of suppliers, the Company has established a fair and impartial evaluation system to select qualified suppliers. The Company adheres to customer interests first, strictly controls product quality, constantly improves service quality, and always pays attention to product safety, so that the rights and interests of all parties have been duly protected.

(4) Environmental protection

The Company attaches great importance to environmental protection and takes environmental protection, energy saving and emission reduction as an important work. During the reporting period, the Company conducted effective and comprehensive treatment of waste water and waste gas in strict accordance with relevant environmental laws and regulations and corresponding standards, and the waste water and waste gas treatment facilities operated normally. In order to strengthen the management of emission reduction and pollution control, the Company conducts regular testing. The overall operation of environmental protection facilities is in good condition, and the work of energy conservation and emission reduction is carried out orderly.

### **III. Consolidate and expand the achievements in poverty alleviation and rural revitalization**

During the reporting period, the Company did not participate in the precise consolidation and expansion of poverty alleviation and rural revitalization work.

## Section VI Important Matters

### I. Performance of commitments

**1. Commitments completed by the actual controller, shareholders, related parties, acquirers, the Company and other relevant parties within the reporting period and commitments not completed by the end of the reporting period**

☒Applicable ☐ N/A

Cause of commitment	Promising party	Type of commitment	Content of commitment	Commitment time	Term of commitment	Performance
Commitments made at the time of asset restructuring	Qiu Jianping; Wang Lingling	Reduce and standardize related transactions	1. I and the enterprises controlled by me shall minimize related transactions with the listed company as much as possible, and shall not use my position as the actual controller of the listed company to seek to grant rights superior to 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 first. 3. In case of necessary and unavoidable related transactions, the Company	June 4, 2019	Long-term validity	In strict performance

			<p>and the enterprises controlled by the Company will enter into agreements with the listed company according to the principles of fairness and compensation of equivalent value and perform legal procedures, and comply with the requirements of relevant laws, regulations and normative documents and provisions of the Articles of Association. The Company will perform the obligations of information disclosure and relevant internal decision-making and approval procedures in accordance with the law, and ensure that it will not conduct transactions with the listed company on terms that are obviously unfair compared with the market price, nor will it use such transactions to engage in any behavior that damages the legitimate rights and</p>			
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			interests of the listed company and other shareholders.			
Commitments made at the time of asset restructuring	GreatStar Group	Reduce and standardize related transactions	<p>1. The Company and the enterprises controlled by the Company will minimize affiliated transactions with the listed company and will not use its position as the controlling shareholder of the listed Company to seek to grant rights superior to other third parties in business cooperation with the listed Company.</p> <p>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 first.</p> <p>3. In case of necessary and unavoidable related transactions, the Company and the enterprises controlled by the Company will enter into agreements with the listed company according to the principles of fairness and compensation</p>	June 4, 2019	Long-term validity	In strict performance

			<p>of equivalent value and perform legal procedures, and comply with the requirements of relevant laws, regulations and normative documents and provisions of the Articles of Association. The Company will perform the obligations of information disclosure and relevant internal decision-making and approval procedures in accordance with the law, and ensure that it will not conduct transactions with the listed company on terms that are obviously unfair compared with the market price, nor will it use such transactions to engage in any behavior that damages the legitimate rights and interests of the listed company and other shareholders.</p>			
Commitments made at the time of asset restructuring	Qiu Jianping; Wang Lingling	Avoid competition	<p>1. I shall not directly or indirectly engage in or participate in any business that may be in direct or</p>	June 4, 2019	Long-term validity	In strict performance



			<p>indirect competition with the business of the listed company and its subsidiaries; I warrant that legal and effective measures will be taken to prevent other enterprises under my control from engaging in or participating 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 controlled by me will not compete with the expanded business of the listed company; Where there may be competition with the expanded business of the listed company, I and other enterprises controlled by me shall withdraw from the competition with the listed company in the following ways: A. Discontinue any business that is or may</p>			
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			<p>be competitive with the listed company; B. Incorporate the competing businesses into the listed company for management; C. Transfer the competing business to an unrelated third party. 3. If I or any other enterprise under my control has any business opportunity to engage in or participate in any activity which may be competitive with the operation of the listed company, I shall immediately notify the listed company of such business opportunity, and within a reasonable period specified in the notice, if the listed company gives a positive reply that it is willing to take advantage of such business opportunity, I shall try my best to give the listed company such business opportunity. 4. If I violate the above commitments, I am willing to bear all the liabilities arising</p>			
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			therefrom and fully compensate or compensate for all the direct or indirect losses caused to the listed company.			
Commitments made at the time of asset restructuring	GreatStar Group	Avoid competition	1. The Company does not directly or indirectly engage in or participate in any business that is in potential direct or indirect competition with the business of the listed company and its subsidiaries; The Company warrants that it will take legal and effective measures to prevent other enterprises controlled by the Company from engaging in or participating 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;	June 4, 2019	Long-term validity	In strict performance

			<p>Where there may be competition with the expanded business of the listed company, the Company and other enterprises controlled by the Company shall withdraw from the competition with the listed company in the following ways: A. Discontinue any business that is or may be competitive with the listed company; B. Incorporate the competing businesses into the listed company for management; 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 which may be competitive with the operation of the listed company, the Company shall immediately notify the listed company of such business</p>			
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			<p>opportunity, and within a reasonable period specified in the notice. If the listed company gives a positive reply that it is willing to take advantage of such business opportunity, the Company will try to give the business opportunity to the listed company. 4. In case of violation of the above commitments, the Company is willing to bear all the liabilities arising therefrom and fully compensate or compensate for all the direct or indirect losses caused to the listed company.</p>			
Commitments made at the time of asset restructuring	Qiu Jianping; Wang Lingling	Ensure the independence of listed companies	<p>I promise that after the completion of this transaction, I will ensure that the listed company will continue to improve its corporate governance structure and independently operated corporate management system in accordance with relevant laws and regulations and the Articles of Association,</p>	June 4, 2019	Long-term validity	In strict performance

			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.			
Commitments made at the time of asset restructuring	GreatStar Group	Ensure the independence of listed companies	The Company undertakes that after the completion of this 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 relevant 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.	June 4, 2019	Long-term validity	In strict performance
Commitments made at the time of asset	All directors and senior management personnel of the	Other commitments	1. I promise not to transfer benefits to other units or	June 4, 2019	Long-term validity	In strict performance



restructuring	Company		individuals free of charge or under unfair conditions, nor to damage the interests of the company in other ways. 2. I promise to restrict my duty consumption behavior. 3. I promise that I will not use the Company's assets to engage in investment and consumption activities unrelated to the performance of my duties. 4. I promise that the compensation system set by the Board of Directors or the compensation and Evaluation Committee will be linked to the implementation of the Company's compensation measures. In case of any loss caused to the Company or the stockholders by violation of the above commitments, I shall be liable for compensation according to law.			
Commitments made at the time of asset restructuring	GreatStar Group	Other commitments	1. I shall not interfere with the Company's operation and management activities beyond its authority, and shall not	June 4, 2019	Long-term validity	In strict performance

			<p>encroach on the company's interests. 2. If the China Securities Regulatory Commission (CSRC) makes explicit provisions on supplementary return measures and commitments between the issuance date of this Commitment and the completion of the transaction, and the aforesaid commitments fail to meet such provisions of the CSRC, I promise to issue supplementary commitments in accordance with the provisions of the CSRC. 3. The Company will strictly fulfill the measures to fill the diluted immediate return. If it fails to fill the diluted immediate return measures, it will publicly explain the specific reasons for its failure to fill the diluted immediate return measures at the shareholders' meeting of the Company and</p>			
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			apologize to the Company's shareholders and public investors; If investors suffer losses in securities trading due to failure to fulfill relevant commitments, they will be compensated according to law. In case of any loss caused to the Company or its shareholders due to its breach of the aforesaid commitment, the Company shall be liable for compensation according to law.			
Commitments made at the time of asset restructuring	Qiu Jianping; Wang Lingling	Other commitments	1. I shall not interfere with the Company's operation and management activities beyond its authority, and shall not encroach on the company's interests. 2. If the China Securities Regulatory Commission (CSRC) makes explicit provisions on supplementary return measures and commitments between the issuance date of this Commitment and the	June 4, 2019	Long-term validity	In strict performance

			completion of the transaction, and the aforesaid commitments fail to meet such provisions of the CSRC, I promise to issue supplementary commitments in accordance with the provisions of the CSRC. 3. I will strictly fulfill the measures to fill the diluted immediate return. If I fail to fill the diluted immediate return measures, I will publicly explain the specific reasons for my failure to fill the diluted immediate return measures at the Company's general meeting of shareholders and apologize to the Company's shareholders and public investors; If investors suffer losses in securities trading due to failure to fulfill relevant commitments, they will be compensated according to law. In case of any loss caused to the Company			
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			or its shareholders by violation of the above commitments, I shall be liable for compensation according to law.			
Commitments made at the time of an initial public offering or refinancing	All directors and senior management personnel of the Company	Other commitments	1. Promise not to transfer benefits to other units or individuals free of charge or under unfair conditions, nor to damage the interests of the Company by other means. 2. Promise to restrict the consumption behavior of directors and senior managers. 3. Promise not to use company assets to engage in investment and consumption activities unrelated to the performance of duties. 4. Promise that the compensation system set by the Board of Directors or the compensation committee will be linked to the implementation of the Company's compensation measures. 5. If the Company implements the equity incentive plan in the future, promise	November 23, 2018	Long-term validity	In strict performance

			that the exercise conditions of the future equity incentive plan will be linked to the implementation of the Company's filling return measures. As one of the subjects responsible for filling the return measures, if I violate the above commitments or refuse to perform the above commitments, I agree to be punished or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by China Securities Regulatory Commission, Shenzhen Stock Exchange and other securities regulatory authorities, and I am willing to bear the corresponding legal liabilities.			
Commitments made at the time of an initial public offering or refinancing	GreatStar Group	Other commitments	Promise not to interfere with the Company's operation and management activities beyond its power and not to encroach on	November 23, 2018	Long-term validity	In strict performance



			the Company's interests. As one of the subjects responsible for the compensation measures, if the Company violates the above commitments or refuses to perform the above commitments, the Company agrees to impose relevant penalties or take relevant management measures on the Company in accordance with the relevant regulations and rules formulated or issued by the China Securities Regulatory Commission, Shenzhen Stock Exchange and other securities regulatory authorities, and is willing to bear the corresponding legal liabilities.			
Commitments made at the time of an initial public offering or refinancing	Qiu Jianping; Wang Lingling	Other commitments	Promise not to interfere with the Company's operation and management activities beyond its power and not to encroach on the Company's interests. As one of the subjects responsible for	November 13, 2019	Long-term validity	In strict performance

			filling the return measures, if I violate the above commitments or refuse to perform the above commitments, I agree to take relevant penalties or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by China Securities Regulatory Commission, Shenzhen Stock Exchange and other securities regulatory authorities, and I am willing to bear the corresponding legal liabilities.			
Commitments made at the time of an initial public offering or refinancing	GreatStar Group	Commitments on trade competition, connected transactions, and utilization of funds	During its tenure as the controlling shareholder of the issuer, GreatStar Holdings Group Co., Ltd and the companies it will directly or indirectly control in the future will not engage in or participate in any business or activity within or outside China in any form (including but not limited to investment,	April 5, 2009	As the controlling shareholder of the Company	In strict performance

			combination and acquisition, association, joint venture, cooperation, partnership, contract or lease operation, or purchase of shares of listed companies) that constitutes or may constitute material competition with the Issuer's main business. Nor will it support, in any form, any third party other than the issuer and its wholly-owned or majority-controlled subsidiaries in or outside China to engage in or participate in any business or activity that constitutes or may constitute material competition with the Issuer's main business. In case any loss is caused to the issuer due to the failure to fulfill the promises and warranties made in the commitment letter, the GreatStar Holding Group Co., Ltd. will compensate the issuer for all actual losses.			
Commitments	Qiu Jianping; Wang Lingling	Commitments on trade	While it has effective	April 5, 2010	As the actual controller of the	In strict performance

made at the time of an initial public offering or refinancing		competition, connected transactions, and utilization of funds	control of the issuer, Qiu Jianping and his wife and the other enterprises directly or indirectly controlled by Qiu Jianping and his wife and other enterprises other than the issuer and its wholly-owned or controlling subsidiaries will not engage in or participate in any form (including but not limited to investment, combination and acquisition, association, joint venture, cooperation, partnership, contract or lease operation, purchase of shares of listed companies) within or outside China, which constitutes or may constitute the main business of the issuer any business or activity in which the issuer has a material competitive relationship will not support in any way, whether in or outside China, any third party other than the issuer and its wholly-owned		Company	
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			or majority-owned subsidiaries to engage in or participate in any business or activity that constitutes or may constitute a material competitive relationship with the issuer's main business. If any loss is caused to the issuer due to the failure to fulfill the promise and guarantee made in the commitment letter, Qiu Jianping and his wife will compensate the issuer for all actual losses.			
Whether promises are kept on time	Yes					

**2. If there is a profit forecast for the assets or projects of the Company and the reporting period is still in the profit forecast period, the Company shall explain the reasons for the assets or projects reaching the original profit forecast**

☐ Applicable ☒ N/A

## **II. Non-operational funds occupied by the controlling shareholders and other related parties of the listed company**

☐ Applicable ☒ N/A

During the reporting period, the controlling shareholder and other related parties do not occupy non-operational funds of the listed company.

## **III. Violation of foreign guarantee**

☐ Applicable ☒ N/A

The Company has no violation of external guarantee during the reporting period.

**IV. The Board of Directors' explanation of the latest issue of "Non-standard Audit Report"**

☐ Applicable ☒ N/A

**V. Explanation of the Board of Directors, the Board of Supervisors and the independent directors (if any) to the "Non-standard Audit Report" of the accounting firm in the current reporting period**

☐ Applicable ☒ N/A

**VI. Description of changes in accounting policies, accounting estimates or corrections of major accounting errors compared with the financial report of the prior year**

☐ Applicable ☒ N/A

There is no change in accounting policies, accounting estimates or correction of material accounting errors during the reporting period.

**VII. Description of changes in the scope of consolidated statements compared with the financial report of the prior year**

☒ Applicable ☐ N/A

For details, see Section 10, VIII, "Changes in the scope of consolidation"

**VIII. Employment and dismissal of accounting firms**

The accounting firm currently employed

Name of domestic accounting firm	Pan-China Certified Public Accountants LLP (Special General Partnership)
Remuneration of domestic accounting firms (ten thousand CNY)	89.5
Consecutive years of audit services provided by domestic accounting firms	14
Name of CPA of domestic accounting firm	Fei Fanghua and Li Xi
Number of consecutive years of CPA audit services provided by domestic accounting firms	2

Whether to hire an accounting firm during the current period

☐ Yes ☒ No

Employment of internal control audit firms, financial advisers or sponsors

☐ Applicable ☒ N/A

**IX. Delisting after disclosure of annual report**

☐ Applicable ☒ N/A



## X. Matters related to bankruptcy reorganization

☐ Applicable ☒ N/A

No bankruptcy reorganization related matters occurred during the reporting period.

## XI. Major litigation and arbitration matters

☒ Applicable ☐ N/A

Basic information of litigation (arbitration)	Amount involved (ten thousand CNY)	Whether provisions are formed	Progress of litigation (arbitration)	Litigation (arbitration) hearing results and impact	Enforcement of litigation (arbitration) judgments	Date of disclosure	Disclosure index
Summary of other matters that do not meet the material litigation disclosure standards (the Company as plaintiff)	83.82	No	As of December 31, 2022, the settlement amount has reached CNY 0.00; The amount involved in the mediation to be recovered is CNY 0.00. The amount of money involved in the case that has won the arbitration but has not been completed is CNY 808,200.00.	For litigation matters, the Company will: 1. Successful litigation or mediation to recover the funds involved; 2. Require the involved unit and its associated legal person or nature to provide guarantee for the execution of the debt, so as to guarantee the recovery of the involved funds; 3. Set aside bad debt allowance in accordance with accounting standards and company management system. In summary, this summary of litigation matters has no material impact on the Company.	A total of CNY 0.00 has been collected		

Summary of other matters that do not meet the material litigation disclosure criteria (the company as defendant)	54.32	No	By December 31, 2022, the amount of money involved in the case has been settled and withdrawn is CNY 43,900.00; The amount of compensation involved in the case is CNY 2,480.00.	For litigation matters, the Company will: 1. Successful litigation or mediation to recover the funds involved; 2. Require the involved unit and its associated legal person or nature to provide guarantee for the execution of the debt, so as to guarantee the recovery of the involved funds; 3. Set aside bad debt allowance in accordance with accounting standards and company management system. In summary, this summary of litigation matters has no material impact on the Company.	Among them, the compensation judgment has been executed		
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## XII. Punishment and rectification

☐ Applicable ☒ N/A

The Company has no punishment and rectification during the reporting period.

## XIII. Good faith status of the Company and its controlling shareholders and actual controllers

☒ Applicable ☐ N/A

During the reporting period, the Company and Qiu Jianping, the controlling shareholder of GreatStar Group and the actual controller, have good integrity. There is no failure to fulfill the effective judgment of the court, and the debts with a large amount of debt are not repaid when they mature.

## **XIV. Material affiliated Transactions**

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

☐ Applicable ☒ N/A

During the reporting period, no affiliated transactions related to daily operations occurred.

### **2. Related transactions arising from asset or equity acquisition or sale**

☐ Applicable ☒ N/A

During the reporting period, there is no related transaction of asset or equity acquisition or sale.

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

☐ Applicable ☒ N/A

There is no affiliated transaction of the Company's joint foreign investment during the reporting period.

### **4. Related creditor's rights and debts**

☐ Applicable ☒ N/A

The Company does not have related debt transactions during the reporting period.

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

☐ Applicable ☒ N/A

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

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

☐ Applicable ☒ N/A

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

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

☐ Applicable ☒ N/A

The Company has no other significant related transactions during the reporting period.

## XV. Major Contracts and performance

### 1. Trusteeship, contracting and leasing matters

#### (1) Trusteeship situation

☐ Applicable ☒ N/A

There is no trusteeship during the reporting period.

#### (2) Contracting conditions

☐ Applicable ☒ N/A

There is no contract in the reporting period.

#### (3) The leasing situation

☐ Applicable ☒ N/A

There is no lease during the reporting period.

### 2. Major guarantee

☒ Applicable ☐ N/A

Unit: CNY 10,000

External guarantees of the Company and its subsidiaries (excluding guarantees for subsidiaries)										
Name of the guarantor	Guarantee amount related announcement disclosure date	Amount of guarantee	Actual date of occurrence	Actual amount guaranteed	Type of guarantee	Security (if any)	Counter guarantee situation (if any)	Guarantee period	Whether the performance is completed or not	Whether to guarantee for related parties
N/A										
The guarantee status of the Company to its subsidiaries										
Name of the guarantor	Guarantee amount related announcement disclosure date	Amount of guarantee	Actual date of occurrence	Actual amount guaranteed	Type of guarantee	Security (if any)	Counter guarantee situation (if any)	Guarantee period	Whether the performance is completed or not	Whether to guarantee for related parties
GreatStar Europe Limited by shares Company	July 3, 2018	48,991.14	August 31, 2018	13,360.52	General warranty			2018/8/31-2023/7/27	No	Yes
Arrow Fastener	April 12, 2022	6,964.6	May 23, 2022	6,964.60	General warranty			1	No	Yes

Co., LLC										
Prime-Line Products , LLC	April 12, 2022	5,223.45	May 23, 2022	5,223.45	General warranty			1	No	Yes
Shop-Vac USA, LLC	April 12, 2022	6,964.6	April 12, 2022	6,964.6	General warranty			1	No	Yes
Suzhou Xindadi Hardware Product Co., Ltd.	June 22, 2020	10,000	January 7, 2021	7,600	General warranty			3	No	Yes
Geelong Sales Co., Ltd.	September 24, 2022	8,400	October 13, 2022	0.00	General warranty			2022/10/13-2025/12/31	No	Yes
GreatStar Europe Limited by shares Company	December 4, 2021	25,980.15	December 27, 2021	25,980.15	General warranty			2021/12/27-2029/06/30	No	Yes
Total amount of guarantee approved for subsidiaries during the reporting period (B1)		27,552.65		Total amount of guarantee actually incurred to the subsidiary during the reporting period (B2)		26,752.65				
Total approved guarantee amount for subsidiaries at the end of the report period (B3)		112,523.94		Total balance of actual guarantee to subsidiary at the end of reporting period (B4)		66,093.32				
The guarantee of the subsidiary to the subsidiary										
Name of the guarantor	Guarantee amount related announcement disclosure date	Amount of guarantee	Actual date of occurrence	Actual amount guaranteed	Type of guarantee	Security (if any)	Counter guarantee situation (if any)	Guarantee period	Whether the performance is completed or not	Whether to guarantee for related parties
N/A										
Total amount of company guarantee (the sum of the first three items)										
Total amount of approved guarantee in reporting period (A1+B1+C1)		27,552.65		Total amount of actual guarantee incurred during the reporting period (A2+B2+C2)		26,752.65				
Total amount of		112,523.94		Total amount of		66,093.32				

approved guarantee at the end of the reporting period (A3+B3+C3)		actual guaranteed balance at the end of the reporting period (A4+B4+C4)	
Proportion of the actual total guaranteed (i.e. A4+B4+C4) to the company's net assets			4.93%
Including:			
Balance of security provided to shareholders, actual controllers and their affiliates (D)			0
Balance of debt guarantees provided directly or indirectly to the insured with an asset-liability ratio of more than 70% (E)			59,128.72
Amount guaranteed in excess of 50% of net assets (F)			0
Total amount of the above three guarantees (D+E+F)			59,128.72

The specific situation of the composite guarantee

N/A

### 3. Entrusted cash asset management

#### (1) Entrusted financial management situation

☒ Applicable ☐ N/A

Summary of entrusted financial management during the reporting period

Unit: CNY 10,000

Concrete type	Sources of funds entrusted to finance	Amount of entrusted financial management	Outstanding balance	Amount not recovered after the deadline	Overdue recovery of the financial management has been deducted impairment amount
Bank financial products	Self-owned funds	18,800	6,000	0	0
Total		18,800	6,000	0	0

Specific situation of high-risk entrusted financial management with significant single amount or low security and poor liquidity

☐ Applicable ☒ N/A

Entrusted financing is expected to fail to recover the principal or exist other circumstances that may lead to impairment

☐ Applicable ☒ N/A

#### (2) Entrusted loans

☐ Applicable ☒ N/A

There are no entrusted loans during the reporting period.



#### 4. Other major contracts

☐ Applicable ☒ N/A

There are no other major contracts during the reporting period.

#### XVI. Explanation of other important matters

☒ Applicable ☐ N/A

1. During the reporting period, the Company obtained the purchase confirmation from a large retail company in the United States, the purchase target is 12 volt power tools, the purchase scope is all the sales and services of this type of products in about 2,000 stores in North America in the next three years, and the estimated order amount is no less than USD 15 million per year, more than 50% of the Company's 2020 power tool product revenue. For details, see Notice (2022) No. 010 disclosed on April 7, 2022.
2. During the reporting period, the Company signed a supplier purchase agreement with a large retail company in the United States. The purchase object is non-tool household goods, and the expected purchase amount is no less than USD 40 million per year. For details, see Announcement (2022) No. 034 disclosed on May 13, 2022.
3. During the reporting period, the Company obtained the final confirmation of product procurement from a large retail company, the procurement target is mobile energy storage (POWER BANK) and household energy storage (POWER STATION) products, and the expected purchase amount is no less than USD 20 million per year. The validity period of this purchase is two years. For details, see Announcement (2022) No. 061 disclosed on September 10, 2022.
4. On September 23, 2022, the 24th meeting of the 5th session of Board of Directors of the Company deliberated and approved the Proposal on the Establishment of a Wholly-owned Subsidiary Company through Foreign Investment. Hong Kong GreatStar International Co., Ltd., a wholly-owned subsidiary of the company, intends to establish a wholly-owned sub-subsidiary company, Hangzhou GreatStar New Energy Co., Ltd. (tentatively named, subject to the approval of the competent authorities), with a registered capital of USD 15 million, which will be raised by Hong Kong GreatStar. For details, see Announcement (2022) No. 067 disclosed on September 24, 2022.
5. Global Depository Receipts issued by the Company approved by China Securities Regulatory Commission and SIX Exchange Regulation AG, Switzerland Hereinafter referred to as "GDR") will be listed on the Swiss Stock Exchange on November 15, 2022 (Swiss time) (hereinafter referred to as "Issuance"). GDR securities are Hangzhou GreatStar Industrial Co., Ltd. GDR listing code: GSI. 70% or more of the net proceeds from the offering will be used to expand the Company's main business, including but not limited to the development of power tools and home energy storage products and overseas distribution: not more than 30% or the remainder of the net proceeds will be used for working capital and general corporate purposes. The price of each GDR in the Issuance is USD13.08. The number of GDRS in the Issuance is 11,812,700, among which each GDR represents 5 shares of the Company's A shares, and the corresponding number of new underlying A shares is 59,063,500. After the completion of the Issuance of GDRS, the total share capital of the Company is changed to 1,202,501,992 shares, and the total amount of funds raised by the Issuance of GDRS is USD154,510,116.00. The funds raised in the Issuance have been received.
6. On December 16, 2022, the 28th meeting of the 5th session of Board of Directors of the Company deliberated and approved the Proposal on the Establishment of a Wholly-owned Sub-subsidiary through Foreign Investment. Hong Kong GreatStar International Co., Ltd., a wholly-owned subsidiary of the Company, intends to establish a wholly-owned sub-subsidiary, Hangzhou GreatStar Garden Tools Co., Ltd. (tentatively named, subject to the approval of the competent authorities), in Shangcheng District, Hangzhou City, Zhejiang Province, with a registered capital of USD 100 million, which is self-raised by Hong Kong GreatStar. For details, see Announcement (2022) No. 093 disclosed on December 17, 2022.

#### XVII. Major matters of subsidiaries of the Company

☐ Applicable ☒ N/A

## Section VII Changes in Shares and Information about Shareholders

### I. Changes in shares

#### 1. Changes in shares

Unit: share

	Before change		Increase/decrease (+, -)					After change	
	Quantity	Proportion	Issue new shares	Share delivery	Conversion of provident fund shares	Others	Subtotal	Quantity	Proportion
I. Limited sale condition shares	61,339,786	5.36%				- 11,808,482	- 11,808,482	49,531,304	4.12%
1. State shareholding									
2. Shareholding by state-owned legal persons									
3. Other domestic holdings	61,339,786	5.36%				- 11,808,482	- 11,808,482	49,531,304	4.12%
Including: domestic legal person shareholding									
Domestic natural person shareholding	61,339,786	5.36%				- 11,808,482	- 11,808,482	49,531,304	4.12%
4. Foreign ownership									
Including: foreign legal person shareholding									

Shareholding by foreign natural persons									
II. Shares subject to unlimited sale	1,082,098,706	94.64%	59,063,500			11,808,482	70,871,982	1,152,970,688	95.88%
1. CNY ordinary shares	1,082,098,706	94.64%	59,063,500			11,808,482	70,871,982	1,152,970,688	95.88%
2. Foreign capital stocks listed in China									
3. Foreign capital stocks listed overseas									
4. Others									
III. Total number of shares	1,143,438,492	100.00%	59,063,500			0	59,063,500	1,202,501,992	100.00%

## Reasons for changes in shares

☒Applicable ☐ N/A

During the reporting period, the number of global depositary receipts issued by the Company was 11,812,700, in which each GDR represented five A-shares of the Company, and the corresponding number of new underlying A-shares was 59,063,500. As a result, the total capital of the Company increased by 59,063,500 shares; Changes in limited sale conditions are caused by changes in the holdings of directors and executives of the Company.

## Approval of changes in shares

☒Applicable ☐ N/A

The Company has obtained the approval of the China Securities Regulatory Commission (hereinafter referred to as "CSRC") for the issuance of GDRS. For details, please refer to the Announcement on the Issuance and Listing of GDRS on the Swiss Stock Exchange Approved by the CSRC published by the Company on November 10, 2022 (Announcement (2022) No. 081) and has obtained the approval of the Prospectus Office of the Swiss Stock Exchange Regulator for the GDR offering, as detailed in the Company's Notice concerning the Determination of the Price Range for the GDR Offering and the Approval of the Prospectus Office of the Swiss Stock Exchange Regulator, dated 10 November 2022 (Announcement (2022) No. 082).

## Transfer of stock changes

☐ Applicable ☒ N/A

The impact of stock changes on basic and diluted earnings per share, net asset value per share attributable to the Company's common shareholders and other financial indicators in the most recent year and the most recent period

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

## 2. Changes in restricted shares

☒ Applicable ☐ N/A

Unit: share

Name of shareholder	Initial limited number of shares sold	Increase the number of restricted shares in the current period	Number of restricted shares released in the current period	Number of restricted shares at the end of the period	Reasons for restricted sales	Date of lifting the restriction
Zhang Mao	0	2,175		2,175	Appointed an executive and locked up 75% of his shares.	25% of the total number of restricted shares to be released at the beginning of each year during the term of office.
Li Feng	609,733	30,225		639,958	Executive lock stock	25% of the total number of restricted shares to be released at the beginning of each year during the term of office.
Qiu Jianping	45,663,225	2,159,218	11,300,100	36,522,343	Director lock-in stock	25% of the total number of restricted shares to be released at the beginning of each year during the term of office.
Wang Lingling	12,863,220		3,150,000	9,713,220	Executive lock stock	25% of the total number of restricted shares to be released at the beginning of each year during the term of office.
Zhou Siyuan	0	450,000		450,000	Executive lock stock	25% of the total number of restricted shares to be released at the beginning of each year

						during the term of office.
Total	59,136,178	2,641,618	14,450,100	47,327,696	--	--

## II. Securities issuance and listing

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

☒ Applicable ☐ N/A

Names of stocks and derivative securities	Date of issue	Issue price (or interest rate)	Quantity issued	Date of listing	Number of approved listings	Closing date	Disclosure index	Date of disclosure
Stock class								
A-share	November 10, 2022	USD 2.616 per share	59,063,500	November 15, 2022	59,063,500		Announcement No.: 2022-086	March 15, 2023
Convertible bonds, separately traded convertible bonds and corporate bonds								
Other derivative securities								
Global depositary receipts	November 10, 2022	It's USD 13.08 per copy	11,812,700	November 15, 2022	11,812,700		Announcement No.: 2022-084	November 10, 2022

Description of securities issuance (excluding preferred stock) during the reporting period

The Company completed the issue of Global Depositary Receipts (hereinafter referred to as "GDR") in November 2022 and was listed on the Swiss Stock Exchange on November 15, 2022 (Swiss time) (hereinafter referred to as "Issuance"). The price of each GDR in the Issuance is USD 13.08. The number of GDRS in the Issuance is 11,812,700, among which each GDR represents 5 shares of the Company's A shares, and the corresponding number of new underlying A shares is 59,063,500. After the completion of this GDR, the total share capital of the Company is changed to 1,202,501,992 shares.

### 2. Description of changes in the total number of shares and shareholder structure of the company, as well as changes in the structure of assets and liabilities of the company

☒ Applicable ☐ N/A

The Company completed the issue of Global Depositary Receipts (hereinafter referred to as "GDR") in November 2022 and was listed on the Swiss Stock Exchange on November 15, 2022 (Swiss time) (hereinafter referred to as "Issuance"). The price of each GDR in the Issuance is USD 13.08. The number of GDRS in the Issuance is 11,812,700, among which each GDR represents 5 shares of the Company's A shares, and the corresponding number of new underlying A shares is 59,063,500. After the completion of this GDR, the total share capital of the Company is changed to 1,202,501,992 shares.

### 3. Situation of the existing internal job stock

☐ Applicable ☒ N/A

### III. Shareholders and actual controllers

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

Unit: share

Reporting the total number of common shareholders at the end of the period	46,393	Total number of common shareholders at the end of the preceding month prior to disclosure of the Annual Report	53,807	Total number of preferred shareholders reporting restoration of voting rights (if any) at the end of the period (see Note 8)	0	Total number of preferred shareholders whose voting rights were restored at the end of the month prior to disclosure of the Annual Report (if any) (see Note 8)	0	
Shareholders holding more than 5% or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Report the number of holdings at the end of the period	Changes in the reporting period	Number of shares held on limited terms of sale	Number of shares held under an unlimited condition	Condition of pledge, mark or freeze	
							Share status	Quantity
GreatStar Holding Group Co., Ltd.	Domestic non-state-owned legal person	37.61%	452,305,864	-11434000	0	452,305,864		
Citibank, National Association	Overseas legal person	4.91%	59,063,500	59063500.00	0	59,063,500.00		
Qiu Jianping	Domestic natural person	4.05%	48,696,458	2878958	36,522,343	12,174,115		
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.08%	25,044,623	-53725619	0	25,044,623		
China Construction Bank Co., Ltd. - BoCOM Schroders Economic new power hybrid securities investment fund	Others	1.61%	19,359,284	5056185	0	19,359,284		
China Merchants Bank Co.,	Others	1.09%	13,103,456	3139581	0	13,103,456		



Ltd. - BoCOM Schroders Innovation Pilot hybrid securities investment fund								
Wang Lingling	Domestic natural person	1.08%	12,950,960	0	9,713,220	3,237,740		
National Social Security Fund 115 portfolio	Others	1.02%	12,300,000	-500000	0	12,300,000		
National Social Security Fund 418 portfolio	Others	0.97%	11,635,720	6922494	0	11,635,720		
Industrial and Commercial Bank of China Limited - Fuguo Tianhui Select Growth Hybrid Securities Investment Fund (LOF)	Others	0.83%	10,003,400	2794148	0	10,003,400		
Placement of new shares by strategic investors or general corporations as top 10 shareholders (if any) (see Note 3)	During the reporting period, the Company added 59,063,500 basic A-shares due to the issuance of GDRS. At the end of the reporting period, the above added shares were held by Citibank and National Association.							
Description of such stockholder affiliation or concerted action	GreatStar Holding Group Co., Ltd., Qiu Jianping and Wang Lingling are related and belong to the concerted actors stipulated in the Measures for the Administration of Acquisition of Listed Companies.							
Description of the above shareholders involved in entrustment/fiduciary voting rights, waiver of voting rights	None							
Special description of the repurchase account (if any) among the top 10 shareholders (see Note 10)	None							
Holdings of the top 10 unlimited sale condition shareholders								

Name of shareholder	Number of unlimited sale condition shares held at the end of reporting period	Class of shares	
		Class of shares	Quantity
GreatStar Holding Group Co., Ltd.	452,305,864	CNY common stock	452,305,864
Citibank, National Association	59,063,500	CNY common stock	59,063,500
Hong Kong Securities Clearing Company Limited	25,044,623	CNY common stock	25,044,623
China Construction Bank Co., Ltd. - BoCOM Schroders Economic new power hybrid securities investment fund	19,359,284	CNY common stock	19,359,284
China Merchants Bank Co., Ltd. - BoCOM Schroders Innovation Pilot hybrid securities investment fund	13,103,456	CNY common stock	13,103,456
National Social Security Fund 115 portfolio	12,300,000	CNY common stock	12,300,000
Qiu Jianping	12,174,115	CNY common stock	12,174,115
National Social Security Fund 418 portfolio	11,635,720	CNY common stock	11,635,720
Industrial and Commercial Bank of China Limited - Fuguo Tianhui Select Growth Hybrid Securities Investment Fund (LOF)	10,003,400	CNY common stock	10,003,400
CITIC Securities Co., Ltd. - Social Security Fund 17052 portfolio	9,760,298	CNY common stock	9,760,298
Description of the relationships or concerted actions of the top 10 unlimited-float stockholders and the top 10 unlimited-float stockholders and the top 10 stockholders	GreatStar Holding Group Co., Ltd. and Qiu Jianping are related to each other and belong to the joint actors stipulated in the Measures for the Administration of Acquisition of Listed Companies.		
Description of top 10 common shareholders' participation in margin trading (if any) (see Note 4)	GreatStar Holding Group Co., Ltd. participated in the lending business of the securities of the transfer, by the end of the reporting period, a total of 11,434,000 shares had been lent.		

Whether the top 10 common shareholders and the top 10 unlimited condition common shareholders of the company have engaged in agreed repurchase transactions during the reporting period

☐ Yes ☒ No

The top 10 common shareholders and the top 10 unlimited condition common shareholders of the Company did not conduct agreed repurchase transactions during the reporting period.

## 2. Controlling shareholders of the Company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Whether they have obtained the right of abode in another country or region
Qiu Jianping	China	No
Main occupation and position	Chairman of the Board, Chairman of GreatStar Group	
Equity status of other domestic and foreign listed companies holding or participating shares during the reporting period	Hangcha Group Co., Ltd., stock code: 603298, stock abbreviation: Hangcha Group, the company was listed in Shanghai Stock Exchange on December 27, 2016, mainly engaged in forklift trucks, intelligent vehicles and other industrial vehicle products and main parts of the kit. Zhejiang Xinchai Co., Ltd., stock code: 301032, stock abbreviation: Xinchai Co., Ltd., listed in Shenzhen Stock Exchange on July 22, 2021, is mainly engaged in the R&D, production and sales of non-road diesel engines and related parts.	

Change in reporting period of controlling shareholders

☐ Applicable ☒ N/A

The controlling shareholders of the company have not changed during the reporting period.

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

Nature of actual controller: Domestic natural person

Type of actual controller: natural person

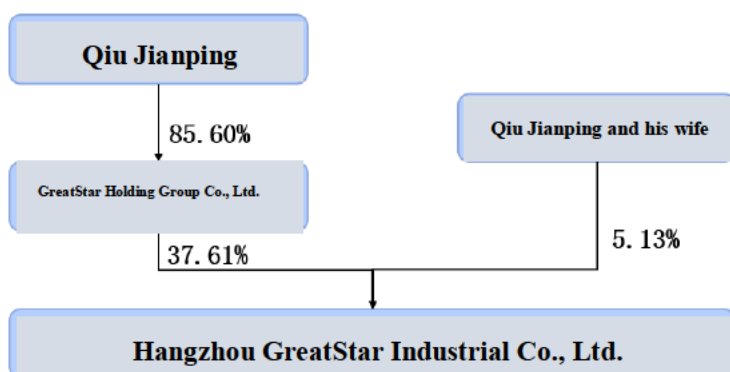
Name of actual controller	Relationship with actual controller	Nationality	Whether they have obtained the right of abode in another country or region
Qiu Jianping	Myself	China	No
Main occupation and position	Chairman of the Board, Chairman of GreatStar Group		
The domestic and foreign listed companies in the past 10 years	Qiu Jianping is the actual controller of Hangcha Group Co., Ltd. (Stock code: 603298) and Zhejiang Xinchai Co., Ltd. (stock code: 301032).		

Whether actual controller has changed in the reporting period

☐ Applicable ☒ N/A

The actual controller of the Company has not changed during the reporting period.

Block diagram of the property rights and control relationship between the company and the actual controller



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

☐ Applicable ☒ N/A

**4. The accumulative number of shares pledged by the controlling shareholder or the largest shareholder of the Company and the persons acting in concert shall account for 80% of the number of shares held by them**

☐ Applicable ☒ N/A

**5. Other corporate shareholders holding more than 10%**

☐ Applicable ☒ N/A

**6. The controlling shareholder, the actual controller, the reorganization party and other commitment subject stock restriction reduction**

☐ Applicable ☒ N/A

#### IV. Specific implementation of share repurchase in the reporting period

The implementation progress of share repurchase

☒ Applicable ☐ N/A

Scheme disclosure time	Number of shares to be repurchased (shares)	As a percentage of total equity	Amount to be repurchased (ten thousand CNY)	Proposed buyback period	Repurchase use	Number of shares repurchased (shares)	Proportion of shares repurchased to the underlying shares covered by the equity incentive plan (if any)
July 6, 2021			18,000-36,000	2021-7-6 to 2022-7-4	Among them, 40% of the repurchased shares are intended to be used for	8,023,810	

					stock source of employee stock ownership plan or equity incentive plan, and 60% of the repurchased shares are intended to be used for conversion of corporate bonds issued by the Company that can be converted into stock		
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The implementation progress of reducing shares and repurchasing shares by centralized bidding trading

☐ Applicable ☒ N/A

## Section VIII Preferred Shares

☐ Applicable ☒ N/A

No preferred stock existed in the Company during the reporting period.



## Section IX Information about Bond

☐ Applicable ☒ N/A

## Section X Financial Statements

### I. Audit report

Type of audit opinion	Standard unreserved opinion
Date of signing the audit report	April 21, 2023
Name of audit institution	Pan-China Certified Public Accountants (special general partnership)
Audit report number	Pan-China Audit (2023) No. 3368
CPA name	Fei Fanghua and Li Xi

#### Text of audit report

All shareholders of Hangzhou GreatStar Industrial Co., Ltd.:

#### I. Audit opinions

We have audited the financial statements of Hangzhou GreatStar Technology Co., Ltd. (hereinafter referred to as "GreatStar"), including the consolidated and parent company balance sheet for December 31, 2022, the consolidated and parent company income statement for 2022, the consolidated and parent company cash flow statement, the consolidated and parent company statement of changes in shareholders' equity, and the relevant notes to the financial statements.

In our opinion, the accompanying financial statements, prepared in all material respects in accordance with the provisions of the accounting standards for business enterprises, fairly present the financial position of the combination and parent company as of December 31, 2022, and the results of the combination and parent company's operations and cash flows for the year 2022.

#### II. Basis of audit opinions

We carried out the audit in accordance with the auditing standards of Chinese certified public accountants. Our responsibilities under these standards are further elaborated in the "Certified Public Accountant Responsibilities for the Audit of Financial Statements" section of the audit report. In accordance with the Chinese Certified Public Accountant Code of Ethics, we are independent of GreatStar and fulfill other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### III. Key audit matters

Key audit items refer to the items that we consider to be the most important in the audit of current financial statements based on our professional judgment. The response to these matters is in the context of an audit of the financial statements as a whole and the formation of an audit opinion. We do not express an opinion on these matters separately.

##### (I) Revenue recognition

##### 1. Event description

For details of disclosure of relevant information, see Note V, (II), 1 and Note III, (XXV) to the financial statements.

The revenue of GreatStar comes from hand tools, power tools, laser measurement and storage, etc. In 2022, the operating income of GreatStar was CNY 1,261,0189,600.00. As revenue is one of the key performance indicators of GreatStar, there may be an inherent risk that the management of GreatStar (hereinafter referred to as "Management") may achieve specific goals or expectations through inappropriate revenue recognition. Therefore, we have identified revenue recognition as a key audit item.

##### 2. Audit response

For revenue recognition, our audit procedures mainly include:

- (1) Understand the key internal controls related to revenue recognition, evaluate the design of these controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;
- (2) Examine the sales contract, understand the main contract terms or conditions, and evaluate whether the revenue recognition method is appropriate;
- (3) Carry out analysis procedures for operating proceeds and gross profit margin on a monthly, product and customer basis, identify whether there are significant or abnormal fluctuations, and find out the causes of fluctuations;
- (4) For domestic sales revenue, check supporting documents related to revenue recognition by sampling method, including sales contract, order, sales invoice, warehouse delivery and customer signature; For export income, check sales contract, export declaration, freight bill of lading, customer receipt, sales invoice and other supporting documents by sampling method;
- (5) Confirm current sales to major customers by sampling method in combination with receivables confirmation;
- (6) Implement cut-off test for the operating income recognized around the balance sheet date to evaluate whether the operating income is recognized in the appropriate period;
- (7) Check whether the information related to the operating income has been properly presented in the financial statements.

## (II) Impairment of goodwill

### 1. Event description

For details of disclosure of relevant information, see Note III, (XX) and Note V, (I), 19 to the financial statements.

As at December 31, 2022, the original book value of goodwill of GreatStar was CNY 2,585,130,465.59, the reserve for impairment was CNY 148,989,670.93, and the book value was CNY 2,436,140,794.66.

When there are signs of impairment in the asset group or asset group combination related to goodwill, and at the end of each year, management shall conduct impairment tests on goodwill. Management will combine the goodwill with its related asset group or asset group combination for impairment test, and the recoverable amount of the related asset group or asset group combination shall be calculated according to the present value of the estimated future cash flow. Key assumptions used in the impairment test include: revenue growth rate in the detailed forecast period, growth rate in the perpetual forecast period, gross profit rate and discount rate, etc.

Because the amount of goodwill is material and the test of goodwill impairment involves significant management judgment, we have identified goodwill impairment as a critical audit matter.

### 2. Audit response

For goodwill impairment, our audit procedures mainly include:

- (1) Understand the key internal controls related to goodwill impairment, evaluate the design of these controls, determine whether they are implemented, and test the operational effectiveness of the relevant internal controls;
- (2) Review the management's forecast of the present value of future cash flows and actual operating results in prior years, and evaluate the accuracy of the management's past forecasts;
- (3) Understand and evaluate the competence, professional quality and objectivity of external valuation experts employed by management;
- (4) Evaluate the rationality and consistency of the methods used by the management in the impairment test;
- (5) Evaluate the rationality of key assumptions adopted by the management in the impairment test, and review whether relevant assumptions are consistent with the overall economic environment, industrial conditions, business conditions, historical experience and other assumptions used by the management in relation to financial statements;
- (6) Test the accuracy, completeness and relevance of the data used by the management in the impairment test, and review the internal consistency of relevant information in the impairment test;
- (7) Test whether the calculation of the present value of the expected future cash flow by the management is accurate;
- (8) Check whether the information related to goodwill impairment has been properly presented in the financial statements.

#### **IV. Other information**

Management is responsible for other information. Other information includes information covered in the annual report, but excludes the financial statements and our audit reports.

Our audit opinion on the financial statements does not cover other information, nor do we express any form of forensic conclusions on other information.

In conjunction with our audit of the financial statements, it is our responsibility to read the additional information and, in doing so, consider whether the additional information is materially inconsistent with the financial statements or what we have learned during the audit or appears to be materially misstated.

Based on the work we have performed, if we determine that additional information is materially misstated, we shall report that fact. We have nothing to report in this regard.

#### **V. Responsibility of the management for financial statements**

Management is responsible for preparing the financial statements in accordance with the accounting standards for business enterprises to achieve fair representation, and for designing, implementing and maintaining the necessary internal controls to ensure that the financial statements are free from material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for evaluating GreatStar's ability to go as a going concern, disclosing matters relating to going concern, if applicable, and applying the going concern assumption, unless a liquidation is planned, the operations are discontinued or there is no other realistic alternative.

The GreatStar Management Layer (hereinafter referred to as "Management") is responsible for overseeing the financial reporting process of GreatStar.

#### **VI. Responsibilities of Certified Public Accountants for auditing financial statements**

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement due to fraud or error, and to produce an audit report containing an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always find a material misstatement. The misstatement may result from fraud or error and is generally considered material if it is reasonably expected that the misstatement, in isolation or in combination, could affect the economic decisions made by users of the financial statements based on the financial statements.

In performing our audit work in accordance with audit standards, we exercise professional judgment and maintain professional skepticism. Meanwhile, we also perform the following work:

(I) Identify and assess the risk of material misstatement of financial statements caused by fraud or error, design and implement audit procedures to deal with these risks, and obtain sufficient and appropriate audit evidence as the basis for expressing audit opinions. Because fraud may involve collusion, forgery, willful omission, misrepresentation, or override internal controls, the risk of failing to detect a material misstatement as a result of fraud is higher than the risk of failing to detect a material misstatement as a result of error.

(II) Understand the internal controls related to audit to design appropriate audit procedures.

(III) Evaluate the appropriateness of accounting policies chosen by the management and the reasonableness of accounting estimates and relevant disclosures made by the management.

(IV) Conclude the appropriateness of management's use of the going concern assumption. Meanwhile, based on the audit evidence obtained, it concludes whether there is a material uncertainty about matters or circumstances that may raise material doubt about GreatStar's ability to go as a going concern. If we conclude that there is a material uncertainty, auditing standards require us to bring relevant disclosures in the financial statements to the attention of statement users in our audit reports; If disclosure is

inadequate, we shall express a non-unqualified opinion. Our conclusions are based on information available as of the audit reporting date. However, future events or circumstances may result in GreatStar not being a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, and evaluate whether the financial statements fairly reflect the relevant transactions and events.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entity or business activities of the GreatStar, so as to express audit opinions on the financial statements. We are responsible for the guidance, supervision and execution of Group audits and take full responsibility for audit opinions.

We communicate with the management about the planned audit scope, timing, and significant audit findings, including internal control deficiencies of concern that we have identified during the audit.

We also provide the management with a statement that we have complied with ethical requirements related to our independence and communicate with governance about all relationships and other matters that may reasonably be considered to affect our independence, as well as relevant precautions, if applicable.

From the matters communicated with the management layer, we determine which matters are the most important for the audit of the current financial statements and therefore constitute the key audit matters. We describe these matters in our audit reports unless the public disclosure of such matters is prohibited by law or regulation or, in rare circumstances, we determine that we shall not communicate a matter in our audit report if the negative consequences of communicating the matter in our audit report can reasonably be expected to outweigh the benefit in the public interest.

## II. Financial statements

The unit of the statement in the financial notes: CNY

### 1. Consolidated balance sheets

Prepared by: Hangzhou GreatStar Industrial Co., Ltd.

December 31, 2022

Unit: CNY

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash and Cash equivalents	4,863,206,182.40	4,033,707,240.16
Settlements Provision		
Loans to banks and other financial institutions		
Financial assets held for trading	70,230,104.24	13,557,757.75
Derivative financial assets		
Notes receivable	18,765,981.83	6,629,914.18
Accounts receivable	1,896,685,590.11	1,798,265,505.53
Financing receivables	324,557,679.71	559,020,827.52
Prepayments	128,254,093.87	77,743,441.90
Insurance premium receivable		
Due from reinsurers		
Reinsurance contract reserves receivable		
Other receivables	58,325,042.10	96,151,003.68
Including: Interest receivable		

Dividends receivable		
Financial assets purchased under agreements to resell		
Inventories	2,812,572,525.68	2,835,777,996.84
Contract assets		
Assets classified as held for sale		
Current portion of non-current assets	98,061.60	90,708.80
Other current assets	134,130,648.58	193,991,198.10
Total current assets	10,306,825,910.12	9,614,935,594.46
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investments		
Long-term receivables	2,872,179.47	2,721,241.71
Long-term equity investment	2,544,523,517.55	2,353,942,699.80
Other equity instruments investment	16,550,000.00	16,550,000.00
Other non-current financial assets		
Investment properties	122,158,556.01	127,058,966.69
Fixed assets	1,518,902,232.96	1,494,547,487.29
Construction in progress	304,599,362.46	113,750,851.49
Productive biological assets		
Oil and gas assets		
Right-to-use assets	417,129,361.41	411,722,761.66
Intangible assets	712,798,866.46	671,293,451.61
Development expenditure		
Goodwill	2,436,140,794.66	2,305,780,623.86
Long-term deferred expenses	29,683,274.34	26,745,962.25
Deferred tax assets	92,863,613.38	64,333,652.79
Other non-current assets	74,507,127.95	103,771,593.06
Total non-current assets	8,272,728,886.65	7,692,219,292.21
Total assets	18,579,554,796.77	17,307,154,886.67
Current liabilities:		
Short-term borrowings	1,379,062,713.11	1,806,901,201.39
Borrowings from the central bank		
Deposits and balances from banks and other financial institutions		
Financial liabilities held for trading	48,413,710.29	978,031.91
Derivative financial liabilities		
Notes payable	21,096,540.03	51,728,000.00
Accounts payable	1,366,875,268.71	1,640,430,929.84
Receipts in advance		
Contract liabilities	131,898,420.14	91,235,951.19
Financial assets sold under agreements		



to buy		
Customer deposits and balances from banks and other financial institutions		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Payroll and employee benefits payable	270,678,187.82	264,073,705.38
Tax payable	176,943,955.53	170,836,108.02
Other payables	21,198,376.32	676,502,987.21
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance payable		
Liabilities classified as held for sale		
Current portion of non-current liabilities	323,296,833.40	358,525,963.69
Other current liabilities	2,136,266.97	2,501,196.81
Total current liabilities	3,741,600,272.32	5,063,714,075.44
Non-current liabilities:		
Insurance reserves		
Long-term borrowings	798,604,951.84	1,015,445,732.07
Bonds payable		
Including: Preference shares		
Perpetual debt		
Lease liabilities	318,221,349.99	289,196,511.02
Long-term payables		
Long-term payroll and employee benefits payable	19,223,856.97	20,854,276.60
Provisions	4,548,413.90	4,924,868.93
Deferred income	2,364,687.74	2,802,244.63
Deferred tax liabilities	70,462,027.25	96,927,387.14
Other non-current liabilities		
Total non-current liabilities	1,213,425,287.69	1,430,151,020.39
Total liabilities	4,955,025,560.01	6,493,865,095.83
Shareholders' equity:		
Paid-in capital	1,202,501,992.00	1,143,438,492.00
Other equity instruments		
Including: Preference shares		
Perpetual bond		
Capital reserve	3,950,778,936.53	2,924,951,844.93
Less: Treasury shares	236,625,962.00	186,441,914.48
Other comprehensive income	115,010,556.85	-229,774,189.10
Special reserve		
Surplus reserve	663,843,379.04	598,543,176.63
General risk reserve		
Retained earnings	7,702,438,641.41	6,348,179,336.72
Equity attributable to parent company	13,397,947,543.83	10,598,896,746.70

Non-controlling interests	226,581,692.93	214,393,044.14
Total shareholders' equity	13,624,529,236.76	10,813,289,790.84
Total liabilities and shareholders' equity	18,579,554,796.77	17,307,154,886.67

Legal representative: Qiu Jianping Chief accountant: Ni Shuyi Head of accounting department: Ni Shuyi

## 2. Balance sheet of parent company

Unit: CNY

Item	December 31, 2022	January 1, 2022
<b>Current assets:</b>		
Cash and Cash equivalents	1,959,109,461.78	2,206,647,760.44
Financial assets held for trading		2,805,400.00
Derivative financial assets		
Notes receivable	6,303,252.22	3,817,503.68
Accounts receivable	1,094,304,301.40	972,916,000.96
Financing receivables	321,247,171.36	370,836,450.93
Prepayment	11,356,975.59	15,407,186.40
Other receivables	2,755,900,353.60	1,458,883,819.83
Including: Interest receivable		
Dividends receivable		
Inventories	67,443,090.27	68,823,270.52
Contract assets		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	56,338,463.11	51,228,927.28
Total current assets	6,272,003,069.33	5,151,366,320.04
<b>Non-current assets:</b>		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	6,646,597,702.06	6,509,236,517.72
Other equity instruments Investment	16,550,000.00	16,550,000.00
Other non-current financial assets		
Investment properties	122,158,556.01	
Fixed assets	164,458,168.94	148,222,773.14
Construction in progress	32,000,978.77	6,172,215.82
Productive biological assets		
Oil and gas assets		
Right-to-use assets		
Intangible assets	21,448,416.46	16,166,495.20
Development expenditure		
Goodwill		
Long-term deferred expenses		

Deferred tax assets	16,436,967.81	12,054,042.27
Other non-current assets	2,422,590.14	5,741,206.20
Total non-current assets	7,022,073,380.19	6,714,143,250.35
Total assets	13,294,076,449.52	11,865,509,570.39
Current liabilities:		
Short-term borrowings	656,030,197.16	1,547,295,724.96
Financial liabilities held for trading	13,075,775.62	
Derivative financial liabilities		
Notes payable	100,000,000.00	
Accounts payable	1,107,917,284.47	389,834,880.42
Receipts in advance		
Contract liabilities	43,237,007.23	46,268,755.74
Payroll and employee benefits payable	52,247,521.65	46,155,738.14
Taxes payable	35,226,805.80	76,469,338.83
Other payables	3,392,054.12	585,010,369.48
Including: Interest payable		
Dividend payable		
Liabilities classified as held for sale		
Current portion of non-current liabilities	73,583,468.23	82,994,001.43
Other current liabilities	604,815.09	427,742.00
Total current liabilities	2,085,314,929.37	2,774,456,551.00
Non-current liabilities:		
Long-term borrowings	792,728,586.65	391,626,437.89
Bonds payable		
Including: Preference shares		
Perpetual bond		
Lease liabilities		
Long-term payables		
Long-term payroll and employee benefits payable		
Provisions		
Deferred income	795,332.50	1,556,851.32
Deferred tax liabilities	2,413,918.11	1,799,743.40
Other non-current liabilities		
Total non-current liabilities	795,937,837.26	394,983,032.61
Total liabilities	2,881,252,766.63	3,169,439,583.61
Shareholders' equity:		
Paid-in capital	1,202,501,992.00	1,143,438,492.00
Other equity instruments		
Including: Preference shares		
Perpetual debt		
Capital reserve	3,958,727,598.88	2,930,657,501.76
Less: Treasury shares	236,625,962.00	186,441,914.48
Other comprehensive income	-54,066,268.84	-84,939,637.21

Special reserve		
Surplus reserve	660,095,082.13	594,794,879.72
Retained earnings	4,882,191,240.72	4,298,560,664.99
Total shareholders' equity	10,412,823,682.89	8,696,069,986.78
Total liabilities and shareholders' equity	13,294,076,449.52	11,865,509,570.39

### 3. Consolidated income statement

Unit: CNY

Item	2022	2021
I. Total revenue	12,610,189,590.33	10,919,683,344.37
Including: Operating proceeds	12,610,189,590.33	10,919,683,344.37
Interest income		
Net earned premiums		
Net fee and commission revenue		
II. Total operating costs	11,041,030,293.49	9,865,931,262.26
Including: Operating cost	9,266,922,304.75	8,176,123,668.50
Interest expense		
Fees and commission expenses		
Surrenders		
Net payments for insurance claims		
Net provision of insurance reserve		
Policyholder dividends		
Reinsurance expense		
Taxes and surcharges	47,328,748.68	36,118,676.84
Selling expenses	757,228,439.80	593,003,103.68
General and administrative expenses	760,961,439.86	686,120,731.06
R&D expenses	319,444,535.16	309,763,366.15
Financial expenses	-110,855,174.76	64,801,716.03
Including: Interest expense	102,114,891.52	59,754,089.36
Interest income	83,482,441.75	59,709,415.20
Add: Other income	50,671,622.68	47,550,853.31
Investment income (loss presented by "-")	176,927,540.37	370,298,858.39
Including: Share of profits or loss of associates and joint ventures	186,224,854.43	253,722,685.68
Gain from derecognition of financial assets measured at amortized cost		
Exchange gain (loss presented by "-")		
Net exposure hedging gain (loss		

presented by “-”)		
Gain on changes in fair value (loss presented by “-”)	-50,580,428.04	-23,610,602.75
Credit impairment loss (loss presented by “-”)	19,113,580.83	-44,330,212.07
Assets impairment loss (loss presented by “-”)	-61,324,795.37	-23,131,165.61
Gain from disposal of assets (loss presented by “-”)	-16,894,964.73	-3,020,089.44
III. Operating profit (loss presented by “-”)	1,687,071,852.58	1,377,509,723.94
Add: Non-operating income	1,183,010.44	87,347,950.40
Less: Non-operating costs	20,981,657.35	6,324,391.50
IV. Total Profit (total loss presented by “-”)	1,667,273,205.67	1,458,533,282.84
Less: Income tax expense	222,629,780.80	161,218,083.23
V. Net profit (net loss presented by “-”)	1,444,643,424.87	1,297,315,199.61
(1) Classified by operation continuity		
1. Net profit from continuing operations (net loss presented by “-”)	1,444,643,424.87	1,297,315,199.61
2. Net profit from discontinuing operations (net loss presented by “-”)		
(2) Classified by ownership		
1. Net profit attributable to owners of parent company	1,419,559,507.10	1,270,003,396.40
2. Net profit attributable to non- controlling interests	25,083,917.77	27,311,803.21
VI. Other comprehensive income, net of tax	345,139,758.35	-124,287,257.00
Other comprehensive income, net of tax, attributable to owners of the parent company	344,784,745.95	-123,936,842.23
(1) Other comprehensive income that will not be reclassified to profit or loss	-57,181,824.00	71,842,154.00
1. Remeasurement gains or losses of a defined benefit plan	-57,181,824.00	71,842,154.00
2. Other comprehensive income using the equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the enterprise's own credit risk		
5. Others		
(2) Other comprehensive income to be reclassified into profit or loss	401,966,569.95	-195,778,996.23
1. Other comprehensive income that can be classified into profit or loss in equity method	30,873,368.37	-57,553,901.17
2. Changes in the fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive		

income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserves		
6. Exchange differences on translation of foreign currency financial statements	371,093,201.58	-138,225,095.06
7. Others		
Other comprehensive income, net of tax, attributable to non-controlling interests	355,012.40	-350,414.77
VII. Total comprehensive income	1,789,783,183.22	1,173,027,942.61
Total comprehensive income attributable to the owner of the parent company	1,764,344,253.05	1,146,066,554.17
Total comprehensive income attributable to non-controlling interests	25,438,930.17	26,961,388.44
VIII. Earnings per share		
(1) Basic earnings per share	1.24	1.13
(2) Diluted earnings per share	1.24	1.13

If a combination of enterprises under common control occurs in the current period, the net profit realized by the combined party before the combination: CNY 0.00, and the net profit realized by the combined party in the prior period: CNY 0.00.

Legal representative: Qiu Jianping Chief accountant: Ni Shuyi Head of accounting department: Ni Shuyi

#### 4. Profit statement of parent company

Unit: CNY

Item	2022	2021
I. Operating proceeds	4,823,927,494.05	5,221,628,054.56
Less: Operating costs	3,916,985,810.07	4,191,586,370.63
Taxes and surcharges	7,125,272.26	3,914,655.88
Selling expenses	157,616,107.21	148,931,778.67
Administrative expenses	158,154,677.59	149,112,457.48
R&D expenses	172,795,285.87	179,141,639.18
Financial expenses	-118,107,418.16	14,697,466.10
Including: Interest expenses	61,350,280.13	34,320,239.29
Interest income	81,159,347.99	60,903,121.60
Add: Other income	26,535,450.88	30,673,586.63
Investment income (loss presented by "-")	212,798,675.79	328,237,087.74
Including: Investment income from associates and joint ventures	185,125,266.05	254,321,468.97
Gain from derecognition of financial assets measured at amortized cost (loss presented by "-")		
Net exposure hedging gain (loss presented by "-")		
Gain on changes in fair value (loss presented by "-")	-15,881,175.62	-10,581,000.00



Credit impairment loss (loss presented by “-”)	-19,083,749.36	-14,920,249.84
Assets impairment loss (loss presented by “-”)	-766,503.26	-458,846.42
Gain from disposal of assets (loss presented by “-”)	70,451.00	74,881.50
II. Operating profit (loss presented by “-”)	733,030,908.64	867,269,146.23
Add: Non-operating income	624.86	381,632.32
Less: Non-operating costs	118,114.79	714,318.83
III. Total Profit (total loss presented by “-”)	732,913,418.71	866,936,459.72
Less: Income tax expense	79,911,394.57	97,532,338.07
IV. Net Profit (net loss presented by “-”)	653,002,024.14	769,404,121.65
(1) Net profit from continuing operations (net loss presented by “-”)	653,002,024.14	769,404,121.65
(2) Net profit from discontinuing operations (net loss presented by “-”)		
V. Other comprehensive income, net of tax	30,873,368.37	-57,553,901.17
(1) Other comprehensive income that will not be reclassified to profit or loss		
1. Changes arising from the re-measurement of defined benefit plans		
2. Other comprehensive income using the equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of enterprise’s own credit risk		
5. Others		
(2) Other comprehensive income to be reclassified to profit or loss	30,873,368.37	-57,553,901.17
1. Other comprehensive income that can be reclassified to profit or loss in equity method	30,873,368.37	-57,553,901.17
2. Changes in fair value of other debt investments		
3. Change in the fair value of available-for-sale financial assets		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedge reserve		
6. Exchange differences on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	683,875,392.51	711,850,220.48
VII. Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		



## 5. Consolidated cash flow statement

Unit: CNY

Item	2022	2021
I. Cash flows from operating activities:		
Cash receipts from the sale of goods and the rendering of services	12,910,612,353.48	10,523,385,725.14
Net increase in customer bank deposits and due to banks and other financial institutions		
Net increase in loans from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash premiums received on original insurance contracts		
Net cash received from re-insurance business		
Net increase in deposits and investments from insurers		
Cash received from interest, fees and commission		
Net increase in funds deposit		
Net increase in repurchase business funds		
Net income from securities trading brokerage business		
Tax refunds received	767,676,772.01	670,357,690.68
Cash received relating to other operating activities	172,081,769.11	160,238,749.92
Sub-total of cash inflows from operating activities	13,850,370,894.60	11,353,982,165.74
Cash paid for purchase of goods and services	8,589,229,524.03	8,138,089,857.73
Net increase in loans and payments on behalf of customers		
Net increase in deposits with central bank and other financial institutions		
Payments for claims for original insurance contracts		
Net increase in funds lent		
Cash paid for interest, fees and commission		
Commissions on insurance policies paid		
Cash paid to and on behalf of employee	2,037,598,678.58	1,806,978,106.79
Cash paid for taxes	419,820,083.63	365,159,229.48
Cash paid relating to other operating activities	1,171,885,965.97	1,025,122,802.07
Sub-total of cash outflows from operating activities	12,218,534,252.21	11,335,349,996.07
Net cash flows from operating activities	1,631,836,642.39	18,632,169.67

II. Cash flows from investment activities:		
Cash received from disposal of investments	167,680,415.22	399,043,604.99
Cash received from investment income	67,654,596.08	121,150,687.38
Net proceeds from disposal of property, intangible assets and other long-term assets	40,203,072.92	50,825,512.05
Cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	70,195,704.98	5,945,450.31
Sub-total of cash inflows from investing activities	345,733,789.20	576,965,254.73
Purchase of property, intangible assets and other non-current assets	432,498,640.04	541,990,133.84
Cash paid for investments	221,000,000.00	321,320,000.00
Net increase in secured loans		
Net cash paid for acquisition of a subsidiary and other operating units	76,724,758.42	923,935,753.71
Cash paid relating to other investing activities	129,876,712.70	2,788,158.98
Sub-total of cash outflows from investment activities	860,100,111.16	1,790,034,046.53
Net cash flows from investment activities	-514,366,321.96	-1,213,068,791.80
III. Cash flows from financing Activities:		
Cash received from investments	1,087,601,650.11	
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		
Proceeds from borrowings	3,498,929,736.98	3,832,766,206.58
Cash receipts relating to other financing activities	104,266,666.67	583,000,000.00
Sub-total of cash inflows from financing activities	4,690,798,053.76	4,415,766,206.58
Cash paid for repayment of debt	4,431,592,234.99	2,540,690,729.79
Cash payments for distribution of dividends or profit and interest expenses	84,667,826.94	53,626,407.90
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries	13,170,580.97	755,470.43
Cash payments relating to other financing activities	784,289,697.86	290,674,869.30
Sub-total of cash outflows from financing activities	5,300,549,759.79	2,884,992,006.99
Net cash flows from financing activities	-609,751,706.03	1,530,774,199.59
IV. Effect of exchange rate change on cash and cash equivalents	284,522,324.89	-65,414,554.36
V. Net increase in cash and cash equivalents	792,240,939.29	270,923,023.10
Add: Cash and cash equivalent at the beginning of the period	4,001,186,241.18	3,730,263,218.08
VI. Cash and cash equivalents at the end of the period	4,793,427,180.47	4,001,186,241.18

## 6. Cash flow statement of parent company

Unit: CNY

Item	2022	2021
<b>I. Cash flows from operating activities:</b>		
Cash receipts from the sale of goods and the rendering of services	4,918,593,279.27	5,540,994,419.37
Tax refunds received	478,049,259.74	539,325,024.06
Cash received relating to other operating activities	91,105,691.64	105,584,100.91
Sub-total of cash inflows from operating activities	5,487,748,230.65	6,185,903,544.34
Cash paid for purchase of goods and services	3,482,411,796.27	4,918,942,931.09
Cash paid to and on behalf of employee	316,096,416.76	287,460,870.76
Cash paid for taxes	135,425,402.10	130,907,197.94
Cash paid for other operating activities	274,272,238.19	329,723,900.32
Sub-total of cash outflows from operating activities	4,208,205,853.32	5,667,034,900.11
Net cash flows from operating activities	1,279,542,377.33	518,868,644.23
<b>II. Cash flows from investment activities:</b>		
Cash received from disposal of investments	119,399.32	52,950,000.00
Cash received from investment income	78,605,425.60	78,486,454.00
Net proceeds from disposal of property, intangible assets and other long-term assets	731,000.00	256,690.72
Cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	103,688,450.77	12,022,084.95
Sub-total of cash inflows from investing activities	183,144,275.69	143,715,229.67
Purchase of property, intangible assets and other non-current assets	39,019,508.60	25,307,503.53
Cash paid for investments	154,755,189.04	1,207,408,860.00
Cash paid for disposal of subsidiaries and other business units		
Cash paid relating to other investing activities	1,360,257,082.16	616,537,578.64
Sub-total of cash outflows from investment activities	1,554,031,779.80	1,849,253,942.17
Net cash flows from investment activities	-1,370,887,504.11	-1,705,538,712.50
<b>III. Cash flows from financing Activities:</b>		
Cash received from investments	1,087,601,650.11	
Proceeds from borrowings	2,986,019,388.00	2,985,778,938.56
Cash receipts relating to other financing activities	18,857,097.90	583,000,000.00
Sub-total of cash inflows from financing activities	4,092,478,136.01	3,568,778,938.56
Repayments for debts	3,637,460,412.39	2,197,497,826.00
Cash payments for distribution of dividends or profit and interest expenses	42,758,384.71	29,988,023.43
Cash payments relating to other financing activities	676,660,516.57	216,024,031.31

Sub-total of cash outflows from financing activities	4,356,879,313.67	2,443,509,880.74
Net cash flows from financing activities	-264,401,177.66	1,125,269,057.82
IV. Effect of exchange rate changes on cash and cash equivalents	108,079,052.78	-20,904,019.78
V. Net increase in cash and cash equivalents	-247,667,251.66	-82,305,030.23
Add: Cash and cash equivalents at the beginning of the period	2,205,340,620.44	2,287,645,650.67
VI. Cash and cash equivalents at the end of the period	1,957,673,368.78	2,205,340,620.44

## 7. Consolidated statement of changes in shareholders' equity

Current amount

Unit: CNY

Item	2022														
	Shareholders' equity attributable to parent company													Min ority equit y	Total share hold ers' equit y
	Shar e capit al	Other equity instruments			Capi tal reser ve	Less: Treasu ry shares	Othe r com preh ensi ve inco me	Spec ial reser ve	Surp lus reser ve	Gen eral risk reser ve	Retai ned profi ts	O t h e r s	Subt otal		
		Pref eren ce share s	Perp etual bond	Othe rs											
I. Balance at the end of prior year	1,14 3,43 8,49 2.00				2,92 4,95 1,84 4.93	186,4 41,91 4.48	- 229, 774, 189. 10		598, 543, 176. 63		6,34 8,17 9,33 6.72		10,5 98,8 96,7 46.7 0	214, 393, 044. 14	10,8 13,2 89,7 90.8 4
Add: Accounting policy changes															0.00
Pr evious error correction															0.00
er ger of enterprises under common control															0.00
Ot hers															0.00
II. Balance at the beginning of the year	1,14 3,43 8,49 2.00	0.00	0.00	0.00	2,92 4,95 1,84 4.93	186,4 41,91 4.48	- 229, 774, 189. 10	0.00	598, 543, 176. 63	0.00	6,34 8,17 9,33 6.72		10,5 98,8 96,7 46.7 0	214, 393, 044. 14	10,8 13,2 89,7 90.8 4
III. Changed during the	59,0 63,5	0.00	0.00	0.00	1,02 5,82	50,18 4,047.	344, 784,	0.00	65,3 00,2	0.00	1,35 4,25		2,79 9,05	12,1 88,6	2,81 1,23

period (decrease presented by “-”)	00.0 0				7,09 1.60	52	745. 95		02.4 1		9,30 4.69		0,79 7.13	48.7 9	9,44 5.92
(1) Total comprehens ive income	0.00	0.00	0.00	0.00	0.00	0.00	344, 784, 745. 95	0.00	0.00	0.00	1,41 9,55 9,50 7.10		1,76 4,34 4,25 3.05	25,4 38,9 30.1 7	1,78 9,78 3,18 3.22
(2) Owner investment and reduction of capital	59,0 63,5 00.0 0	0.00	0.00	0.00	1,01 2,26 4,79 6.24	0.00	0.00	0.00	0.00	0.00	0.00		1,07 1,32 8,29 6.24		1,07 1,32 8,29 6.24
1. Common shares invested by the owner	59,0 63,5 00.0 0	0.00	0.00	0.00	1,01 2,26 4,79 6.24	0.00	0.00	0.00	0.00	0.00	0.00		1,07 1,32 8,29 6.24		1,07 1,32 8,29 6.24
2. Other equity instrument															0.00
3. Shares paid taken into shareholder' s equity															0.00
4. Others															0.00
(3) Profit distribution						0.00			65,3 00,2 02.4 1	0.00	- 65,3 00,2 02.4 1		0.00	- 13,1 70,5 80.9 7	- 13,1 70,5 80.9 7
1. Transfer to surplus reserve						0.00			65,3 00,2 02.4 1	0.00	- 65,3 00,2 02.4 1		0.00	0.00	0.00
2. Transfer to general reserve														0.00	0.00
3. Distribution to owners (or shareholders )														- 13,1 70,5 80.9 7	- 13,1 70,5 80.9 7
4. Others															0.00
(4) Transfer within equity															0.00
1. Transfer- in from capital reserves															0.00
2. Transfer-															0.00

in from surplus reserves															
3. Loss covered by surplus reserves															0.00
4. Retained earnings transferred from changes in defined benefit plans															0.00
5. Retained earnings transferred from other comprehensive income															0.00
6. Others															0.00
5. Special reserves															0.00
1. Current extraction															0.00
2. Current use															0.00
(6) Others	0.00	0.00	0.00	0.00	13,562,295.36	50,184,047.52	0.00	0.00	0.00	0.00	0.00		-36,621,752.16	-79,700.41	-36,701,452.57
IV. Balance at the end of the current period	1,202,501,992.00	0.00	0.00	0.00	3,950,778,936.53	236,625,962.00	115,010,556.85	0.00	663,843,379.04	0.00	7,702,438,641.41		13,397,947,543.83	226,581,692.93	13,624,529,236.76

Prior amount

Unit: CNY

Item	2021														
	Shareholders' equity attributable to parent company											Min ority equit y	Total share holders' equit y		
	Share capital	Other equity instruments			Capita l reserv e	Less: Treasu ry shares	Other compr ehensi ve incom e	Sp ec ial re se rv e	Surplu s reserv e	G en e r a l r i s k	Retain ed profits			O t h e r s	Subt otal
		Pr efer en ce sh ar es	Pe rpe t ua l bo nd	Othe rs											

										r e s e r v e					
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: Accounting policy changes															
Previous error correction															
Combination of enterprises under common control															
Others															
II. Balance at the beginning of the 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. Changed during the period (decrease presented by "-")	68,190,792.00			-190,509,257.28	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
(1) 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
(2) Owner investment and reduction of capital	68,190,792.00			-190,509,257.28	818,159,478.29	-105,492,690.23							801,333,703.24		801,333,703.24
1. Common shares invested by the owner															
2. Other equity instrument															



3. Shares paid taken into shareholder's equity														
4. Others	68,190,792.00			-190,509,257.28	818,159,478.29	-105,492,690.23						801,333,703.24		801,333,703.24
(3) Profit distribution								76,940,412.17		-76,940,412.17			-755,470.43	-755,470.43
1. Transfer to surplus reserve								76,940,412.17		-76,940,412.17				
2. Transfer to general reserve														
3. Distribution to owners (or shareholders)													-755,470.43	-755,470.43
4. Others														
(4) Transfer within equity														
1. Transfer-in from capital reserves														
2. Transfer-in from surplus reserves														
3. Loss covered by surplus reserves														
4. Retained earnings transferred from changes in defined benefit plans														
5. Retained earnings transferred														

from other comprehensive income														
6. Others														
5. Special reserves														
1. Current extraction														
2. Current use														
(6) 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 the current period	1,143,438.492.00		0.00		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

## 8. Statement of changes in shareholders' equity of parent company

Current amount

Unit: CNY

Item	2022											
	Share capital	Other equity instruments			Capital reserve	Less : Treasury shares	Other comprehensive income	Special reserve	Surpluses reserve	Retained profits	Others	Total shareholders' equity
		Prefere shares	Perpetual bond	Others								
I. Balance at the end of prior year	1,143,438,492.00	0.00	0.00	0.00	2,930,657,501.76	186,441,914.48	-84,939,637.21	0.00	594,794,879.72	4,298,560,664.99		8,696,069,986.78
Add: Accounting policy changes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Previous error correction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
II. Balance at the beginning of the year	1,143,438,492.00	0.00	0.00	0.00	2,930,657,501.76	186,441,914.48	-84,939,637.21	0.00	594,794,879.72	4,298,560,664.99		8,696,069,986.78
III. Changed during the period	59,063,500.00	0.00	0.00	0.00	1,028,070,097.12	50,184,047.5	30,873,368.37	0.00	65,300,202.41	583,630,575.73		1,716,753,696.11

(decrease presented by "-")						2						
(1) Total comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	30,873,368.37	0.00	0.00	653,002,024.14		683,875,392.51
(2) Owner investment and reduction of capital	59,063,500.00	0.00	0.00	0.00	1,012,264,796.24	0.00	0.00	0.00	0.00	0.00		1,071,328,296.24
1. Common shares invested by the owner	59,063,500.00	0.00	0.00	0.00	1,012,264,796.24	0.00	0.00	0.00	0.00	0.00		1,071,328,296.24
2. Other equity instrument	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
3. Shares paid taken into shareholder's equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
(3) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65,300,202.41	65,300,202.41		0.00
1. Transfer to surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65,300,202.41	65,300,202.41		0.00
2. Distribution to owners (or shareholders)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
3. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
(4) Transfer within equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Transfer-in from capital reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
2. Transfer-in from surplus reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
3. Loss covered by surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00

reserves												
4. Retained earnings transferred from changes in defined benefit plans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
5. Retained earnings transferred from other comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
6. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
5. Special reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Current extraction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
2. Current use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
(6) Others	0.00	0.00	0.00	0.00	15,805,308.88	50,184,047.52	0.00	0.00	0.00	-4,071,246.00		-38,449,992.64
IV. Balance at the end of the current period	1,202,501,992.00	0.00	0.00	0.00	3,958,727,598.88	236,625,962.00	-54,066,268.84	0.00	660,095,082.13	4,882,191,240.72		10,412,823,682.89

Prior amount

Unit: CNY

Item	2021											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total shareholders' equity
		Pref shares	Perpetual bond	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: Accounting policy changes												
Previous error correction												

Others												
II. Balance at the beginning of the 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. Changed during the period (decrease presented by "-")	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
(1) Total comprehensive income							-57,553,901.17			769,404,121.65		711,850,220.48
(2) Owner investment and reduction of capital	68,190,792.00			-190,509,257.28	818,159,478.29	105,492,690.23						801,333,703.24
1. Common shares invested by the owner												
2. Other equity instrument												
3. Shares paid taken into shareholder's equity												
4. Others	68,190,792.00			-190,509,257.28	818,159,478.29	105,492,690.23						801,333,703.24
(3) Profit distribution									76,940,412.17	-76,940,412.17		
1. Transfer to surplus reserve									76,940,412.17	-76,940,412.17		
2. Distribution to owners (or shareholders)												
3. Others												
(4) Transfer within equity												
1. Transfer-												

in from capital reserves												
2. Transfer-in from surplus reserves												
3. Loss covered by surplus reserves												
4. Retained earnings transferred from changes in defined benefit plans												
5. Retained earnings transferred from other comprehensive income												
6. Others												
5. Special reserves												
1. Current extraction												
2. Current use												
(6) Others					9,005,658.35	186,441,914.48						-177,436.256.13
IV. Balance at the end of the 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

### III. Basic Information about the Company

Hangzhou GreatStar Industrial Co., Ltd. (hereinafter referred to as “Company”), formerly known as Hangzhou GreatStar Industrial Limited., was formed and jointly invested by natural persons Qiu Jianping, Wang Lingling, Li Zheng, Wang Weiyi and Wang Min, and was registered in Hangzhou Administrative Bureau for Industry and Commerce on August 9, 2001. Hangzhou GreatStar Industrial Co., Ltd. was established by way of an overall change with March 31, 2008 as the base date, and was registered with the Hangzhou Administration for Industry and Commerce on July 2, 2008. Its headquarters is located in Hangzhou, Zhejiang Province.

The Company now holds the business license of unified social credit code 91330000731506099D. As of December 31, 2022, the registered capital was CNY 1,202,501,992.00 and the total number of shares was 1,202,501,992, with the nominal value of CNY 1 per share. Among them, there are 49,531,304 outstanding shares subject to selling restrictions and 1,152,970,688 outstanding shares not subject to selling restrictions. The Company's shares have been listed and traded in Shenzhen Stock Exchange since July 13, 2010.

The Company engages in the tool hardware industry. The main business activities are the R&D, production and sales of hand tools, power tools, laser measurement, storage cabinets and Power Stations. The main products of the Company are hand tools, power tools, laser measurement, storage cabinets and Power Stations.

This financial statement was approved for disclosure by the 30th meeting of the 5th session of Board of Directors of the Company on April 21, 2023.

The Company has incorporated 91 subsidiaries, including Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd., Zhejiang GreatStar Tools Limited, Hangzhou GreatStar Tools Limited, Hong Kong GreatStar International Limited, GreatStar Tools USA Inc, Arrow Fastener Co., LLC, GreatStar Industrial USA LLC, GreatStar Europe AG, Lista Holding AG, BeA GmbH and Zhongshan Kilong Industrial Co., Ltd. in the scope of the consolidated financial statements for the period. For details, see the notes VI & VII to the financial statements.

## **4. Basis for preparing financial statements**

### **1. Preparation basis**

The Company's financial statements are prepared on a going concern basis.

### **2. Continuing operation**

The Company has no events or circumstances that would cause material doubt about its ability to go as a going concern for the 12 months from the end of the reporting period.

## **5. Important accounting policies and accounting estimates**

Specific accounting policies and accounting estimates notes:

The Company has formulated specific accounting policies and estimates for transactions or events such as impairment of financial instruments, depreciation of fixed assets, amortization of intangible assets, and revenue recognition based on actual production and operation characteristics.



## **1. Statement of compliance with accounting standards for business enterprises**

The financial statements prepared by the Company meet the requirements of the accounting standards for business enterprises and truly and completely reflect the company's financial position, operating results and cash flow and other relevant information.

## **2. Accounting period**

The fiscal year begins on January 1 and ends on December 31 of a calendar year.

## **3. Business cycle**

The operating cycle of the Company's business is relatively short, with 12 months as the liquidity division standard of assets and liabilities.

## **4. Functional currency**

The Company and its domestic subsidiaries adopt CNY as the functional standard currency. Overseas subsidiaries such as Hong Kong GreatStar International Limited, GreatStar Tools USA, Inc and GreatStar Europe AG have chosen the currency of the accounting standard for their overseas operations in the main economic environment in which they operate.

## **5. Accounting treatment methods for combination of enterprises under common control and not under common control**

### **1. Accounting treatment methods for business combinations under common control**

The assets and liabilities acquired by the Company in the business combination shall be measured according to the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. The Company shall adjust the capital reserve according to the difference between the book value share of the shareholders' equity of the combined party in the consolidated financial statements of the ultimate controlling party and the book value of the combined consideration paid or the total face value of the issued shares. If the capital reserve is insufficient for write-down, the retained earnings shall be adjusted.

### **2. Accounting treatment methods for business combinations not under common control**

On the purchase date, the Company recognizes the difference between the cost of the combination and the share of the fair value of the identifiable net assets of the purchaser obtained in the combination as goodwill. If the combination cost is less than the fair value share of the identifiable net assets of the purchaser obtained in the combination, the fair value of the acquired identifiable assets, liabilities and contingent liabilities and the measurement of the combination cost shall be reviewed first. If the combination

cost is still less than the fair value share of the identifiable net assets of the purchaser obtained in the combination, the difference shall be recorded into profit and loss.

## **6. Preparation method of consolidated financial statements**

The parent company includes all subsidiaries under its control in the consolidated scope of the consolidated financial statements. The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries and are prepared by the parent company in accordance with Accounting Standard for Business Enterprises No. 33 - Consolidated Financial Statements based on other relevant information.

## **7. Classification of joint venture arrangement and accounting treatment of joint operation**

1. The joint venture arrangement is divided into joint operations and joint venture.
2. When the Company is a joint venture party, the following items related to the share of profits in the joint operation shall be recognized:
  - (1) Recognize the assets held separately, and confirm the assets held jointly according to the holding share;
  - (2) Recognize the liabilities undertaken separately and the liabilities jointly undertaken according to the share held;
  - (3) Recognize the income generated from the sale of the Company's share of joint operation;
  - (4) Recognize the income generated from the disposal of assets in joint operation according to the shares held by the Company;
  - (5) Recognize the expenses incurred separately and the expenses incurred by joint operation according to the shares held by the Company.

## **8. Criteria for determining cash and cash equivalents**

Cash shown in the statement of cash flows refers to cash on hand and deposits available for payment at any time. Cash equivalents refer to investments held by enterprises with a short term, strong liquidity, easy to convert into known amounts of cash, and little risk of changes in value.

## **9. Translation of foreign currency business and foreign currency statements**

### **1. Translation of foreign currency business**

When a foreign currency transaction is initially recognized, the approximate spot rate of the transaction date shall be converted into the CNY amount. On the balance sheet date, foreign currency monetary items shall be converted at the spot exchange rate on the balance sheet date. The exchange difference arising from the different exchange rates shall be recorded into profit and loss, except for the exchange difference of the principal and interest of special foreign currency loans related to the acquisition and construction of assets eligible for capitalization. The foreign currency non-monetary items measured at historical cost shall still be

converted at the approximate spot rate on the date of transaction without changing the CNY amount; The foreign currency non-monetary items measured at fair value shall be converted by the spot exchange rate on the fair value determination date, and the difference shall be booked into profit and loss or other comprehensive income.

## 2. Translation of financial statements in foreign currency

The assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date; The shareholders' equity items, except the "undistributed profit" items, shall be converted at the spot exchange rate on the transaction date; The income and expense items in the income statement shall be converted at the approximate spot rate of the transaction date. The difference in translation of foreign currency financial statements resulting from the above-mentioned translation shall be included in other comprehensive income.

## 10. Financial instruments

### 1. Classification of financial assets and financial liabilities

At the initial recognition, financial assets are divided into the following three categories: (1) Financial assets measured at amortized cost; (2) Financial assets measured at fair value through other comprehensive income; (3) Financial assets measured at fair value through profit and loss.

At the initial recognition, financial liabilities are divided into the following four categories: (1) Financial liabilities measured at fair value through profit and loss; (2) Financial liabilities arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets; (3) Financial guarantee contracts that do not fall under (1) or (2) above, and loan commitments that do not fall under (1) above and lend at below-market rates; (4) Financial liabilities measured at amortized cost.

### 2. Recognition basis, measurement method and derecognition conditions for financial assets and financial liabilities

#### (1) Recognition basis and initial measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument contract, it recognizes a financial asset or liability. When financial assets or financial liabilities are initially recognized, they are measured at fair value. For financial assets and financial liabilities measured at fair value through profit and loss, relevant transaction costs are directly recognized in profit and loss. For other types of financial assets or financial liabilities, related transaction costs are included in the initial recognized amount. However, if the accounts receivable initially recognized by the Company does not contain significant financing component or the Company does not consider the financing component in the contract less than one year, the initial measurement shall be made in accordance with the transaction price defined in the Accounting Standards for Business Enterprises No. 14 -- Revenue.

#### (2) Follow-up measurement methods of financial assets

##### 1) Financial assets measured at amortized cost

Using the effective interest rate method, the follow-up measurement is carried out according to the amortized cost. The gains or losses arising from financial assets measured at amortized cost and not part of any hedging relationship shall be recognized in profit or loss upon derecognition, reclassification, amortization according to the effective interest rate method or recognition of impairment.

##### 2) Investment in debt instruments measured at fair value and whose changes are included in other comprehensive income

Fair value is used for subsequent measurement. Interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method are included in profit and loss, while other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gains or losses previously recognized in other comprehensive income shall be transferred out of other comprehensive income and recognized in profit and loss.

##### 3) Investment in equity instruments measured at fair value through other comprehensive income

Fair value is used for subsequent measurement. The dividends obtained (except the part of investment cost recovery) are included in the profit and loss, and other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gains or losses previously recorded in other comprehensive income are transferred out of other comprehensive income and recognized in retained earnings.

4) Financial assets measured at fair value through profit and loss

The fair value is adopted for subsequent measurement, and the resulting gain or loss (including interest and dividend income) is recognized in profit and loss, unless the financial asset is a part of the hedge relationship.

(3) Follow-up measurement methods of financial liabilities

1) Financial liabilities measured at fair value through profit and loss

Such financial liabilities include trading financial liabilities (including derivative instruments belonging to financial liabilities) and financial liabilities designated as measured at fair value through profit and loss. Follow-up measurement of such financial liabilities is recognized at fair value. Changes in the fair value of financial liabilities designated as measured at fair value through profit and loss due to changes in the Company's own credit risks are recognized in other comprehensive income unless accounting misallocation in profit and loss is caused or extended by such adjustment. Other gains or losses arising from such financial liabilities (including interest expense, except changes in fair value caused by changes in the Company's own credit risk) are recognized in profit or loss, unless the financial liabilities are part of the hedging relationship. Upon derecognition, the accumulated gains or losses previously recorded in other comprehensive income are transferred out of other comprehensive income and recognized in retained earnings.

2) Financial liabilities arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets

Measurement is carried out in accordance with relevant provisions in the Accounting Standards for Business Enterprises No. 23 - Financial assets transfer.

3) Financial guarantee contracts that do not fall under 1) or 2) above, and loan commitments that do not fall under 1) and lend at below-market rates

After the initial recognition, subsequent measurement shall be made in accordance with the higher of the following two amounts:

(1) the loss reserve amount determined in accordance with the impairment provisions of financial instruments; (2) The balance of the initial recognized amount after deducting the accumulated amortization amount determined in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 14 -- Income.

4) Financial liabilities measured at amortized cost

The effective interest rate method is adopted to measure the amortized cost. The gains or losses arising from financial liabilities measured at amortized cost and not part of any hedging relationship shall be recognized in profit and loss upon derecognition and amortization according to the effective interest rate method.

(4) Derecognition of financial assets and financial liabilities

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

① The contractual right to collect cash flows of financial assets has been terminated;

② The financial assets have been transferred, and the transfer meets the provisions related to derecognition of financial assets in the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets.

2) When the current obligation of the financial liabilities (or part thereof) has been discharged, financial liabilities (or part thereof) shall be derecognized accordingly.

3. Confirmation basis and measurement method of financial asset transfer

If the Company transfers almost all risks and rewards in the ownership of financial assets, it shall derecognize such financial assets and separately recognize the rights and obligations generated or retained in the transfer as assets or liabilities. Those who retain almost all risks and rewards in the ownership of financial assets continue to recognize the transferred financial assets. If the company neither transfers nor retains almost all the risks and rewards in the ownership of the financial asset, it shall deal with the

following cases respectively: (1) If it does not retain the control over the financial asset, it shall derecognize the financial asset and separately recognize the rights and obligations generated or retained in the transfer as assets or liabilities; (2) If the control of the financial assets is retained, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the following two amounts shall be recorded into current profit and loss: (1) Book value of the transferred financial assets on the date of derecognition; (2) The sum of the consideration received for the transfer of financial assets and the amount corresponding to the part of termination of recognition in the accumulative amount of the change in fair value directly included in other comprehensive income (the financial assets involved in the transfer are debt instrument investment measured at fair value through other comprehensive income). If a part of the financial asset is transferred and the transferred part satisfies the conditions for derecognition, the book value of the whole financial asset before transfer shall be apportioned between the part of termination of recognition and the part of continued recognition according to their relative fair value on the transfer date, and the difference of the following two amounts shall be recognized in profit and loss: (1) Book value of the part of termination of recognition; (2) The sum of the consideration for the part of termination of recognition and the amount corresponding to the part of derecognition in the accumulated amount of the change in fair value directly included in other comprehensive income (the financial assets involved in the transfer are the debt instrument investment measured at fair value through other comprehensive income).

#### 4. Methods for determining the fair value of financial assets and financial liabilities

The Company determines the fair value of the relevant financial assets and financial liabilities using valuation techniques applicable in the current circumstances and supported by sufficient available data and other information. The Company divides the input values used by the valuation technology into the following levels and uses them successively:

(1) The input value of the first level is the unadjusted quotation of the same asset or liability available on the measurement date in the active market;

(2) The input value of the second level is the directly or indirectly observable input value of related assets or liabilities except the input value of the first level, including the quotation of similar assets or liabilities in the active market; quotation of the same or similar assets or liabilities in inactive markets; observable input values other than quotes, such as interest rates and yield curves that are observable during normal quotation intervals; and market validation input values;

(3) The input values of the third level are the unobtainable input values of related assets or liabilities, including interest rates that cannot be directly observed or verified by observable market data, stock volatility, future cash flows of the disposal obligations undertaken in the enterprise combination, and financial forecasts made using their own data.

#### 5. Impairment of financial instruments

##### (1) Measurement and accounting treatment of impairment of financial instruments

Based on expected credit losses, the Company shall make provisions for impairment and recognize loss reserve with respect to financial assets measured at amortized cost, investment in debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments other than financial liabilities classified as measured at fair value through profit and loss, financial liabilities not measured at fair value through profit and loss, or financial guarantee contracts for financial liabilities arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets.

Expected credit loss refers to the weighted average of credit loss of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows receivable by the company at the original actual interest rate and all cash flows expected to be collected, i.e., the present value of all cash shortages. The financial assets purchased or originated by the Company that have suffered credit impairment shall be discounted according to the actual credit-adjusted interest rate of the financial assets.

For the financial assets purchased or originated by the Company that have suffered credit impairment, the Company will only recognize the cumulative changes in expected credit losses in the entire duration since the initial recognition as a loss reserve at the balance sheet date.

For receivables and contract assets formed from transactions regulated by Accounting Standard for Business Enterprises No. 14 -- Revenue and without significant financing component or the Company does not consider the financing component in contracts less than one year, the Company uses simplified measurement method to measure the loss reserve in accordance with the expected credit loss amount equivalent to the entire duration.

For financial assets other than those measured in the above manners, the Company evaluates at each balance sheet date whether their credit risk has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Company measures the loss reserve in accordance with the amount of expected credit losses during the entire duration. If the credit risk does not increase significantly since the initial recognition, the Company measures the loss reserve in accordance with the amount of expected credit losses on the financial instrument within the next 12 months.

The Company uses reasonably available and evidence-based information, including forward-looking information to determine whether the credit risk of the financial instruments has increased significantly since the initial recognition by comparing the risk of default on the financial instruments as of the balance sheet date with the risk of default on the initial recognition date.

At the balance sheet date, if the Company determines that a financial instrument has only low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Company evaluates expected credit risk and measures expected credit losses on the basis of individual financial instruments or combinations of financial instruments. When the combination of financial instruments is based, the Company divides the financial instruments into different combinations based on common risk characteristics.

The company will remeasure the expected credit losses on each balance sheet date, and the resulting increase or reversal of loss reserves will be recorded into current profit and loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss reserve shall be used to offset the carrying value of the financial asset listed in the balance sheet. For creditor's rights investment measured at fair value and whose changes are included in other comprehensive income, the Company recognizes its loss reserve in other comprehensive income and does not offset the carrying value of the financial asset.

(2) A financial instrument that evaluates expected credit risk by portfolio and adopts a three-stage model to measure expected credit losses

Item	Basis for determining the combination	Method of measuring expected credit losses
Other receivables -- aging combination	Aging	With reference to historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the expected credit loss is calculated by default risk exposure and the expected credit loss rate within the next 12 months or the whole duration
Other receivables -- collections of related party funds within the scope of consolidated receivables	Associated transactions within the scope of consolidation	With reference to historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the expected credit loss is calculated by default risk exposure and the expected credit loss rate within the next 12 months or the whole duration

(3) Adopt simplified measurement method to measure receivables and contract assets of expected credit losses by combination

1) Specific combinations and methods for measuring expected credit losses

Item	Basis for determining the combination	Method of measuring expected credit losses
Banker's acceptance receivable	Type of bill	By referring to the historical credit loss experience, combining the current situation and the forecast of the future economic situation, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate of the whole duration
Trade acceptance receivables		

Accounts receivable -- aging combination	Aging	By referring to the historical credit loss experience, combining the current situation and the forecast of the future economic situation, the comparison table between the aging receivable and the expected credit loss rate in the whole duration is prepared to calculate the expected credit loss
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2) Accounts receivable -- comparison table of aging combination and expected credit loss rate over the whole duration

Aging	Accounts receivable Expected credit loss ratio (%)
Within 1 year (inclusive, the same below)	5
1-2 years	10
2-3 years	20
3-4 years	30
4-5 years	50
More than 5 years	100

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

Financial assets and financial liabilities are shown separately in the balance sheet and do not offset each other. Provided that the following conditions are met meanwhile, the Company shall show the net amount after offsetting each other in the balance sheet:

(1) The Company has the legal right to offset the confirmed amount, and such legal right is currently enforceable; (2) The Company plans to settle on a net basis, or meanwhile realize the financial assets and settle the financial liabilities.

If the transfer of financial assets does not meet the conditions for termination of recognition, the Company shall not offset the transferred financial assets and related liabilities.

### 11. Notes receivable

The notes receivable has a short maturity, low default risk and strong ability to fulfill the contract cash flow obligation in the short term, and therefore the Company regards notes receivable as a financial instrument with low credit risk and directly makes the assumption that the credit risk has not increased significantly since the initial recognition. Considering that the historical default rate is zero, the Company's fixed non-performing debt ratio for notes receivable is 0.

### 12. Accounts receivable

For details, see V “Major Accounting Policies and Accounting Estimates”, 10 “Financial Instruments”.

### 13. Financing of receivables

For details, see V “Major Accounting Policies and Accounting Estimates”, 10 “Financial Instruments”.

### 14. Other receivables

Methods of determining and accounting for expected credit losses of other receivables

For details, see V “Major Accounting Policies and Accounting Estimates”, 10 “Financial Instruments”.



## 15. Inventory

### 1. Classification of inventory

Inventory includes finished products or commodities held for sale in daily activities, products in the production process, materials and supplies consumed in the production process or in the provision of services.

### 2. Valuation method for issuing inventory

The monthly weighted average method is adopted for issuing inventory.

### 3. The basis for determining the net realizable value of inventory

On the balance sheet date, the inventory shall be measured by the lower of cost and net realizable value, and the inventory depreciation reserve shall be drawn according to the difference between the cost and net realizable value of a single inventory. The net realizable value of the inventory directly used for sale shall be determined by the estimated selling price of the inventory less estimated selling expenses and related taxes in the normal course of production and operation. For inventories that need to be processed, the net realizable value shall be determined by the estimated selling price of finished products produced in the normal course of production and operation after deducting the estimated cost, estimated selling expenses and related taxes to be incurred upon completion. On the balance sheet date, if a part of the same inventory has a contract price, but the other part does not have a contract price, its net realizable value shall be determined respectively, and the corresponding cost shall be compared with it to determine the amount to be withdrawn or transferred back from the reserve for inventory declines respectively.

### 4. Inventory system

The inventory system is the perpetual inventory system.

### 5. Amortization method of low-value consumable products and packaging

#### (1) Low-value consumable products

Amortization is carried out in accordance with the one-time resale method.

#### (2) Packaging

Amortization is carried out in accordance with the one-time resale method.

### (XII) Contract cost

The assets related to contract cost include contract acquisition cost and contract performance cost.

The incremental cost incurred by the company to acquire the contract is expected to be recovered and recognized as an asset as the contract acquisition cost. If the amortization period of contract acquisition costs does not exceed one year, it is recognized directly in profit and loss when incurred.

The cost incurred by the Company for the performance of the contract, which does not apply to the scope of relevant standards such as inventory, fixed assets or intangible assets and meets the following conditions, shall be recognized as an asset as the performance cost of the contract:

1. The costs are directly related to a current or prospective contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs expressly borne by the customer and other costs incurred solely as a result of the contract;
2. The cost increases the Company's resources for future performance obligations;
3. The cost is expected to be recovered.

The Company amortizes the assets related to the contract cost on the same basis as the commodity or service revenue recognition related to the asset and recognizes them in profit and loss.

If the carrying value of the asset related to the contract cost is higher than the remaining consideration expected to be obtained from the transfer of the commodity or service related to the asset minus the estimated cost to be incurred, the Company shall set aside an impairment reserve for the excess part and recognize it as an asset impairment loss. The factors of impairment in the prior period change after the transfer, so that if the remaining consideration expected to be obtained minus the estimated cost to be incurred is higher than the book value of the asset, the original asset impairment reserve has been withdrawn and recorded into the current profit and loss. However, the carrying value of the asset after conversion shall not exceed the carrying value of the asset on the date of conversion under the assumption that no impairment provision is made.

## 16. Contract assets

The Company shall list the contractual assets or contractual liabilities in the balance sheet according to the relationship between the performance of the obligations and the payment of the customer. The Company presents contract assets and contract liabilities under the same contract on a net basis after offsetting them against each other.

The Company shows as receivables its right to collect consideration from the customer unconditionally (that is, depending only on the passage of time), and its right to collect consideration for goods transferred to the customer (which depends on factors other than the passage of time) as contractual assets.

## 17. Contract cost

The assets related to contract cost include contract acquisition cost and contract performance cost.

The incremental cost incurred by the company to acquire the contract is expected to be recovered and recognized as an asset as the contract acquisition cost. If the amortization period of contract acquisition costs does not exceed one year, it is recognized directly in profit and loss when incurred.

The cost incurred by the Company for the performance of the contract, which does not apply to the scope of relevant standards such as inventory, fixed assets or intangible assets and meets the following conditions, shall be recognized as an asset as the performance cost of the contract:

1. The costs are directly related to a current or prospective contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs expressly borne by the customer and other costs incurred solely as a result of the contract;
2. The cost increases the Company's resources for future performance obligations;
3. The cost is expected to be recovered.

The Company amortizes the assets related to the contract cost on the same basis as the commodity or service revenue recognition related to the asset and recognizes them in profit and loss.

If the carrying value of the asset related to the contract cost is higher than the remaining consideration expected to be obtained from the transfer of the commodity or service related to the asset minus the estimated cost to be incurred, the Company shall set aside an impairment reserve for the excess part and recognize it as an asset impairment loss. The factors of impairment in the prior period change after the transfer, so that if the remaining consideration expected to be obtained minus the estimated cost to be incurred is higher than the book value of the asset, the original asset impairment reserve has been withdrawn and recorded into the current profit and loss. However, the carrying value of the asset after conversion shall not exceed the carrying value of the asset on the date of conversion under the assumption that no impairment provision is made.

## 18. Assets held for sale

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

Non-current assets or disposal groups are classified as assets held for sale by the Company if they both meet the following conditions: (1) They can be immediately sold under current conditions, as is customary for the sale of such assets or disposal groups in similar transactions; (2) A sale is highly likely to occur, that is, the Company has decided on the sale plan and obtained firm purchase commitments, and the sale is expected to be completed within one year.

Non-current assets or disposal groups acquired by the Company specifically for resale shall be classified as assets held for sale on the acquisition date if they meet the condition that the sale is expected to be completed within one year and are likely to meet other classification conditions for the held-for-sale category within a short period (usually three months).

If the transaction between non-related parties is not completed within one year due to one of the following reasons beyond the control of the Company and the Company remains committed to selling the non-current assets or disposal group, the non-current assets or disposal group shall continue to be classified as assets held for sale: (1) The Purchaser or any other party sets conditions that lead to the postponement of the Sale, and the Company has acted in a timely manner in respect of such conditions and expects to be able to successfully resolve the postponement factors within one year from the date of setting conditions that lead to the postponement of the Sale; (2) Due to the occurrence of rare circumstances that cause the non-current assets held for sale or the disposal group to fail to complete the sale within one year, the Company has taken necessary measures in response to these new circumstances and re-satisfied the classification conditions of the categories held for sale within the first one year.

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

### (1) Initial measurement and subsequent measurement

When the non-current assets or disposal groups held for sale are initially measured or remeasured on the balance sheet date, if the carrying value is higher than the net amount after the fair value minus the selling expense, the carrying value shall be written down to the net amount after the fair value minus the selling expense, and the amount written down shall be recognized as the asset impairment loss and included in profit and loss. Meanwhile, the impairment provisions of the assets held for sale shall be recognized.

Initial measurement amount of the non-current assets or disposal groups classified as assets held for sale on the acquisition date is the lower of initial measurement amount assuming that they are not classified as assets held for sale and the net fair value after deducting selling expenses are compared. Except for the non-current assets or disposal group acquired in the enterprise combination, the difference generated by the net amount of the fair value minus the sale expense of the non-current assets or disposal group as the initial measurement amount shall be recorded in profit and loss.

As for the amount of asset impairment loss recognized by the disposal group held for sale, the carrying value of goodwill in the disposal group shall be offset first, and then the carrying value shall be offset proportionally according to the proportion of the carrying value of various non-current assets in the disposal group.

Non-current assets held for sale or in the disposal group are not depreciated or amortized, and interest and other expenses of liabilities in the disposal group held for sale continue to be recognized.

### (2) Accounting treatment for reversal of asset impairment loss

If the net amount of the fair value of the non-current assets held for sale after subtracting the selling expense increases on the subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of asset impairment loss recognized after being classified as assets held for sale, and the reversed amount shall be recorded in profit and loss. Asset impairment losses recognized before being classified as assets held for sale are not reversed.

If the net amount of the fair value of the disposal group held for sale after subtracting the selling expense increases on the subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of asset impairment loss recognized after the non-current assets are classified as held for sale, and the reversed amount shall be included in profit and loss. The carrying value of goodwill that has been written off and the asset impairment losses recognized before the non-current assets are classified as assets held for sale are not reversed.

The subsequent reversed amount of asset impairment loss recognized by the disposal group held for sale shall be increased in proportion to the carrying value of various non-current assets except goodwill in the disposal group.

### (3) Accounting treatment for assets no longer classified as held-for-sale category and derecognition

When non-current assets or disposal groups are no longer classified as assets held for sale because they no longer meet the conditions for classification of the held-for-sale class or non-current assets are removed from the held-for-sale disposal group, the measurement shall be at the lower of the following: 1) Book value before it is classified as assets held for sale, adjusted for depreciation, amortization or impairment that would have been recognized if it were not classified as assets held for sale; and 2) reversible amount.

When the non-current assets held for sale or disposal group is derecognized, the unrecognized gains or losses shall be booked in profit and loss.

## 19. Long-term equity investment

### 1. Judgment of joint control and significant influence

There is common control over an arrangement in accordance with relevant provisions, and the relevant activities of the arrangement can only be decided after the consensus of the participants who share the control right, which is deemed as joint control. Having the power to participate in the decision-making of the financial and operational policies of the investee, but not being able to control or jointly control the formulation of these policies with other parties, shall be regarded as having significant influence.

### 2. Determination of investment cost

(1) For the combination of enterprises under common control, if the merging party pays cash, transfers non-cash assets, assumes debt or issues equity securities as the combination consideration, the initial investment cost shall be based on the book value of the shareholders' equity of the combined party acquired in the consolidated financial statements of the ultimate controlling party on the combination date. The capital reserve shall be adjusted by the difference between the initial investment cost of long-term equity investment and the book value of the combined consideration paid or the total face value of the issued shares. If the capital reserve is insufficient for write-down, the retained earnings shall be adjusted.

The Company realizes long-term equity investment formed by enterprise combination under common control step by step through multiple transactions to judge whether it is a package transaction. In the case of a package transaction, each transaction is accounted for as one transaction in which control is acquired. If it is not a package transaction, the initial investment cost shall be determined on the combination date according to the share of the book value of the consolidated party's net assets in the consolidated financial statements of the ultimate controlling party after the combination. The capital reserve shall be adjusted by the difference between the initial investment cost of long-term equity investment on the combination date and the sum of the book value of long-term equity investment before the combination and the book value of the new payment consideration of shares further acquired on the combination date. If the capital reserve is insufficient for write-down, the retained earnings shall be adjusted.

(2) If it is formed by the combination of enterprises not under common control, the fair value of the combination consideration paid on the purchase date shall be taken as the initial investment cost.

The Company realizes long-term equity investment formed by enterprise consolidation under different control step by step through multiple transactions, and conducts relevant accounting treatment by differentiating individual financial statements and consolidated financial statements:

1) In individual financial statements, the sum of the book value of the original equity investment plus the cost of the new investment shall be used as the initial investment cost calculated according to the cost method.

2) Determine whether it is a package transaction in the consolidated financial statements. In the case of a package transaction, each transaction is accounted for as one transaction in which control is acquired. If it does not belong to the package transaction, the equity held by the purchaser before the purchase date shall be remeasured according to the fair value of the equity on the purchase date, and the difference between the fair value and the carrying value shall be included in the current investment income. If the equity held by the purchaser before the purchase date involves other comprehensive income under the equity method, other comprehensive income related thereto shall be converted into the current income of the purchase date, except other comprehensive income arising from changes in net liabilities or net assets of the invested party due to remeasurement of the defined benefit plan.

(3) Other than the enterprise combination: In case of cash payment, the purchase price actually paid shall be regarded as the initial investment cost. Where equity securities are issued, the fair value of the equity securities issued shall be taken as the initial investment cost. If it is obtained through debt restructuring, its initial investment cost shall be determined according to Accounting Standards for Business Enterprises No. 12 - Debt Restructuring. If it is obtained by exchange of non-monetary assets, its initial

investment cost shall be determined according to Accounting Standards for Business Enterprises No. 7 - Exchange of non-monetary Assets.

### 3. Follow-up measurement and profit and loss recognition methods

The long-term equity investment controlled by the invested entity shall be accounted by cost method. Long-term equity investments in associates and joint ventures shall be accounted for by the equity method.

### 4. The method of disposing the investment in the subsidiary company step by step through multiple transactions until the loss of control

#### (1) Individual financial statements

The difference between the book value and the actual purchase price of the disposed equity shall be booked into profit and loss. For the remaining equity, which still has a significant influence on the invested entity or is under joint control with other parties, it shall be converted to the equity method of accounting. If it is no longer able to control, jointly control or have significant influence on the invested entity, the accounting shall be carried out in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments.

#### (2) Consolidated financial statements

##### 1) Disposal of the investment in the subsidiary step by step through multiple transactions until the control right is lost and it is not a package transaction

Before the loss of control, the disposal price and the disposal of long-term equity investment shall be entitled to the difference between the net asset share continuously calculated by the subsidiary since the purchase date or the combination date, and the capital reserve (capital premium) shall be adjusted. If the capital premium is insufficient, the retained earnings shall be deducted.

When the control of original subsidiary is lost, the remaining equity shall be remeasured according to its fair value on the date of the loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the shares of the original shareholding proportion which shall enjoy the net assets continuously calculated from the purchase date or combination date of the original subsidiary, shall be included in the investment income of the period of loss of control, and the goodwill shall be written down meanwhile. Other comprehensive income related to the equity investment of the original subsidiary shall be converted to current investment income when the right of control is lost.

##### 2) Disposal of the investment in the subsidiary step by step through multiple transactions until the control right is lost and it is a package transaction

Each transaction shall be treated as a transaction for the disposal of a subsidiary and loss of control. However, the difference between the disposal price and the disposal investment corresponding to the share of the net assets of the subsidiary before the loss of the right of control shall be recognized as other comprehensive income in the consolidated financial statements and transferred to the profit and loss of the period when the right of control is lost.

## 20. Investment real estate

### Investment real estate measurement model

#### Cost method measurement

#### Depreciation or amortization method

##### 1. Investment real estate includes leased land use right, land use right held and ready to be transferred after appreciation and leased buildings.

##### 2. The initial measurement of investment real estate shall be based on the cost, the subsequent measurement shall be carried out in the cost mode, and the depreciation or amortization shall be carried out in the same way as that of fixed assets and intangible assets.

## 21. Fixed assets

### (1) Recognition conditions

Fixed assets refer to tangible assets that are held for the production of commodities, the provision of labor services, the lease or the operation and management, and whose service life exceeds one fiscal year. Fixed assets are recognized when economic benefits are likely to flow in and costs can be measured reliably.

### (2) Depreciation method

Category	Depreciation method	Depreciation life	Residual value rate	Annual depreciation rate
Houses and buildings	Average years method	20-25 years	0%, 5%	5.00% - 3.80%
General purpose equipment	Average years method	3-10 years	0%, 10%	33.33%-9.00%
Special equipment	Average years method	5-15 years	0%, 10%	20.00%-6.00%
Means of transport	Average years method	4-10 years	5%, 10%	23.75%-9.00%

### (3) Identification basis, valuation and depreciation method of fixed assets leased by financing

If one or more of the following criteria is met, it shall be regarded as a finance lease: (1) When the lease term expires, the ownership of the leased asset is transferred to the lessee; (2) The lessee has the option to purchase the leased asset, and the purchase price concluded is expected to be far lower than the fair value of the leased asset when the option is exercised, so it is reasonably certain that the lessee will exercise this option on the commencement date of the lease; (3) Even if the ownership of the asset is not transferred, the lease period accounts for the majority of the useful life of the leased asset [usually more than 75% (inclusive) of the useful life of the leased asset]; (4) The present value of the minimum lease payment of the lessee on the beginning date of the lease, which is almost equivalent to the fair value of the leased asset on the beginning date of the lease [more than 90% (inclusive)]; The present value of the minimum lease payment of the lessor on the lease commencement date, which is almost equivalent to the fair value of the leased asset on the lease commencement date [more than 90% (inclusive)]; and (5) The nature of the leased assets is special, if there is no major transformation, only the lessee can use it. For the fixed assets under financing lease, the lower of the fair value of the leased assets on the date of lease commencement and the current value of the minimum lease payment shall be recognized and depreciation shall be calculated and deducted according to the depreciation policy of the self-owned fixed assets.

## 22. Construction in progress

1. The construction in progress will be recognized when the financial benefit is likely to flow in, and the cost can be reliably measured. The construction in progress is measured at the actual cost incurred before the construction of the asset reaches a predetermined usable state.
2. When the project under construction reaches the predetermined usable state, it shall be transferred to fixed assets according to the actual cost of the project. If it has reached the predetermined serviceable state but has not yet handled the final accounting for completion, it shall first transfer the estimated value to the fixed assets, and after the final accounting for completion, it shall adjust the original provisional estimated value according to the actual cost, but no longer adjust the depreciation that has already been drawn.



## 23. Borrowing costs

### 1. Recognition principle of capitalization of borrowing costs

If the borrowing expenses incurred by the Company can be directly attributed to the purchase, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included into the cost of the relevant assets. Other borrowing expenses shall be recognized as expenses when incurred and recorded into profit and loss.

### 2. Period of capitalization of borrowing costs

(1) Capitalization begins when the borrowing cost meets the following conditions: 1) Asset expenditure has been incurred; 2) The borrowing cost has been incurred; 3) The purchase, construction or production activities necessary to bring the assets to a predetermined usable or marketable state have begun.

(2) If the assets eligible for capitalization are abnormally interrupted in the process of purchase, construction or production, and the interruption time is more than 3 months, the capitalization of borrowing costs will be suspended. The borrowing costs incurred during the interruption period are recognized as current expenses until the purchase and construction of assets or production activities are restarted.

(3) When the assets purchased, built or produced in line with the capitalization conditions reach a predetermined useable or saleable state, the capitalization of borrowing costs ceases.

### 3. Capitalization rate and capitalization amount of borrowing costs

When a special loan is borrowed for the purchase, construction or production of assets that meet the capitalization conditions, the interest expense actually incurred in the current period of the special loan (including the amortization of discount or premium determined according to the effective rate method), less the amount of interest income obtained from depositing the loan funds not yet used in the bank or investment income obtained from making temporary investment, Determining the amount of interest to be capitalized. Where the general loan is occupied for the purchase, construction or production of assets conforming to the capitalization conditions, the amount of interest to be capitalized for the general loan shall be calculated and determined according to the weighted average of the accumulated asset expenditure exceeding the special loan's asset expenditure multiplied by the capitalization rate of the occupied general loan.

## 24. Right-to-use assets

### 1. Recognition conditions for the right-to-use assets

The right to use assets refers to the right of the company as the lessee to use the leased assets during the lease term. The Company shall confirm the right-to-use assets of the lease on the commencement date of the lease term. Right-to-use assets are recognized when economic benefits are likely to flow in and costs can be measured reliably.

### 2. Initial measurement of right-to-use assets

The right-to-use assets are initially measured according to the cost, which includes: (1) The initial measurement amount of the lease liability; (2) The amount of the lease payment paid on or before the commencement date of the lease term, if there is lease incentive, the amount related to the lease incentive already enjoyed shall be deducted; (3) Initial direct expenses incurred by lessee; (4) The estimated costs incurred by the Lessee for dismantling and removing the leased assets, restoring the premises where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms.

### 3. Follow-up measurement of right-to-use assets

(1) The Company adopts the cost model to carry out follow-up measurement of the right-to-use assets.

(2) The Company shall calculate and depreciate the right-to-use assets. If the ownership of the leased asset can be reasonably determined at the end of the lease term, the company shall calculate and withdraw depreciation within the remaining service life of the leased asset. If it is not reasonably certain that the ownership of the leased asset can be acquired at the end of the lease term, the Company shall calculate and withdraw depreciation during the short period between the lease term and the remaining service life of the leased asset.



(3) When the company re-measures the lease liability according to the current value of the changed lease payment amount and adjusts the book value of the right-to-use asset accordingly, if the book value of the right-to-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be recorded into the current profit and loss.

## 25. Intangible assets

### (1) Valuation method, service life and impairment test

1. Intangible assets, including land ownership, land use right, patent right, trademark right, proprietary technology, management software and pollutant discharge right, shall be initially measured according to cost.

2. Intangible assets with limited service life shall be systematically and reasonably amortized within the service life according to the expected realization mode of the economic benefits related to the intangible assets. If the expected realization mode cannot be reliably determined, the straight-line method shall be adopted for amortization. The specific years are as follows:

Item	Amortization years (year)
Land use right	50, 30
Patent right	10
Trademark right	10
Proprietary technology	5
Management software	3-10
Pollutant discharge right	10

The Company does not amortize intangible assets such as land ownership and trademark right whose service life is uncertain. The Company will review the service life of such intangible assets in each accounting period. For intangible assets with uncertain service life, the basis for judging the uncertain service life is that it is impossible to estimate the period of intangible assets bringing future economic benefits to the enterprise. Intangible assets whose service life is uncertain shall be the ownership of land.

### (2) Internal R&D expenditure accounting policies

The expenditure in the research phase of internal R&D projects shall be booked into profit and loss when incurred. The expenditures in the development stage of an internal R&D project shall be recognized as intangible assets if the following conditions are met: (1) It is technically feasible to complete the intangible assets so that they can be used or sold; (2) It has the intention to complete the intangible assets and use or sell them; (3) The way in which intangible assets generate economic benefits, including proving the existence of a market for products produced by the use of intangible assets or the existence of a market for intangible assets themselves, and proving the usefulness of intangible assets to be used internally; (4) It has sufficient technical, financial and other resources to complete the development of the intangible assets and has the ability to use or sell the intangible assets; (5) The expenditures attributable to the development stage of the intangible assets can be measured reliably.

## 26. Impairment of long-term assets

For long-term equity investment, investment real estate measured by cost mode, fixed assets, construction in progress, assets with use right, intangible assets with limited service life and other long-term assets, if there are signs of impairment on the balance sheet date, the recoverable amount shall be estimated. For the intangible assets whose goodwill and service life are uncertain due

to the business combination, the impairment test will be conducted every year regardless of whether there is any indication of impairment. Goodwill is tested for impairment in conjunction with its associated asset group or combination of asset groups. If the recoverable amount of the above long-term assets is lower than the carrying value, the asset impairment reserve shall be recognized according to the difference and booked into profit and loss.

## **27. Long-term deferred expenses**

Long-term amortized expenses have been accounted for, amortization period of more than 1 year (exclusive) of various expenses. Long-term deferred expenses are recorded in the account according to the actual amount incurred and amortized evenly in installments during the benefit period or specified period. If long-term deferred expense items do not benefit future accounting periods, the amortized value of the item that has not been amortized is fully transferred to current profit and loss.

## **28. Contractual liabilities**

The Company shall list the contractual assets or contractual liabilities in the balance sheet according to the relationship between the performance of the obligations and the payment of the customer. The Company shall set off the contractual assets and contractual liabilities under the same contract and show them in net.

The Company lists as a contractual liability the obligation to transfer goods to the customer for consideration received or receivable from the customer.

## **29. Employee compensation**

### **(1) Accounting treatment of short-term compensation**

During the accounting period when employees provide services to the company, the short-term compensation actually incurred is recognized as a liability and recorded into the current profit and loss or the cost of related assets.

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

Post-employment benefits are divided into defined deposit plan and defined benefit plan.

(1) During the accounting period when an employee provides services to the Company, the amount to be paid according to the established withdrawal plan shall be recognized as a liability and recorded into the current profit and loss or the cost of related assets.

(2) Accounting for defined benefit plans usually includes the following steps:

1) According to the expected cumulative benefit unit method, using unbiased and mutually consistent actuarial assumptions to estimate the relevant demographic variables and financial variables, measure the obligations arising from the benefit plan, and determine the duration of the related obligations. Meanwhile, the obligation arising from the defined benefit plan is discounted to determine the current value of the defined benefit plan obligation and the current service cost;

2) If there are assets in the defined benefit plan, the deficit or surplus formed by the present value of the obligations of the defined benefit plan minus the fair value of the assets in the defined benefit plan will be recognized as the net liability or net asset of a defined benefit plan. If there is surplus in the defined benefit plan, the net assets of the defined benefit plan shall be measured according to the lower of the surplus of the defined benefit plan or the upper limit of assets;

3) At the end of the period, the employee compensation cost generated by the defined benefit plan shall be recognized as service cost, net interest of net liabilities or net assets of the defined benefit plan, and changes generated by remeasuring net liabilities or net assets of the defined benefit plan, among which the service cost and net interest of net liabilities or net assets of the defined

benefit plan shall be included into current profit or loss or cost of related assets. Changes resulting from the re-measurement of net liabilities or net assets of the benefit plan are recorded in other comprehensive income and are not allowed to be carried back to profit or loss in subsequent accounting periods, but such amounts recognized in other comprehensive income can be transferred within the scope of equity.

### **(3) Accounting treatment of dismiss welfare**

For dismiss benefits provided to employees, the employee compensation liability generated by dismiss benefits shall be recognized as soon as possible and recorded into profit and loss: (1) The Company cannot unilaterally withdraw the dismiss benefits provided by the termination of labor relations plan or reduction proposal; (2) When the Company recognizes the costs or expenses related to the restructuring involving the payment of dismiss benefits.

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

Other long-term benefits provided to the staff and workers, which meet the requirements of the defined deposit plan, shall be accounted for in accordance with the relevant provisions of the defined deposit plan. In addition, other long-term benefits shall be accounted for in accordance with the relevant provisions of the defined benefit plan. To simplify the relevant accounting treatment, the employee compensation cost generated as service cost, net interest of net liabilities or net assets of other long-term employee benefits, and the total net income generated by the re-measurement of net liabilities or net assets of other long-term employee benefits shall be recognized in profit and loss or cost of related assets.

## **30. Lease liabilities**

On the commencement date of the lease, the Company recognizes the present value of the outstanding lease payments as a lease liability. When calculating the present value of lease payments, the internal interest rate of lease is used as the discount rate. If the internal interest rate of lease cannot be determined, the company's incremental borrowing rate is used as the discount rate. The difference between the lease payment amount and the present value shall be regarded as the unrecognized financing expense, and the interest expense shall be recognized in accordance with the discount rate of the present value of the lease payment amount during each period of the lease term and recorded into the current profit and loss. Variable lease payments not included in the measurement of lease liabilities are booked into current profit and loss when actually incurred.

After the commencement of the lease term, when the actual fixed payment amount changes, the estimated amount payable of the guarantee balance changes, the index or ratio used to determine the lease payment amount changes, the evaluation result of the purchase option, the renewal option or the termination option changes, or the actual exercise of the option changes, the Company shall remeasure the lease liability according to the present value of the changed lease payment amount. And adjust the book value of the right to use assets accordingly. If the book value of the right to use assets has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be booked in profit and loss.

## **31. Provisions**

1. Obligations arising from contingent matters such as external guarantee, litigation, product quality assurance and loss contract become the current obligations undertaken by the Company, and the performance of such obligations is likely to lead to the outflow of economic benefits from the Company. When the amount of such obligations can be measured reliably, the Company will recognize such obligations as provisions.

2. The Company makes the initial measurement of the provisions in accordance with the best estimate of the expenditures required to fulfill the relevant current obligations, and reviews the carrying value of the provisions on the balance sheet date.

## 32. Share payment

### 1. Types of share payments

Including share payments settled in equity and share payments settled in cash.

### 2. Implement, modify and terminate relevant accounting treatment of share payment plans

#### (1) To be paid in equity settled shares

Immediately after the grant of feasible rights in exchange for employee services with equity settlement of the stock payment, on the grant date according to the fair value of the equity instrument into the relevant costs or expenses, adjust the capital reserve accordingly. If the service within the waiting period is completed or the performance conditions are met, the right is paid by the equity settled shares. On each balance sheet day during the waiting period, based on the best estimate of the number of the available right equity instruments, the service acquired during the current period is included into the relevant cost or expense according to the fair value of the grant date of the equity instruments, and the capital reserve is adjusted accordingly.

If the fair value of the other party's services can be measured reliably, it shall be measured according to the fair value of the other party's services on the date of acquisition; If the fair value of the services of other parties cannot be measured reliably, but the fair value of the equity instrument can be measured reliably, it shall be measured according to the fair value of the equity instrument on the date the service is acquired, and recorded into the relevant cost or expense, and the shareholders' equity shall be increased accordingly.

#### (2) To be paid in cash shares

Cash settled share-based payments that are immediately exercisable after the grant in exchange for employee services are recognized as relevant costs or expenses at the fair value of the Company's liabilities on the grant date, with corresponding increases in liabilities. After completing the service within the waiting period or meeting the specified performance conditions, the right is paid in cash settled shares in exchange for the employee's service. On each balance sheet date within the waiting period, based on the best estimate of the situation of the right, the service acquired during the current period is included in the relevant costs or expenses and corresponding liabilities according to the fair value of the liabilities assumed by the company.

#### (3) Modify and terminate the share payment plan

If the amendment increases the fair value of the equity instrument granted, the Company recognizes the increase in the acquired services accordingly according to the increase in the fair value of the equity instrument; If the amendment increases the number of equity instruments granted, the Company accordingly recognizes the fair value of the increased equity instruments as an increase in the services acquired; If the Company modifies the option conditions in a way that benefits the employee, the Company will consider the revised option conditions when dealing with the option conditions.

If the amendment reduces the fair value of the equity instrument granted, the Company continues to recognize the amount of services obtained based on the fair value of the equity instrument on the grant date, without regard to the decrease in the fair value of the equity instrument; If the modification reduces the number of equity instruments granted, the Company will treat the reduction as a cancellation of the equity instruments granted; If an option condition is modified to the detriment of the employee, the modified option condition shall not be taken into account when dealing with the option condition.

If the Company cancellations or settles the vested instrument during the waiting period (other than if it is cancelled because the conditions of the vesting right have not been met), the cancellation or settlement will be treated as an accelerated vesting right, immediately recognizing the amount originally recognized during the remaining waiting period.

## 33. Revenue

The accounting policies used to recognize and measure revenue

### 1. Principle of revenue recognition

On the commencement date of the contract, the Company evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations shall be performed within a certain period or at a certain point.

If one of the following conditions is met, the performance obligation shall be performed within a certain period; otherwise, the performance obligation shall be performed at a certain point: (1) The customer shall obtain and consume the economic benefits brought by the performance of the Company meanwhile; (2) The customer can control the goods under construction during the company's contract performance; (3) The commodities produced by the Company during the performance of the Contract have irreplaceable uses, and the Company has the right to collect payment for the performance part accumulated so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of the performance within that period of time. If the performance progress cannot be reasonably determined, and the cost already incurred is expected to be compensated, the income shall be recognized according to the amount of cost already incurred until the performance progress can be reasonably determined. For performance obligations performed at a certain point, revenue is recognized when the customer obtains control of the relevant goods or services. In determining whether the customer has acquired control of the commodity, the company considers the following indications: (1) The Company has a current right to collect on the commodity, that is, the customer has a current obligation to pay for the commodity; (2) The Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity; (3) The Company has physically transferred the commodity to the customer, that is, the customer has physically possessed the commodity; (4) The Company has transferred the main risks and rewards of the ownership of the commodities to the customer, that is, the customer has acquired the main risks and rewards of the ownership of the commodities; (5) The customer has accepted the commodity; (6) Other indications indicating that the customer has taken control of the goods.

### 2. Principles of income measurement

(1) The Company measures its income according to the transaction price apportioned to each individual performance obligation. The transaction price is the amount of consideration that the Company expects to be entitled to receive in connection with the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the Customer.

(2) Where there is variable consideration in the contract, the Company determines the best estimate of the variable consideration in accordance with the expected value or the amount most likely to occur, provided that the transaction price containing the variable consideration does not exceed the amount of accumulated recognized revenue that is highly unlikely to be materially reversed when the relevant uncertainty is eliminated.

(3) If there is a significant financing component in the contract, the Company shall determine the transaction price according to the amount payable in cash, which is assumed to be paid by the customer upon acquisition of control of the commodity or service. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. On the commencement date of the contract, if the Company expects that the interval between the customer acquiring the control of the commodity or service and the customer paying the price is not more than one year, it will not consider the significant financing element in the contract.

(4) If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to the performance obligations of each individual item in accordance with the relative proportion of the individual selling price of the commodity promised by the performance obligations of each individual item.

### 3. Specific methods of revenue recognition

The sales business of Hand Tools, Power Tools, Laser Measurement, Storage and other products of the company belong to the performance obligations performed at a certain point. Domestic sales income will be recognized when the company delivers the products to the place of delivery agreed in the contract and the customer confirms acceptance, the company has received the price

or has obtained the right to collect payment, and the related economic benefits are likely to flow in. Export sales income is recognized when the company has declared the products to customs according to the contract, obtained the bill of lading or arrived at the destination designated by the customer and confirmed by the customer, received the payment for goods or obtained the right to collect payment and the related economic benefits are likely to flow in.

Different business models of the same type of business lead to differences in revenue recognition accounting policies

### 34. Government subsidies

1. The government subsidy shall be recognized when the following conditions are met: (1) The Company can meet the conditions attached to the government subsidy; (2) The Company can receive government subsidies. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If government subsidies are non-monetary assets, they shall be measured at fair value; if the fair value cannot be obtained reliably, it shall be measured according to the nominal amount.

#### 2. Judgment basis and accounting treatment method of government subsidies related to assets

Government documents specify that government subsidies used to purchase and build or otherwise form long-term assets are classified as asset-related government subsidies. If the government documents are not clear, it shall be judged on the basis of the basic conditions that must be met to obtain the subsidy, and if the basic conditions are the purchase and construction of long-term assets or the formation of long-term assets by other means, it shall be regarded as government subsidies related to assets. Government subsidies related to assets, write-down of the book value of related assets or recognized as deferred income. If the government subsidy related to assets is recognized as deferred income, it shall be recorded into profit and loss by stages in a reasonable and systematic way during the service life of the relevant assets. The government subsidy measured according to the nominal amount is directly booked into the current profit and loss. If relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the balance of relevant deferred income that has not been distributed shall be transferred to the profit or loss of the asset disposal period.

#### 3. Judgment basis and accounting treatment method of government subsidies related to income

Government subsidies other than those related to assets are divided into revenue-related government subsidies. For government subsidies that contain both asset-related parts and revenue-related parts, it is difficult to distinguish between asset-related or revenue-related government subsidies, and the overall government subsidies are classified as revenue-related government subsidies. The government subsidies related to revenue, which are used to compensate the relevant costs or losses in the subsequent period, are recognized as deferred revenue, and in the period of recognizing the relevant costs or losses, are recorded into the current profit and loss or write-off the relevant costs; If it is used to compensate the incurred costs or losses, it shall be directly recorded into the current profit and loss or write-off the relevant costs.

4. Government subsidies related to daily business activities of the company shall be recorded into other income or written down related costs according to the essence of economic business. Government subsidies unrelated to daily activities of the company shall be included in non-operating income and expenditure.

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

1. The deferred income tax asset or deferred income tax liability shall be calculated and recognized according to the applicable tax rate during the expected recovery of the asset or repayment of the liability based on the difference between the book value of the asset or liability and its tax basis (if the tax basis of the item not recognized as an asset or liability can be determined in accordance with the tax law).

2. Identify deferred income tax assets to the extent that taxable income is likely to be obtained to offset deductible temporary differences. On the balance sheet date, if there is conclusive evidence that it is likely that sufficient taxable income will be

obtained in the future period to offset the deductible temporary differences, the deferred income tax assets not recognized in the previous accounting period will be recognized.

3. On the balance sheet date, review the carrying value of the deferred income tax assets, and write down the carrying value of the deferred income tax assets if it is likely that it cannot obtain enough taxable income to offset the benefits of the deferred income tax assets in the future period. When sufficient taxable income is likely to be obtained, the amount of the write-down is reversed.

4. The current income tax and deferred income tax of the company are recorded into the current profit and loss as income tax expense or income, but the income tax generated under the following circumstances is excluded: (1) enterprise combination; (2) Transactions or events directly recognized in shareholders' equity.

## 36. Leasing

### (1) Accounting treatment of operating leases

#### 1. The Company as lessee

On the commencement date of the Lease term, the Company considers any lease for a period not exceeding 12 months and without a purchase option to be a short-term lease; when a single leased asset is a brand-new asset, the lease with a lower value is identified as a low-value asset lease. Where the company subleases or intends to sublease the leased assets, the original lease shall not be deemed as a low-value asset lease.

For all short-term leases and low-value asset leases, the Company shall, in accordance with the straight-line method, record the lease payment into the cost of the relevant asset or current profit or loss during each period of the lease term.

With the exception of short-term leases and low-value asset leases which adopt simplified treatment above, the Company recognizes the use right assets and lease liabilities for the lease on the commencement date of the lease term.

#### (1) Right to use assets

The right to use assets shall be initially measured according to the cost, which includes: 1) the initial measurement amount of the lease liability; 2) The amount of lease payment paid on or before the beginning of the lease term, if there is lease incentive, the amount related to lease incentive already enjoyed will be deducted; 3) Initial direct expenses incurred by Lessee; 4) The estimated costs incurred by the Lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms.

The company shall depreciate the assets to be used according to the straight-line method. If the ownership of the leased asset can be reasonably determined at the end of the lease term, the company shall calculate and withdraw depreciation within the remaining service life of the leased asset. If it is not reasonably certain that the ownership of the leased asset can be acquired at the end of the lease term, the Company shall calculate and withdraw depreciation during the short period between the lease term and the remaining service life of the leased asset.

#### (2) Lease liabilities

On the commencement date of the lease, the Company recognizes the present value of the outstanding lease payments as a lease liability. When calculating the present value of lease payments, the internal interest rate of lease is used as the discount rate. If the internal interest rate of lease cannot be determined, the company's incremental borrowing rate is used as the discount rate. The difference between the lease payment amount and the present value shall be regarded as the unrecognized financing expense, and the interest expense shall be recognized in accordance with the discount rate of the present value of the lease payment amount during each period of the lease term and recorded into the current profit and loss. Variable lease payments not included in the measurement of lease liabilities are booked into current profit and loss when actually incurred.

After the commencement of the lease term, when the actual fixed payment amount changes, the estimated amount payable of the guarantee balance changes, the index or ratio used to determine the lease payment amount changes, the evaluation result of the purchase option, the renewal option or the termination option changes, or the actual exercise of the option changes, the Company shall remeasure the lease liability according to the present value of the changed lease payment amount. And adjust the book value



of the right to use assets accordingly. If the book value of the right to use assets has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be booked in profit and loss.

## 2. The Company acts as lessor

On the beginning day of the lease, the company classifies the leases that essentially transfer almost all the risks and rewards related to the ownership of the leased assets as financial leases, and all the others as operating leases.

### (1) Operating lease

During each period of the lease term, the company recognizes the lease revenue as rental income according to the straight-line method, and the initial direct expenses incurred are capitalized and apportioned according to the same basis as the rental income recognition, and recorded into the current profit and loss by stages. The amount of variable lease payments obtained by the Company in connection with the operating lease and not included in the lease collection amount shall be recorded in the current profit and loss when actually incurred.

### (2) Accounting treatment of finance lease

On the beginning date of the lease term, the Company shall recognize the finance lease payment receivable according to the net lease investment (the sum of the unguaranteed balance and the lease payment not received on the beginning date of the lease term according to the present value discounted by the inherent interest rate of the lease) and terminate the recognition of the finance lease asset. During each period of the lease term, the Company calculates and recognizes interest income based on the inherent interest rate of the lease.

The amount of variable lease payments obtained by the Company that are not included in the measurement of net lease investment is recorded in current profit and loss when actually incurred.

## 37. Changes in major accounting policies and estimates

### (1) Changes in major accounting policies

☒Applicable ☐ N/A

Contents and reasons of changes in accounting policy	Approval procedure	Remarks
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1. Since January 1, 2022, the Company has implemented the provisions of *Accounting Standards for Enterprises Interpretation No. 15* issued by the Ministry of Finance on “Accounting treatment of the products or by-products produced before the fixed assets reach the predetermined usable state or in the process of R&D”. This change in accounting policy has no impact on the financial statements of the company.

2. Since January 1, 2022, the Company has implemented the provisions of “Judgment on loss-making Contracts” in *Interpretation of Accounting Standards for Business Enterprises No. 15* issued by the Ministry of Finance, and this change in accounting policy has no impact on the Company's financial statements.

3. Since November 30, 2022, the Company has implemented the provisions of *Interpretation of Accounting Standards for Business Enterprises No. 16* issued by the Ministry of Finance on “Accounting treatment of income tax Impact on dividends related to financial instruments classified by the Issuer as equity instruments”. Such change of accounting policy has no impact on the financial statements of the Company.

4. Since November 30, 2022, the Company has implemented the provisions of *Interpretation of Accounting Standards for Business Enterprises No. 16* issued by the Ministry of Finance on “Accounting treatment of the Company's modification of cash settlement share payment to equity settlement share payment”. This change of accounting policy has no impact on the Company's financial statements.

## (2) Changes in material accounting estimates

□ Applicable ☒ N/A

## VI. Taxes

## 1. Main types of taxes and tax rates

Type of tax	Tax basis	Tax rate
Value-added tax	Output tax shall be calculated on the basis of the income from sales of goods and taxable services calculated in accordance with the provisions of the Tax Law. After deducting the input tax allowed to be deducted for the current period, the difference shall be VAT payable	13%, 6%
City maintenance and construction tax	The turnover tax actually paid	7%, 5%
Corporate income tax	Taxable income	For details, see instructions on corporate income tax rates of tax subjects with different tax rates
Property tax	In case of AD valorem tax, 1.2% of the remaining value of the original value of the property after a one-time reduction of 30% shall be paid; If the tax is levied from rent, 12% of the rental income shall be paid	1.2%, 12%
Education surcharge	The turnover tax actually paid	3%
Local education fees surcharge	The turnover tax actually paid	2%

If there are tax payers with different corporate income tax rates, the information shall be disclosed

Name of taxpayer	Income tax rate
The Company	15%
Hong Kong GreatStar International Limited	16.50%
Prim' Tools Limited	16.50%
Hong Kong Goldblatt Industrial Co., Ltd.	16.50%
Hong Kong International Huada Kejie Opto-Electro Instrument Co., Ltd.	16.50%
Hong Kong 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 Lianhe Electric Manufacturing Co., Ltd.	15%
Dongguan Ouda Electronics Co., Ltd.	15%
Hangzhou Lianhe Tool Manufacturing Co., Ltd.	15%
Hangzhou Liansheng Measuring Tool Manufacturing Co., Ltd.	15%
Zhejiang Yiyang Tool Manufacturing Co., Ltd.	15%
Suzhou Xindadi Hardware Product Co., Ltd.	15%
Geelong Sales Co., Ltd.	15%
Geelong Investment Holding Limited	15%
GreatStar Europe AG and its subsidiaries	13.24%, 19.00%, 19.41%, 21.00%, 22.00%, 24.00%, 25.00%, 27.50%, 27.90%, 29.13%
Zhejiang Guoxin Tool Co., Ltd.	20%
Changzhou Huada Kejie Construction Machinery Co., Ltd.	20%
Zhongshan Geelong Import and Export Trade Co., Ltd.	20%

Ningbo Fenghua Giant Star Tool Co., Ltd.	15%
GreatStar Vietnam Co., Ltd	20%
Vietnam United Co., Ltd	20%
TGH (Cambodia) Industrial Co., LTD	20%
Geelong (Thailand) Co., Ltd	20%
GreatStar Industrial Vietnam Co., Ltd	20%
XDD Products (USA) LLC	21%
SHOP-VAC VIETNAM CO.,LTD	20%
HUADA VIETNAM CO.,LTD	20%
Newland.LLC	21%
GreatStar Tools USA,Inc and its subsidiaries	25.1745%, GreatStar according to the Internal Revenue Code of the United States Industrial USA, LLC, Arrow Fastener Co., LLC, Prime-Line Products, LLC, 4900 Highlands Parkway, LLC, Shop-Vac USA, LLC and SK Hand Tool, LLC are not required to declare and pay corporate income tax as LLC. The subject of tax liability is GreatStar Tools USA,Inc
GreatStar Japan Co., Ltd	Corporate tax is payable at a progressive rate
GreatStar International Holdings Limited	A company incorporated in the British Virgin Islands. No corporate income tax is payable under the British Virgin Islands tax system
Geelong Orchid Holding Limited	A company registered in the British Cayman Islands. No corporate income tax is required under the British Cayman Islands tax system
Geelong Holdings Limited	A company registered in the British Cayman Islands. No corporate income tax is required under the British Cayman Islands tax system
Geelong Sales (Macau Commercial) Limited	The taxable income tax not exceeding 600,000 patacas shall be subject to 0% corporate income tax rate, and the portion exceeding 600,000 Patacas shall be subject to 12% corporate income tax rate
Other taxable entities other than those mentioned above	25%

## 2. Tax incentives

1. According to the relevant provisions of Measures for the Identification and Administration of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 32) and "Guidelines for the Identification and Administration of High-tech Enterprises" (Guo Ke Fa Huo (2016) No. 195), the Company is recognized as a high-tech enterprise and has obtained the High-tech Enterprise Certificate (No. GR202233005456). The validity period of the recognition is 3 years (2022-2024), and the corporate income tax shall be paid at the tax rate of 15% in 2022.
2. According to the List of the First Batch of High-tech Enterprises to be Recognized in Jiangsu Province in 2020 issued by the Office of the National Leading Group for the Recognition and Management of High-tech Enterprises, Changzhou Huadkejie Photoelectric Instrument Co., Ltd. is recognized as a high-tech enterprise and has obtained the High-tech Enterprise Certificate numbered GR202032002996. The validity period of the recognition is 3 years (2020-2022), and the corporate income tax shall be paid at the tax rate of 15% in 2022.
3. According to the relevant provisions of Measures for the Identification and Administration of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 32) and Guidelines on the Identification and Administration of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 195), its subsidiary Hangzhou Lianhe Electric Manufacturing Co., Ltd. is identified as a high-tech enterprise. The company shall obtain the High-tech Enterprise Certificate numbered GR202233010022, which shall be valid for 3 years (2022-2024), and pay the enterprise income tax at the tax rate of 15% in 2022.
4. According to the relevant provisions of Measures for the Identification and Management of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 32) and Guidelines for the Identification and Management of High-tech Enterprises (Guo Ke Fa Huo (2016) No.

195), Dongguan Ouda Electronic Co., Ltd. of Sub-subsidiary is recognized as a high-tech enterprise. The company shall obtain the High-tech Enterprise Certificate numbered GR202144002851, which shall be valid for 3 years (2021-2023), and pay the enterprise income tax at 15% tax rate in 2022.

5. According to the Letter on the Record of High-tech Enterprises in Zhejiang Province in 2020 (Guo Ke Huo Zi (2020) No. 251) issued by the Office of the Leading Group for the Identification and Management of National High-tech Enterprises, the subsidiary Hangzhou Lianhe Tool Manufacturing Co., Ltd. is recognized as a high-tech enterprise. The company shall obtain the High-tech Enterprise Certificate numbered GR202133002795, which shall be valid for 3 years (2021-2023), and pay the enterprise income tax at 15% tax rate in 2022.

6. According to the Letter on the Record of High-tech Enterprises in Zhejiang Province in 2020 (Guo Ke Huo Zi (2020) No. 251) issued by the Office of the Leading Group for the Identification and Management of National High-tech Enterprises, the subsidiary Hangzhou Liansheng Measuring Tool Manufacturing Co., Ltd. is recognized as a high-tech enterprise. The company shall obtain the High-tech Enterprise Certificate numbered GR202133004728, which shall be valid for 3 years (2021-2023), and pay the enterprise income tax at 15% tax rate in 2022.

7. According to the relevant provisions of Measures for the Identification and Management of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 32) and Guidelines for the Identification and Management of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 195), Sub-subsidiary Zhejiang Yiyang Tool Manufacturing Co., Ltd. is recognized as a high-tech enterprise. The company shall obtain the High-tech Enterprise Certificate numbered GR202233007785, which shall be valid for 3 years (2022-2024), and pay the enterprise income tax at the tax rate of 15% in 2022.

8. According to the relevant provisions of the Measures for the Identification and Administration of New and High-tech Enterprises (Guo Ke Fa Huo (2016) No. 32) and the Guidelines for the Identification and Administration of New and High-tech Enterprises (Guo Ke Fa Huo (2016) No. 195), Suzhou New Earth Hardware Products Co., Ltd. is identified as a new and high-tech enterprise. The company shall obtain the High-tech Enterprise Certificate numbered GR202132006099, which shall be valid for 3 years (2021-2023), and pay the enterprise income tax at 15% tax rate in 2022.

9. According to the relevant provisions of Measures for the Identification and Management of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 32) and Guidelines for the Identification and Management of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 195), Sub-subsidiary Zhongshan Jiilong Industrial Co., Ltd. is recognized as a high-tech enterprise. The company shall obtain the High-tech Enterprise Certificate numbered GR202244011605, which shall be valid for 3 years (2022-2024), and pay the enterprise income tax at 15% tax rate in 2022.

10. In accordance with relevant provisions in *Administrative Measures for Identification of High-tech Enterprises* (Guo Ke Fa Huo (2016) No. 32) and *Guidelines for Administration of Identification High-tech Enterprises* (Guo Ke Fa Huo (2016) No. 195), the subsidiary Ningbo Fenghua GreatStar Tools Co., Ltd. has been identified as a high-tech enterprise and granted the *High-tech Enterprise Certificate* numbered GR202233100274 with a validity period of 3 years (from 2022 to 2024). Therefore, the enterprise income tax was paid at the tax rate of 15% in 2022.

11. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Administrative Measures for the Preferential VAT Policies to Promote the Employment of Disabled Persons (Cai Shui (2016) No. 52), the subsidiary Longyou Hugong Forging Three Tools Co., Ltd., after filing with the competent tax authority for the employment of disabled persons, enjoys the preferential policy of the VAT limit collection and refund at this period.

12. According to the document of Announcement on Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (Announcement No. 13 2022 of the Ministry of Finance and the State Administration of Taxation) issued by the Ministry of Finance and the State Administration of Taxation, during the period from January 1, 2022 to December 31, 2024, the annual taxable income of small and micro profit enterprises shall not exceed CNY 1 million. Deduct 12.50% from the amount of taxable income and pay the enterprise income tax at the rate of 20%. The part of the annual taxable income exceeding CNY 1 million but not exceeding CNY 3 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%. From January 1, 2022 to December 31, 2022, Zhejiang Guoxin Tools Co., Ltd.,

Zhongshan Kilong Import and Export Trading Co., Ltd., and Changzhou Huada Kejie Construction Machinery Co., Ltd., shall be subject to this preferential income tax policy and pay corporate income tax at a tax rate of 20%.

## VII. Notes to consolidated financial statements

### 1. Cash and cash equivalents

Unit: CNY

Item	Closing balance	Opening balance
Cash on hand	4,328,053.84	2,574,760.83
Bank deposit	4,788,725,570.94	3,983,507,419.70
Other monetary funds	70,152,557.62	47,625,059.63
Total	4,863,206,182.40	4,033,707,240.16
Including: the total amount of funds deposited abroad	1,073,586,253.48	802,607,925.10
Total amount of money subject to restrictions on use by reason of mortgage, pledge or freeze	69,779,001.93	32,520,998.98

Other notes:

Other monetary funds at the end of the period include forward settlement of foreign exchange of CNY 33,448,671.74, short-term loan of CNY 20,893,800.00, letter of credit of CNY 6,616,370.00, banker's acceptance of CNY 7,384,067.19 and customs duty guarantee of CNY 1,393,093.00, Alipay of CNY 373,555.69 and ETC deposit of CNY 43,000.00. Other monetary funds at the beginning of the period include bank acceptance deposit of CNY 27,725,700.00, securities account deposit of CNY 13,598,051.60, forward settlement and sale of foreign exchange deposit of CNY 2,295,252.00, ETC deposit of CNY 32,000.00, customs duty bond deposit of CNY 1,975,140.00, project performance deposit of CNY 492,906.98, and deposit in Alipay of CNY 1,506,009.05.

### 2. Trading financial assets

Unit: CNY

Item	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	70,230,104.24	13,557,757.75
Including:		
Derivative financial assets	10,230,104.24	4,330,070.00
Bank financial products	60,000,000.00	
Equity instrument investment		9,227,687.75
Including:		
Total	70,230,104.24	13,557,757.75

Other notes:

None



### 3. Notes receivable

#### (1) Classification and listing of notes receivable

Unit: CNY

Item	Closing balance	Opening balance
Banker's acceptance	18,765,981.83	5,663,502.93
Commercial acceptance		966,411.25
Total	18,765,981.83	6,629,914.18

Unit: CNY

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Including:										
Notes receivable set aside for bad debts assessed by groups	18,765,981.83	100.00%			18,765,981.83	6,629,914.18	100.00%			6,629,914.18
Including:										
Banker's acceptance	18,765,981.83	100.00%			18,765,981.83	5,663,502.93	85.42%			5,663,502.93
Commercial acceptance						966,411.25	14.58%			966,411.25
Total	18,765,981.83	100.00%			18,765,981.83	6,629,914.18	100.00%			6,629,914.18

Bad debt provision assessed by groups:

Unit: CNY

Name	Closing balance		
	Book balance	Bad debt provision	Provision ratio
Bank acceptance portfolio	18,765,981.83		
Total	18,765,981.83		

Instructions for determining the basis of the combination:

Bad debt provision assessed by groups:

Unit: CNY

Name	Closing balance		
	Book balance	Bad debt provision	Provision ratio

Instructions for determining the basis of the combination:

If the provision for doubtful accounts of notes receivable is made according to the general model of expected credit losses, please refer to other methods of disclosure of receivables to disclose the relevant information of doubtful accounts:

☐ Applicable ☒ N/A

**(2) Notes receivable that have been endorsed or discounted by the Company at the end of the period and are not due on the balance sheet date**

Unit: CNY

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Banker's acceptance	4,504,513.91	
Total	4,504,513.91	

**4. Accounts receivable**

**(1) Classification of accounts receivable**

Unit: CNY

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Account receivable of bad debt provision assessed individually	3,780,753.57	0.19%	3,780,753.57	100.00%						
Including:										
Accounts receivable of bad debt provision assessed by groups	1,999,942,811.41	99.81%	103,257,221.30	5.16%	1,896,685,590.11	1,899,008,012.88	100.00%	100,742,507.35	5.31%	1,798,265,505.53
Including:										
Total	2,003,723,564.98	100.00%	107,037,974.87	5.34%	1,896,685,590.11	1,899,008,012.88	100.00%	100,742,507.35	5.31%	1,798,265,505.53

Provision for bad debts assessed individually: 3,780,753.57

Unit: CNY



Name	Closing balance			
	Book balance	Bad debt provision	Provision ratio	Reason for provision
Shanghai Lainuo Photoelectric Technology Co., Ltd.	3,780,753.57	3,780,753.57	100.00%	Expected unrecoverable
Total	3,780,753.57	3,780,753.57		

Bad debt provision assessed by groups: 103,257,221.30

Unit: CNY

Name	Closing balance		
	Book balance	Bad debt provision	Provision ratio
Aging groups	1,999,942,811.41	103,257,221.30	5.16%
Total	1,999,942,811.41	103,257,221.30	

Instructions for determining the basis of the combination:

Aging

If the provision for doubtful accounts receivable is made according to the general model of expected credit losses, please refer to other methods of disclosure of receivables to disclose the relevant information of doubtful accounts:

☐ Applicable ☒ N/A

Aging disclosure

Unit: CNY

Aging	Book balance
Within 1 year (inclusive)	1,970,425,386.97
1-2 years	25,344,201.58
2-3 years	5,830,575.46
More than 3 years	2,123,400.97
3-4 years	696,290.54
4-5 years	454,657.11
More than 5 years	972,453.32
Total	2,003,723,564.98

## (2) Bad debt provision withdrawn, recovered or reversed in the current period

Details of bad debt provision:

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Bad debt provision assessed individually		3,591,754.39			188,999.18	3,780,753.57
Bad debt provision assessed by groups	100,742,507.35	-1,858,727.49		1,055,458.37	5,428,899.81	103,257,221.30

Total	100,742,507.35	1,733,026.90	188,999.18	1,055,458.37	5,617,898.99	107,037,974.87
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Among them, the amount of the current bad debt provision recovery or reversal is important:

Unit: CNY

Name of unit	Recovery or reversal	Recovery mode
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### (3) Receivables among the top five closing balances collected by the debtor

Unit: CNY

Customer	Closing balance of accounts receivable	Percentage of total closing balance of accounts receivable	Closing balance of bad debt provision
Customer 1	417,503,364.89	20.84%	20,875,168.24
Customer 2	369,853,367.35	18.46%	18,492,668.37
Customer 3	60,719,295.17	3.03%	3,035,964.76
Customer 4	56,385,734.96	2.81%	2,819,286.75
Customer 5	51,415,571.21	2.57%	2,570,778.56
Total	955,877,333.58	47.71%	

## 5. Financing of receivables

Unit: CNY

Item	Closing balance	Opening balance
Banker's acceptance	3,310,508.35	5,278,343.13
Accounts receivable	321,247,171.36	553,742,484.39
Total	324,557,679.71	559,020,827.52

Changes in the current period and fair value of receivables financing

☒ Applicable ☐ N/A

#### (1) Breakdown

Item	Closing balance		Opening balance	
	Book value	Accumulative confirmed reserve for credit impairment	Book value	Accumulative confirmed reserve for credit impairment
Banker's acceptance	3,310,508.35		5,278,343.13	
Accounts receivable	321,247,171.36	16,907,745.86	553,742,484.39	29,144,341.28
Total	324,557,679.71	16,907,745.86	559,020,827.52	29,144,341.28

#### (2) Reserve for credit impairment of receivables financing

Item	Opening balance	Increase in the current period		Decrease in the current period			Closing balance
		Provision	Impact of exchange rate fluctuations	Reversal	Write-off	Others	
Reserve for credit impairment is set aside on a combination basis	29,144,341.28	-12,767,474.27	530,878.85				16,907,745.86

Item	Opening balance	Increase in the current period		Decrease in the current period			Closing balance
		Provision	Impact of exchange rate fluctuations	Reversal	Write-off	Others	
Total	29,144,341.28	-12,767,474.27	530,878.85				16,907,745.86

(3) At the end of the period, the Company has endorsed or discounted the notes receivable and has not matured on the balance sheet date

Item	Derecognition amount at the end of the period
Banker's acceptance	6,559,637.55
Subtotal	6,559,637.55

The acceptor of the banker's acceptance bill is the commercial bank. Because the commercial bank has high credit, the possibility that the banker's acceptance bill will not be paid when it expires is low, so our company will terminate the confirmation of the banker's acceptance bill that has been endorsed or discounted. However, if such notes are not paid at maturity, the Company shall remain jointly and severally liable to the holders under the Instruments Act.

(4) Accounts receivable derecognized due to the transfer of financial assets

Item	Derecognition	Gain or loss associated with the derecognition	Transfer mode of financial assets
Payment for goods	1,878,525,994.18 (Note)	-7,931,415.18	Receivables financing assignment without additional recourse
Subtotal	1,878,525,994.18	-7,931,415.18	

(Note) The amount of the receivables financing transfer without recourse was USD 269,724,893.63. The transfer of receivables financing in USD without recourse was translated into CNY 1,878,525,994.18 by the exchange rate at the end of the period

If the financing impairment reserve of receivables is prepared according to the general model of expected credit losses, please refer to other methods of disclosure of receivables to disclose the relevant information of impairment reserve:

☐ Applicable ☒ N/A

Other notes:

## 6. Advance payment

### (1) Prepayments shall be listed and shown according to aging

Unit: CNY

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	123,153,057.84	95.25%	74,702,657.14	96.09%
1-2 years	3,784,255.82	0.00%	1,748,154.88	2.25%
2-3 years	808,907.98	0.00%	1,075,509.98	1.38%

More than 3 years	507,872.23	0.47%	217,119.90	0.28%
Total	128,254,093.87		77,743,441.90	

Explanation of the reasons why the prepayment with an important amount and an aging age of more than 1 year is not settled in time:

## (2) Advance payment among the top five in the closing balance of the prepaid objects

The total prepayments of the top five closing balance amounts to CNY 47,934,016.73, accounting for 35.13% of the total closing balance of prepayments

Other notes:

(1) Provision for bad debts in the current period amounted to CNY 2,411,861.08, which increased by CNY 463,566.46 due to exchange rate fluctuations.

(2) The actual written off prepayment is CNY 54,269.29 in the current period.

## 7. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Other receivables	58,325,042.10	96,151,003.68
Total	58,325,042.10	96,151,003.68

### (1) Other receivables

#### 1) Classification of other receivables by nature

Unit: CNY

Nature	Book balance at the end of the reporting period	Book balance at the beginning of the reporting period
Deposit	30,880,521.21	24,611,560.03
Export tax rebate receivable	24,697,312.44	61,953,922.99
Provisional payment receivable	5,617,725.38	6,025,540.52
Employee reserve fund	1,529,914.18	2,666,593.46
Equity settlement receivable		6,160,202.73
Others	2,327,676.34	2,653,025.72
Total	65,053,149.55	104,070,845.45

#### 2) Provision for bad debts

Unit: CNY

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
As at January 1, 2022	4,606,101.41	854,761.14	2,458,979.22	7,919,841.77
Changes due to				

financial instruments recognized as at January 1, 2022				
-- Transfer to stage II	-99,539.17	99,539.17		
-- Transfer to stage III		-775,552.12	775,552.12	
Provision	-11,184,311.29	20,330.15	672,986.60	-10,490,994.54
Write-off	5,000.00			5,000.00
Other changes	9,304,260.22			9,304,260.22
As at December 31, 2022	2,621,511.17	199,078.34	3,907,517.94	6,728,107.45

Loss reserve for a significant change in book balance during the current period

☐ Applicable ☒ N/A

Aging disclosure

Unit: CNY

Aging	Book balance
Within 1 year (inclusive)	52,430,223.89
1-2 years	1,990,783.43
2-3 years	7,755,521.23
More than 3 years	2,876,621.00
3-4 years	588,931.41
4-5 years	215,910.64
More than 5 years	2,071,778.95
Total	65,053,149.55

### 3) Other receivables actually written off during the current period

Unit: CNY

Item	Write-off amount
Shifeng outdoor shopping mall	5,000.00

Other significant write-offs of receivables:

Unit: CNY

Name of unit	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment is generated by related party transactions
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Instructions for writing off other receivables:

Other receivables actually written off during the period are CNY 5,000.00.

### 4) Other receivables among the top five closing balances collected by the debtor

Unit: CNY

Name of unit	Nature of payment	Closing balance	Aging	Percentage of the total closing	Closing balance of bad debt provision
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				balance of other receivables	
Export tax rebate receivable	Export tax rebate receivable	24,697,312.44	Within 1 year	37.96%	1,234,865.62
Công ty cổ phần Tường Viên Grand Park	Deposit	5,058,071.44	2-3 years	7.78%	1,011,614.29
Payment of social insurance premium and housing provident fund on behalf of employees	Provisional payment receivable	2,923,397.25	Within 1 year	4.49%	146,169.86
Hangzhou Qiantang Smart City Management Committee	deposit	1,908,000.00	More than 5 years	2.93%	1,908,000.00
Hangzhou Qiantang Smart City Management Committee	deposit	1,007,000.00	2-3 years	1.55%	201,400.00
China Construction Electronic Commerce Co., Ltd.	deposit	2,510,000.00	Within 1 year	3.86%	125,500.00
Total		38,103,781.13		58.57%	4,627,549.77

## 8. Inventory

Whether the Company is required to follow real estate industry disclosure requirements

None

### (1) Categories of inventories

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Reserve for inventory decline or impairment of contract performance costs	Book value	Book balance	Reserve for inventory decline or impairment of contract performance costs	Book value
Raw material	763,015,426.57	11,758,583.43	763,015,426.57	828,353,943.87		828,353,943.87
Goods in progress	346,179,403.66		346,179,403.66	411,642,818.41		411,642,818.41
Finished goods	1,769,035,629.25	72,251,465.32	1,685,025,580.50	1,619,622,574.68	47,220,974.64	1,572,401,600.04
Commissioned materials	16,699,727.54		16,699,727.54	22,559,098.84		22,559,098.84
Low-value consumable goods	1,652,387.41		1,652,387.41	820,535.68		820,535.68

Total	2,896,582,574.43	84,010,048.75	2,812,572,525.68	2,882,998,971.48	47,220,974.64	2,835,777,996.84
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**(2) Reserve for inventory decline and impairment of contract performance costs**

Unit: CNY

Item	Opening balance	Current increase		Current reduction		Closing balance
		Provision	Others	Reversal or elimination	Others	
Raw material		12,089,485.73	39,929.66	370,831.96		11,758,583.43
Finished goods	47,220,974.64	31,100,452.54	3,977,161.75	10,047,123.61		72,251,465.32
Total	47,220,974.64	43,189,938.27	4,017,091.41	10,417,955.57		84,010,048.75

Item	Determine net realizable value Concrete basis	Reverse inventory decline Reasons for preparation	The value of inventory sold fell Reasons for preparation
Raw material	The amount of the estimated selling price of the relevant finished products less the estimated cost to be incurred up to completion, estimated selling expenses and related taxes and fees		During the current period, the inventory that has been set aside for inventory decline is consumed/sold
Finished goods	The amount of the estimated selling price of the relevant finished products less the estimated selling expenses and related taxes is determined as net realizable value		Selling or scrapping part of the inventory that has been drawn down the reserve for inventory decline, and selling off the corresponding inventory decline reserve that has been drawn up

**9. Current portion of non-current assets**

Unit: CNY

Item	Closing balance	Opening balance
Finance lease receivable	98,061.60	90,708.80
Total	98,061.60	90,708.80

Significant debt investments/other debt investments

Unit: CNY

Credit item	Closing balance				Opening balance			
	Face value	Coupon rate	Effective interest rate	Maturity date	Face value	Coupon rate	Effective interest rate	Maturity date

Other notes:

**10. Other current assets**

Unit: CNY

Item	Closing balance	Opening balance
VAT allowance	114,913,836.33	160,295,028.26
Advance payment of corporate income tax	4,945,994.21	24,135,847.39
Deferred expense	3,832,917.83	5,876,647.96



Time deposit interest	10,437,900.21	3,683,674.49
Total	134,130,648.58	193,991,198.10

Other notes:

## 11. Long-term receivables

### (1) Long-term receivables

Unit: CNY

Item	Closing balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Finance lease	299,568.31		299,568.31	446,386.40		446,386.40	0.75%
Including: Unrealized financing income	-4,002.95		-4,002.95	-14,135.20		-14,135.20	
Land lease deposit	2,572,611.16		2,572,611.16	2,274,855.31		2,274,855.31	
Total	2,872,179.47		2,872,179.47	2,721,241.71		2,721,241.71	

Impairment of bad debt provision

Unit: CNY

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Changes due to financial instruments recognized as at January 1, 2022				

Loss reserve for a significant change in book balance during the current period

☐ Applicable ☒ N/A

## 12. Long-term equity investment

Unit: CNY

Investee	Opening balance (book value)	Changes in the current period								Closing balance (book value)	Impairment reserve closing balance
		Additio nal investm ent	Reducti on of investm ent	Investm ent gains and losses recogni zed under the equity method	Other compre hensive income adjustm ents	Other changes in equity	Declara tion of cash dividen d or profit	Provisi on for impair ment	Others		

I. Joint ventures											
II. Associates											
Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	1,268,865,846.61			85,019,436.77	28,287,071.60	5,465,577.19				1,387,637,932.17	
Zhejiang Hangcha Holding Co., Ltd.	732,591,395.62			95,134,172.50	3,648,430.69	6,495,730.54	40,000,000.00			797,869,729.35	
Zhejiang Guozi Robotics Co., Ltd.	75,805,856.54			-14,947,882.51		1,521,287.22				62,379,261.25	
Ningbo Donghai Bank Co., Ltd.	190,561,324.86			12,234,926.64	-1,053,170.16					201,743,081.34	
Changzhou Huada Xidebao Laser Instrument Co., Ltd.	1,873,675.00			1,099,588.38						2,973,263.38	
Hangzhou Micro Nano Technology Co., Ltd.	84,244,601.17			7,684,612.65	-8,963.76					91,920,250.06	
Subtotal	2,353,942,699.80			186,224,854.43	30,873,368.37	13,482,594.95	40,000,000.00			2,544,523,517.55	
Total	2,353,942,699.80			186,224,854.43	30,873,368.37	13,482,594.95	40,000,000.00			2,544,523,517.55	

Other notes:

None

### 13. Investments in other equity instruments

Unit: CNY

Item	Closing balance	Opening balance
Hangzhou Haibang Xinhua Talent Venture Investment Partnership (limited partnership)	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 the current period

Unit: CNY

Item	Recognized dividend income	Cumulative gain	Cumulative loss	Amounts transferred from other comprehensive income to retained earnings	Reasons for measurement at fair value with their changes included into other comprehensive income	Reasons for transferring other comprehensive incomes into retained earnings
Hangzhou Haibang Xinhua Talent Venture Investment Partnership (limited partnership)	12,400,000.00					

Other notes:

None

### 14. Investment real estate

#### (1) Investment real estate with cost measurement model

☒Applicable ☐ N/A

Unit: CNY

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	118,165,047.78	16,928,850.24		135,093,898.02
2. Amount increased in the current period				
(1) Outsourcing				
(2) Inventory, fixed assets, transfer-in of construction in progress				

(3) Increase of enterprise combination				
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	118,165,047.78	16,928,850.24		135,093,898.02
II. Cumulative depreciation and Cumulative amortization				
1. Opening balance	6,059,898.87	1,975,032.46		8,034,931.33
2. Amount increased in the current period	4,561,833.68	338,577.00		4,900,410.68
(1) Provision or amortization	4,561,833.68	338,577.00		4,900,410.68
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	10,621,732.55	2,313,609.46		12,935,342.01
III. Reserve for impairment				
1. Opening balance				
2. Amount increased in the current period				
(1) Provision				
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Book value				

1. Closing book value	107,543,315.23	14,615,240.78		122,158,556.01
2. Opening book value	112,105,148.91	14,953,817.78		127,058,966.69

**(2) Investment real estate with fair value measurement model**□ Applicable ☒ N/A**15. Fixed assets**

Unit: CNY

Item	Closing balance	Opening balance
Fixed assets	1,518,902,232.96	1,494,547,487.29
Total	1,518,902,232.96	1,494,547,487.29

**(1) Fixed assets**

Unit: CNY

Item	Houses and buildings	General purpose equipment	Special equipment	Means of transport	Total
I. Original book value:					
1. Opening balance	1,221,859,989.74	208,831,294.89	1,325,263,396.67	44,231,023.20	2,800,185,704.50
2. Amount increased in the current period	94,159,063.15	49,115,083.32	138,256,756.93	8,552,151.34	290,083,054.74
(1) Purchase	36,556,513.47	38,547,696.43	93,759,147.55	4,242,093.19	173,105,450.64
(2) Transfer-in of construction in progress	27,885,715.08	1,855,954.14	9,671,073.12	3,041,043.36	42,453,785.70
(3) Increase of enterprise combinations					
(4) Impact of exchange rate fluctuations	29,716,834.60	8,711,432.75	34,826,536.26	1,269,014.79	74,523,818.40
3. Amount decreased in the current period	7,359,741.55	6,002,459.65	93,452,684.73	8,025,841.63	114,840,727.56
(1) Disposal or scrapping	7,359,741.55	6,002,459.65	93,452,684.73	8,025,841.63	114,840,727.56
4. Closing	1,308,659,311.34	251,943,918.56	1,370,067,468.87	44,757,332.91	2,975,428,031.68

balance					
II. Cumulative depreciation					
1. Opening balance	376,911,458.22	146,391,564.76	743,906,907.98	37,645,885.82	1,304,855,816.78
2. Amount increased in the current period	59,158,712.49	18,643,595.92	119,449,690.75	3,857,957.27	201,109,956.43
(1) Provision	52,744,462.75	12,401,804.36	109,060,827.37	2,956,682.34	177,163,776.82
(2) Impact of exchange rate fluctuations	6,414,249.74	6,241,791.56	10,388,863.38	901,274.93	23,946,179.61
3. Amount decreased in the current period	784,252.64	4,668,140.95	41,411,177.43	6,677,728.03	53,541,299.05
(1) Disposal or scrapping	784,252.64	4,668,140.95	41,411,177.43	6,677,728.03	53,541,299.05
4. Closing balance	435,285,918.07	160,367,019.73	821,945,421.30	34,826,115.06	1,452,424,474.16
III. Reserve for impairment					
1. Opening balance			782,400.43		782,400.43
2. Amount increased in the current period			3,428,590.31		3,428,590.31
(1) Provision			3,305,922.73		3,305,922.73
(2) Impact of exchange rate fluctuations			122,667.58		122,667.58
3. Amount decreased in the current period			109,666.18		109,666.18
(1) Disposal or scrapping			109,666.18		109,666.18
4. Closing balance			4,101,324.56		4,101,324.56
IV. Book value					
1. Closing book value	873,373,393.27	91,576,898.83	544,020,723.01	9,931,217.85	1,518,902,232.96
2. Opening book value	844,948,531.52	62,439,730.13	580,574,088.26	6,585,137.38	1,494,547,487.29

**(2) Fixed assets leased through operating leases**

Unit: CNY

Item	Book value as at the end of the reporting period
Houses and buildings	10,845,503.63
Subtotal	10,845,503.63

**16. Construction in progress**

Unit: CNY

Item	Closing balance	Opening balance
Construction in progress	304,599,362.46	113,750,851.49
Total	304,599,362.46	113,750,851.49

**(1) Details of construction in progress**

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Reserve for impairment	Book value	Book balance	Reserve for impairment	Book value
Annual output of 550,000 sets of laser sensor modules	1,865,865.07		1,865,865.07	27,730,496.71		27,730,496.71
Phase-I factory construction of GreatStar Intelligent Equipment Co., Ltd. in Vietnam	95,185,314.94		95,185,314.94	23,839,910.93		23,839,910.93
Cambodia Phase II plant construction project	21,017,425.13		21,017,425.13	17,095,602.29		17,095,602.29
Cambodia phase III plant construction project	19,576,510.61		19,576,510.61			
Annual output of 1.5 million mesh technology transformation phase II project	9,141,619.68		9,141,619.68	10,154,222.15		10,154,222.15
Intelligent factory with an annual output of 1 million sets of new power tools	19,200,447.56		19,200,447.56			
GreatStar headquarters renovation	28,297,770.43		28,297,770.43	5,824,743.14		5,824,743.14



project						
Construction of toolbox production bases in Thailand	11,842,636.03		11,842,636.03	62,254.53		62,254.53
Vietnam Union Company equipment installation	1,348,331.57		1,348,331.57	200,574.51		200,574.51
Drawer cabinet production line construction project	28,596,859.65		28,596,859.65			
Sporadic projects	68,526,581.79		68,526,581.79	28,843,047.23		28,843,047.23
Total	304,599,362.46		304,599,362.46	113,750,851.49		113,750,851.49

## (2) Changes of major construction in progress in the current period

Unit: CNY

Item	Budget	Opening balance	Current increase	Amount transferred to fixed assets in the current period	Other reduced amounts in the current period	Closing balance	Proportion of cumulative project investment to budget	Progress	Cumulative amount of capitalized interest	Including: Amount of capitalized interest in the current period	Current interest capitalization rate	Source of funds
Annual output of 550,000 sets of laser sensor modules	100,000,000.00	27,730,496.71	12,024,283.02	37,888,914.66		1,865,865.07	39.75%	40%				Stock offering funds & others
Phase-I factory construction of GreatStar Intelligent Equipment Co., Ltd. in	102,383,700.00	23,839,910.93	68,380,874.81		2,964,529.20	95,185,314.94	92.97%	92%				Stock offering funds & others

Vietnam												
Cambo dia Phase II plant constr uction project	20,756 ,100.0 0	17,095 ,602.2 9	2,262, 941.42		1,658, 881.42	21,017 ,425.1 3	101.26 %	99%				Others
Cambo dia Phase III plant constr uction project	24,658 ,000.0 0		18,909 ,493.7 0		667,01 6.91	19,576 ,510.6 1	79.39 %	75%				Others
Annua l output of 1.5 million mesh techno logy transfo rmatio n phase II project	15,000 ,000.0 0	10,154 ,222.1 5	3,119, 272.51	4,131, 874.98		9,141, 619.68	88.49 %	90%				Others
Intellig ent factory with an annual output of 1 million sets of new power tools	103,00 0,000. 00		19,200 ,447.5 6			19,200 ,447.5 6	18.64 %	20%				Stock offerin g funds & Others
GreatS tar headqu arters renova tion project	35,220 ,000.0 0	5,824, 743.14	22,473 ,027.2 9			28,297 ,770.4 3	80.35 %	80%				Others
Constr uction of toolbo x produc tion	116,78 5,800. 00	62,254 .53	11,233 ,233.8 7		547,14 7.63	11,842 ,636.0 3	93.33 %	95%				Stock offerin g funds

bases in Thailand												
Vietnam Union Company equipment installation	17,234 ,300.0 0	200,57 4.51	1,542, 532.40	432,99 6.06	38,220 .72	1,348, 331.57	106.95 %	99%				Others
Drawer cabinet production line construction project	45,704 ,200.0 0		28,596 ,859.6 5			28,596 ,859.6 5	62.57 %	62%				Others
Total	580,74 2,100. 00	84,907 ,804.2 6	187,74 2,966. 23	42,453 ,785.7 0	5,875, 795.88	236,07 2,780. 67						

## 17. Productive biological assets

### (1) Productive biological assets using cost measurement model

☐ Applicable ☒ N/A

### (2) Productive biological assets using fair value measurement model

☐ Applicable ☒ N/A

## 18. Oil and gas assets

☐ Applicable ☒ N/A

## 19. Right-to-use assets

Unit: CNY

Item	Houses and buildings	General purpose equipment	Means of transport	Total
I. Original book value				
1. Opening balance	504,829,254.24	3,540,581.40	9,299,747.81	517,669,583.45
2. Amount increased in the current period	109,390,010.92	671,700.57	9,036,662.95	119,098,374.44
(1) New lease	75,608,439.45	437,472.00	6,618,528.00	82,664,439.45
(2) Increase				

resulted from the combination of enterprises not under common control				
(3) Impact of exchange rate fluctuations	33,781,571.47	234,228.57	2,418,134.95	36,433,934.99
3. Amount decreased in the current period	17,138,965.73		229,213.09	17,368,178.82
(1) Lease expiration	17,138,965.73		229,213.09	17,368,178.82
4. Closing balance	597,080,299.43	4,212,281.97	18,107,197.67	619,399,779.07
II. Cumulative depreciation				
1. Opening balance	101,721,014.98	1,142,277.36	3,083,529.45	105,946,821.79
2. Amount increased in the current period	103,121,531.98	680,961.90	6,442,374.58	110,244,868.46
(1) Provision	93,465,964.39	550,368.00	4,332,384.00	98,348,716.39
(2) Increase resulted from the combination of enterprises not under common control				
(3) Impact of exchange rate fluctuations	9,655,567.59	130,593.90	2,109,990.58	11,896,152.07
3. Amount decreased in the current period	13,861,403.50		59,869.09	13,921,272.59
(1) Disposal				
(2) Lease expiration	13,861,403.50		59,869.09	13,921,272.59
4. Closing balance	190,981,143.46	1,823,239.26	9,466,034.94	202,270,417.66
III. Reserve for impairment				
1. Opening balance				
2. Amount increased in the current period				
(1) Provision				
3. Amount decreased in the current period				
(1) Disposal				
4. Closing balance				

IV. Book value				
1. Closing book value	406,099,155.97	2,389,042.71	8,641,162.73	417,129,361.41
2. Opening book value	403,108,239.26	2,398,304.04	6,216,218.36	411,722,761.66

Other notes:

None

## 20. Intangible assets

### (1) Intangible assets

Unit: CNY

Item	Land use right	Patent right	Unpatented technology	Land ownership	Trademark right	Proprietary technology	Management software	Pollutant discharge right	Total
I. Original book value									
1. Opening 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
2. Amount increased in the current period	23,051,254.70	289,742.53		6,978,678.95	15,539,106.30		31,384,537.22		77,243,319.70
(1) Purchase	18,643,000.00	289,742.53		1,906,467.25	3,773.58		23,742,516.14		44,585,499.50
(2) Internal R&D									
(3) Increase of enterprise combinations									
(4) Impact of exchange rate fluctuations	4,408,254.70			5,072,211.70	15,535,332.72		7,642,021.08		32,657,820.20
3.				1,816,371			584,614.0		2,400,985

Amount decreased in the current period				.00			3		.03
1) Disposal				1,816,371.00			584,614.03		2,400,985.03
4. Closing balance	255,109,422.91	5,407,650.57		135,014,576.18	326,422,582.83	18,478,820.35	162,902,092.41	2,648,543.69	905,983,688.94
II. Cumulative amortization									
1. Opening 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
2. Amount increased in the current period	6,008,367.61	514,583.30			4,771,932.85	1,755,487.93	20,606,307.76	264,854.40	33,921,533.85
1) Provision	5,935,759.66	514,583.30			4,146,261.20	1,755,487.93	19,327,676.58	264,854.40	31,944,623.07
(2) Impact of exchange rate fluctuations	72,607.95	0.00			625,671.65		1,278,631.18		1,976,910.78
3. Amount decreased in the current period							584,614.03		584,614.03
1) Disposal							584,614.03		584,614.03
4. Closing balance	45,272,589.30	3,149,553.87			10,082,454.18	13,019,868.82	120,711,294.71	949,061.60	193,184,822.48
III. Reserve for impairment									
1.									

Opening balance									
2. Amount increased in the current period									
(1) Provision									
3. Amount decreased in the current period									
(1) Disposal									
4. Closing balance									
IV. Book value									
1. Closing book value	209,836,833.61	2,258,096.70		135,014,576.18	316,340,128.65	5,458,951.53	42,190,797.70	1,699,482.09	712,798,866.46
2. Opening book value	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

The intangible assets formed through internal R&D of the Company at the end of the current period account for 0.00% of the balance of intangible assets.

## 21. Goodwill

### (1) Original book value of goodwill

Unit: CNY

Investee or matter of forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by the combination of enterprises	Impact of exchange rate fluctuations	Disposal		
Lista Holding AG	985,816,724.04		79,909,702.35			1,065,726,426.39
Geelong Orchid Holdings Ltd	568,037,859.11					568,037,859.11
Arrow Fastener Co., LLC	588,655,629.60		54,371,959.20			643,027,588.80



Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd	118,076,677.01					118,076,677.01
Prim' Tools Limited	62,974,701.61		5,816,741.97			68,791,443.58
Suzhou Xindadi Hardware Product Co., Ltd.	42,288,608.30					42,288,608.30
Prexiso AG	31,562,433.97		2,558,431.65			34,120,865.62
Prime-Line Products, LLC	27,415,510.00		2,532,270.00			29,947,780.00
Longyou Hugong Forging No. 3 Tools Co., Ltd.	8,072,738.29					8,072,738.29
Shanghai Endura Tool Co., Ltd.	5,677,361.84					5,677,361.84
Haining Sheffield Cutting Tools Co., Ltd.	884,415.32					884,415.32
Zhejiang Guoxin Tool Co., Ltd.	308,667.41					308,667.41
Longyou Yiyang Forging Co., Ltd.	170,033.92					170,033.92
Total	2,439,941,360.42		145,189,105.17			2,585,130,465.59

## (2) Reserve for goodwill impairment

Unit: CNY

Investee or matter of forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision		Disposal		
Lista Holding AG	70,398,887.67					70,398,887.67
Geelong Orchid Holdings Ltd (Note)	524,650.53	1,049,301.06				1,573,951.59
Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd	58,591,956.96					58,591,956.96
Prime-Line Products, LLC	3,311,657.93					3,311,657.93
Longyou Hugong	1,333,583.47	6,739,154.82				8,072,738.29

Forging No. 3 Tools Co., Ltd. (Note)						
Shanghai Endura Tool Co., Ltd.		5,677,361.84				5,677,361.84
Haining Sheffield Cutting Tools Co., Ltd.		884,415.32				884,415.32
Zhejiang Guoxin Tool Co., Ltd.		308,667.41				308,667.41
Longyou Yiyang Forging Co., Ltd.		170,033.92				170,033.92
Total	134,160,736.56	14,828,934.37				148,989,670.93

Information about the asset group or combination of asset groups where goodwill is located

In recognition of the goodwill generated by the deferred income tax liabilities of Longyou Hugong Forging No. 3 Tools Co., Ltd. and the related asset group of Geelong Orchid Holdings Ltd, an equivalent amount of goodwill impairment provision of CNY 444,527.83 and CNY 1,049,301.06 was made due to the reversal of the current deferred income tax liabilities.

Explanations for the goodwill impairment test process, key parameters (such as forecast period growth rate, stable period growth rate, profit rate, discount rate, forecast period, etc. when the present value of future cash flows is expected) and the recognition method of goodwill impairment loss:

Goodwill impairment test process

1) Lista Holding AG

① Information about the asset group or combination of asset groups where goodwill is located

Composition of the asset group or the combination of asset groups	Related asset group of Lista Holding AG
Book value of the asset group or the combination of asset groups	679,523,110.89
Book value of goodwill apportioned to the asset group or combination of asset groups and method of apportionment	995,327,538.72
Book value of the asset group or combination of asset groups containing goodwill	1,674,850,649.61
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups as determined at the date of purchase and at the time of the goodwill impairment test in prior years	Yes

② Process, method and conclusion of goodwill impairment test

The recoverable amount of goodwill is calculated according to the present value of the expected future cash flow, which is based on the 5-year cash flow forecast approved by the Company. The discount rate used for the cash flow forecast is 11.10% (2021: 9.96%), and the cash flow after the forecast period remains stable.

Other key data used in the impairment test include: estimated selling price, sales volume, production cost and other related expenses. The Company has determined the above key data based on its historical experience and forecast of market development. The discount rate adopted by the Company is the pre-tax interest rate that reflects the current market time value of money and the specific risks of the underlying asset group.

According to the Appraisal Report issued by Wanbang Asset Appraisal Co., Ltd. (Wan Bang Ping Bao (2023) No. 91), the recoverable amount of the asset group or combination of asset groups containing goodwill is CNY 1,782,760,000.00, and the book value is CNY 1,674,850,649.61, and there is no impairment loss of goodwill.

2) Geelong Orchid Holdings Ltd

## ① Information about the asset group or combination of asset groups where goodwill is located

Composition of the asset group or the combination of asset groups	Related asset group of Geelong Orchid Holdings Ltd
Book value of the asset group or the combination of asset groups	533,728,771.00
Book value of goodwill apportioned to the asset group or combination of asset groups and method of apportionment	566,463,907.52
Book value of the asset group or combination of asset groups containing goodwill	1,100,192,678.52
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups as determined at the date of purchase and at the time of the goodwill impairment test in prior years	No
Composition of asset group or combination of asset groups during the goodwill impairment test in 2021	Geelong Orchid Holdings Ltd asset group
Reason for change in the composition of an asset group or combination of asset groups	Due to the adjustment of internal business and equity structure, Geelong (Thailand) Co., Ltd. has been included in the asset group of Geelong Orchid Holdings Ltd since 2022

## ② Process, method and conclusion of goodwill impairment test

The recoverable amount of goodwill is calculated according to the present value of the expected future cash flow, which is based on the 5-year cash flow forecast approved by the Company. The discount rate used in the cash flow forecast is 12.14% (2021: 12.68%), and the cash flow after the forecast period remains stable.

Other key data used in the impairment test include: estimated selling price, sales volume, production cost and other related expenses. The Company has determined the above key data based on its historical experience and forecast of market development. The discount rate adopted by the Company is the pre-tax interest rate that reflects the current market time value of money and the specific risks of the underlying asset group.

According to the Appraisal Report issued by Wanbang Asset Appraisal Co., Ltd. (Wan Bang Ping Bao (2023) No. 90), the recoverable amount of the asset group or combination of asset groups containing goodwill is CNY 1,243,000,000.00, and the book value is CNY 1,100,192,678.52, and there is no impairment loss of goodwill.

## 3) Arrow Fastener Co., LLC

## ① Information about the asset group or combination of asset groups where goodwill is located

Composition of the asset group or the combination of asset groups	Related asset group of Arrow Fastener Co., LLC
Book value of the asset group or the combination of asset groups	474,187,618.63
Book value of goodwill apportioned to the asset group or combination of asset groups and method of apportionment	643,027,588.80
Book value of the asset group or combination of asset groups containing goodwill	1,117,215,207.43
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups as determined at the date of purchase and at the time of the goodwill impairment test in prior years	Yes

## ② Process, method and conclusion of goodwill impairment test

The recoverable amount of goodwill is calculated according to the present value of the expected future cash flow, which is based on the 5-year cash flow forecast approved by the Company. The discount rate used for the cash flow forecast is 11.61% (2021: 10.61%), and the cash flow after the forecast period remains stable.

Other key data used in the impairment test include: estimated selling price, sales volume, production cost and other related expenses. The Company has determined the above key data based on its historical experience and forecast of market development. The discount rate adopted by the Company is the pre-tax interest rate that reflects the current market time value of money and the specific risks of the underlying asset group.

According to the Appraisal Report issued by Wanbang Asset Appraisal Co., Ltd. (Wan Bang Ping Bao (2023) No. 93), the recoverable amount of the asset group or combination of asset groups containing goodwill is CNY 1,126,384,758.00, and the book value is CNY 1,117,215,207.80, and there is no impairment loss of goodwill.

#### 4) Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd.

##### ① Information about the asset group or combination of asset groups where goodwill is located

Composition of the asset group or the combination of asset groups	Related asset group of Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd.
Book value of the asset group or the combination of asset groups	272,284,100.63
Book value of goodwill apportioned to the asset group or combination of asset groups and method of apportionment	91,514,953.92
Book value of the asset group or combination of asset groups containing goodwill	363,799,054.55
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups as determined at the date of purchase and at the time of the goodwill impairment test in prior years	Yes

##### ② Process, method and conclusion of goodwill impairment test

The recoverable amount of goodwill is calculated according to the present value of the expected future cash flow, which is based on the 5-year cash flow forecast approved by the Company. The discount rate used for the cash flow forecast is 11.34% (2021: 12.85%), and the cash flow after the forecast period remains stable.

Other key data used in the impairment test include: estimated selling price, sales volume, production cost and other related expenses. The Company has determined the above key data based on its historical experience and forecast of market development. The discount rate adopted by the Company is the pre-tax interest rate that reflects the current market time value of money and the specific risks of the underlying asset group.

According to the Appraisal Report issued by Wanbang Asset Appraisal Co., Ltd. (Wan Bang Ping Bao (2023) No. 88), the recoverable amount of the asset group or combination of asset groups containing goodwill is CNY 420,050,000.00, and the book value is CNY 363,799,054.55, and there is no impairment loss of goodwill.

#### 5) Prim' Tools Limited

##### ① Information about the asset group or combination of asset groups where goodwill is located

Composition of the asset group or the combination of asset groups	Related asset group of Prim' Tools Limited
Book value of the asset group or the combination of asset groups	127,292,247.61
Book value of goodwill apportioned to the asset group or combination of asset groups and method of apportionment	68,791,443.58
Book value of the asset group or combination of asset groups containing goodwill	196,083,691.19
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups as determined at the date of purchase and at the time of the goodwill impairment test in prior years	Yes

##### ② Process, method and conclusion of goodwill impairment test

The recoverable amount of goodwill is calculated according to the present value of the expected future cash flow, which is based on the 5-year cash flow forecast approved by the Company. The discount rate used for the cash flow forecast is 11.41% (2021: 13.00%), and the cash flow after the forecast period remains stable.

Other key data used in the impairment test include: estimated selling price, sales volume, production cost and other related expenses. The Company has determined the above key data based on its historical experience and forecast of market development. The discount rate adopted by the Company is the pre-tax interest rate that reflects the current market time value of money and the specific risks of the underlying asset group.

According to the Appraisal Report issued by Wanbang Asset Appraisal Co., Ltd. (Wan Bang Ping Bao (2023) No. 89), the recoverable amount of the asset group or combination of asset groups containing goodwill is CNY 232,330,000.00, and the book value is CNY 196,083,691.19, and there is no impairment loss of goodwill.

#### 6) Prime-Line Products, LLC

##### ① Information about the asset group or combination of asset groups where goodwill is located

Composition of the asset group or the combination of asset groups	Related asset group of Prime-Line Products, LLC
Book value of the asset group or the combination of asset groups	274,962,185.83
Book value of goodwill apportioned to the asset group or combination of asset groups and method of apportionment	26,636,122.07
Book value of the asset group or combination of asset groups containing goodwill	301,598,307.90
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups as determined at the date of purchase and at the time of the goodwill impairment test in prior years	Yes

##### ② Process, method and conclusion of goodwill impairment test

The recoverable amount of goodwill is calculated according to the present value of the expected future cash flow, which is based on the 5-year cash flow forecast approved by the Company. The discount rate used for the cash flow forecast is 12.07% (2021: 10.61%), and the cash flow after the forecast period remains stable.

Other key data used in the impairment test include: estimated selling price, sales volume, production cost and other related expenses. The Company has determined the above key data based on its historical experience and forecast of market development. The discount rate adopted by the Company is the pre-tax interest rate that reflects the current market time value of money and the specific risks of the underlying asset group.

According to the Appraisal Report issued by Wanbang Asset Appraisal Co., Ltd. (Wan Bang Ping Bao (2023) No. 92), the recoverable amount of the asset group or combination of asset groups containing goodwill is CNY 318,909,000.00, and the book value is CNY 301,598,307.90, and there is no impairment loss of goodwill.

#### 7) Other companies

① The Company has conducted a closing goodwill impairment test on the related asset groups of Suzhou Xindadi Hardware Products Co., Ltd. and Prexiso AG. The recoverable amount of the asset group or combination of asset groups containing goodwill is calculated at the present value of projected future cash flows based on a five-year cash flow forecast approved by the Company, which remains stable after the forecast period. The discount rate adopted by the Company is the pre-tax interest rate that reflects the current market time value of money and the specific risks of the underlying asset group. Other key data used in the impairment test include: estimated selling price, sales volume, production cost and other related expenses. The Company has determined the above key data based on its historical experience and forecast of market development. The above estimates of recoverable amounts indicate that there is no impairment loss of goodwill.

② The Company has conducted impairment tests on the related asset groups of Longyou Hugong Forging No. 3 Tool Co., Ltd., Shanghai Liyi Tool Co., Ltd., Haining Sheffield Tool Co., Ltd., Zhejiang Guoxin Tool Co., Ltd., and Longyou Yiyang Forging Co., Ltd., and their goodwill impairment losses are identified as CNY 6,739,154.82 CNY 5,677,361.84, CNY 884,415.32, CNY 308,667.41 and CNY 170,033.92 respectively.

Impact of goodwill impairment test

N/A

Other notes:

## 22. Long-term deferred expenses

Unit: CNY

Item	Opening balance	Increase in the current period	Current period amortization amount	Other reduced amounts	Closing balance
Expenditures for improvement of leased fixed assets	6,739,950.58	2,043,196.51	2,072,420.44	-25,249.99	6,735,976.64
Decoration cost	6,561,351.43	9,812,208.16	5,662,902.96	-163,739.04	10,874,395.67
Mold cost	11,183,138.80	7,096,182.44	8,045,165.23		10,234,156.01
Others	2,261,521.44	243,355.20	786,030.72	-119,900.10	1,838,746.02
Total	26,745,962.25	19,194,942.31	16,566,519.35	-308,889.13	29,683,274.34

Other notes:

None

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

## (1) Unoffset deferred tax assets

Unit: CNY

Item	Closing balance		Opening balance	
	Deductible for temporary differences	Deferred tax assets	Deductible for temporary differences	Deferred tax assets
Bad debt provision	75,037,482.03	19,562,336.87	126,923,687.93	24,804,313.63
Reserve for inventory decline	94,747,478.74	20,983,892.60	63,458,652.61	14,741,539.47
Mold cost			165,257.83	24,788.68
Changes in the fair value of trading financial instruments	13,075,775.60	1,961,366.34		
Withholding expense	188,560,571.00	48,671,047.11	169,819,676.11	24,529,483.31
Deferred income	795,332.50	119,299.88	1,556,851.32	233,527.70
Profits distributed from partnership business	10,437,803.87	1,565,670.58		
Total	382,654,443.74	92,863,613.38	361,924,125.80	64,333,652.79

## (2) Unoffset deferred income tax liabilities

Unit: CNY

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appraisal of assets appreciation of enterprises with different control	130,493,175.41	22,637,189.13	136,221,613.07	24,608,080.53
Changes in the fair value of trading financial assets	216,822.79	32,523.42	2,822,612.24	423,391.84



Interest receivable	10,354,688.66	1,553,203.30	3,683,674.49	552,551.17
Depreciation of fixed assets	157,866,605.45	33,965,448.24	215,457,755.28	48,392,628.88
Reserve for inventory decline	6,370,128.97	1,301,362.33	17,481,348.51	2,452,010.77
Withholding expense	51,761,401.14	10,591,929.69	143,184,822.64	19,782,033.37
Others	1,861,905.13	380,371.14	5,266,299.15	716,690.58
Total	358,924,727.55	70,462,027.25	524,118,125.38	96,927,387.14

### (3) Details of unrecognized deferred income tax assets

Unit: CNY

Item	Closing balance	Opening balance
Deductible loss	291,942,202.73	268,267,176.46
Total	291,942,202.73	268,267,176.46

### (4) Deductible losses on unrecognized deferred tax assets will become due in the following years

Unit: CNY

Year	Closing amount	Opening amount	Remarks
2022		8,794,514.34	
2023	12,521,147.05	13,108,405.23	
2024	32,951,460.64	34,197,239.43	
2025	34,819,578.42	34,847,410.00	
2026	69,022,589.38	92,940,492.11	
2027	50,649,136.49	7,204,355.21	
2028	26,243,099.31	26,243,099.31	
2029	7,438,617.58	7,438,617.58	
2030	13,508,002.18	15,081,463.76	
2031	32,348,426.72	28,411,579.49	
2032	12,440,144.96		
Total	291,942,202.73	268,267,176.46	

Other notes:

None

## 24. Other non-current assets

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Reserve for impairment	Book value	Book balance	Reserve for impairment	Book value
Prepayment for land purchase	57,883,798.81		57,883,798.81	54,968,493.62		54,968,493.62
Prepayment for equipment	14,558,437.00		14,558,437.00	40,432,170.46		40,432,170.46
Prepayment for intangible assets purchase	2,064,892.14		2,064,892.14	8,370,928.98		8,370,928.98
Total	74,507,127.95		74,507,127.95	103,771,593.06		103,771,593.06



Other notes:

None

## 25. Short-term borrowings

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

Unit: CNY

Item	Closing balance	Opening balance
Pledged borrowings	20,924,304.95	
Mortgaged borrowings	10,000,000.00	14,000,000.00
Secured borrowings	145,646,000.00	73,000,000.00
Credit borrowings	1,199,414,617.82	1,718,165,732.74
Interest payables that have been withdrawn not yet due	3,077,790.34	1,735,468.65
Total	1,379,062,713.11	1,806,901,201.39

Description about classification of short-term borrowings:

None

### (2) Overdue and unpaid short-term borrowings

The total amount of overdue and unpaid short-term borrowings at the end of the current period is CNY xxx, among which the important overdue short-term borrowings are as follows:

Unit: CNY

Borrower	Closing balance	Borrowing rate	Overdue time	Overdue interest rate
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Other notes:

## 26. Trading financial liabilities

Unit: CNY

Item	Closing balance	Opening balance
Trading financial liabilities	48,413,710.29	978,031.91
Including:		
Derivative financial liabilities	48,413,710.29	978,031.91
Including:		
Total	48,413,710.29	978,031.91

Other notes:

## 27. Notes payable

Unit: CNY

Types	Closing balance	Opening balance
Banker's acceptance	21,096,540.03	51,728,000.00
Total	21,096,540.03	51,728,000.00

The total amount of notes payable due and unpaid at the end of the current period is CNY 0.00.

## 28. Accounts payable

### (1) List of accounts payable

Unit: CNY

Item	Closing balance	Opening balance
Payment payable for materials purchase	1,150,990,191.95	1,425,489,422.83
Expenses payable	165,627,875.06	164,006,095.43
Payment payable for engineering equipment	50,257,201.70	50,935,411.58
Total	1,366,875,268.71	1,640,430,929.84

## 29. Contractual liabilities

Unit: CNY

Item	Closing balance	Opening balance
Payment for goods	131,898,420.14	91,235,951.19
Total	131,898,420.14	91,235,951.19

Amount and reason of significant changes in book value during the reporting period

Unit: CNY

Item	Variable amount	Reasons for change
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## 30. Employee benefits payable

### (1) List of employee benefits payable

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term benefits	258,963,855.94	1,903,414,672.41	1,904,071,498.98	258,307,029.37
II. Post-employment benefits - defined contribution plan	5,109,849.44	122,826,836.18	115,565,527.17	12,371,158.45
Total	264,073,705.38	2,026,241,508.59	2,019,637,026.15	270,678,187.82

### (2) List of short-term benefits

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and	249,932,098.41	1,705,346,783.15	1,702,241,783.54	253,037,098.02

subsidies				
2. Employee welfare expenses	0.00	62,735,235.93	62,735,235.93	0.00
3. Social insurance premium	3,774,792.73	99,123,280.97	98,914,773.97	3,983,299.73
Including: health insurance premiums	3,588,364.25	84,300,727.84	84,210,968.85	3,678,123.24
Industrial injury insurance premium	179,773.07	14,241,854.09	14,120,316.75	301,310.41
Maternity insurance premium	6,655.41	580,699.04	583,488.37	3,866.08
4. Housing provident fund	127,564.00	28,622,105.77	28,404,520.21	345,149.56
5. Trade union funds and employee education funds	5,129,400.80	7,587,266.59	11,775,185.33	941,482.06
Total	258,963,855.94	1,903,414,672.41	1,904,071,498.98	258,307,029.37

### (3) List of defined contribution plan

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance premium	4,965,811.04	120,432,567.24	113,209,605.37	12,188,772.91
2. Unemployment insurance premium	144,038.40	2,394,268.94	2,355,921.80	182,385.54
Total	5,109,849.44	122,826,836.18	115,565,527.17	12,371,158.45

Other notes:

None

### 31. Taxes payable

Unit: CNY

Item	Closing balance	Opening balance
Value-added tax	25,628,212.44	10,372,853.71
Consumption tax	4,646,613.97	3,774,804.62
Corporate income tax	128,337,935.70	141,051,404.72
Individual income tax	3,844,249.01	3,916,018.80
City maintenance and construction tax	1,356,721.18	1,207,760.74
Property tax	6,855,195.19	6,481,130.82
Stamp duty	2,116,945.92	751,473.65
Land use tax	2,072,352.53	2,193,256.20
Education surcharge	682,263.36	543,959.59
Local education additional tax	462,433.69	464,719.08
Environmental protection tax	1,442.26	1,464.83

Security fund for the disabled	61,129.65	65,433.09
Vehicle and vessel tax		11,828.17
Withholding and payment of VAT	494,411.75	
Withholding and payment of enterprise income tax	384,048.88	
Total	176,943,955.53	170,836,108.02

Other notes:

None

### 32. Other payables

Unit: CNY

Item	Closing balance	Opening balance
Other amounts payable	21,198,376.32	676,502,987.21
Total	21,198,376.32	676,502,987.21

#### (1) Other payables

##### 1) List other payables according to the nature of the payments

Unit: CNY

Item	Closing balance	Opening balance
Provisional receipts payable	8,050,261.29	5,712,537.69
Fund lending	5,055,791.67	583,570,527.78
deposit	2,453,772.95	2,476,768.95
Withholding expense	1,447,150.53	4,166,538.26
Equity payments payable		76,724,758.42
Others	4,191,399.88	3,851,856.11
Total	21,198,376.32	676,502,987.21

##### 2) Other important payables whose account age exceeds 1 year

Unit: CNY

Item	Closing balance	Reasons for not being repaid or carried forward
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Other notes:

None

### 33. Current portion of non-current liabilities

Unit: CNY

Item	Closing balance	Opening balance
Current portion of long-term borrowing	233,875,782.07	231,828,892.32
Current portion of lease liability	88,367,583.10	125,724,601.18
Interest payable on long-term borrowings that have been withdrawn not yet due	1,053,468.23	972,470.19

Total	323,296,833.40	358,525,963.69
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Other notes:

None

### 34. Other current liabilities

Unit: CNY

Item	Closing balance	Opening balance
Tax on items to be resold	2,136,266.97	2,501,196.81
Total	2,136,266.97	2,501,196.81

Change in short-term bonds payable:

Unit: CNY

Bond name	Face value	Date of issue	Bond period	Amount issued	Opening balance	Current issue	Interest charged at par	Amortization of premiums or discounts	Repayment in the current period		Closing balance
Total											

Other notes:

### 35. Long-term borrowings

#### (1) Classification of long-term borrowings

Unit: CNY

Item	Closing balance	Opening balance
Pledged borrowings	73,600,000.00	147,120,000.00
Secured borrowings		129,954,602.72
Credit borrowings	724,448,825.19	273,594,153.36
Pledge and guarantee borrowings		464,565,380.50
Interest payable on long-term borrowings that have been withdrawn not yet due	556,126.65	211,595.49
Total	798,604,951.84	1,015,445,732.07

Description about classification of long-term borrowings:

Other notes, including interest rate ranges:

### 36. Lease liabilities

Unit: CNY

Item	Closing balance	Opening balance
Unpaid lease payments	324,601,077.37	296,462,213.75
Less: Financing charges not recognized	-6,379,727.38	-7,265,702.73
Total	318,221,349.99	289,196,511.02

Other notes:

None

### 37. Long-term employee benefits payable

#### (1) Long-term employee benefits payable statement

Unit: CNY

Item	Closing balance	Opening balance
II. Dismiss welfare	19,223,856.97	20,854,276.60
Total	19,223,856.97	20,854,276.60

### 38. Provisions

Unit: CNY

Item	Closing balance	Opening balance	Reason for formation
Product quality assurance	2,511,885.60	2,309,585.60	
Soil remediation cost	2,036,528.30	2,615,283.33	
Total	4,548,413.90	4,924,868.93	

Other statements, including the statements of material assumptions and estimates relating to significant provisions:

None

### 39. Deferred income

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reason for formation
Government subsidy	2,802,244.63	873,200.00	1,310,756.89	2,364,687.74	Special subsidy
Total	2,802,244.63	873,200.00	1,310,756.89	2,364,687.74	--

Items involving government grants:

Unit: CNY

Liability items	Opening balance	Amount of additional subsidy in the current period	Amount included in non-operating income in the current period	Amount included in other income in the current period	Amount of write-down of costs and expenses in the current period	Other changes	Closing balance	Asset-related/income-related
Special subsidy for "machine	1,085,393.07			191,918.07			893,475.00	Asset-related

replaces human" technical transformation project								
Special subsidies for equipment manufacturing projects in strategic emerging industries	689,999.72			230,000.04			459,999.68	Asset-related
Special subsidies for building a public service platform for foreign trade	636,555.46			393,222.48			243,332.98	Asset-related
Special funds for development pilot and base projects in strategic emerging industries	183,999.88			92,000.04			91,999.84	Asset-related
Financial subsidy for new hand tool series product expansion project	160,000.24			99,999.96			60,000.28	Asset-related
Special subsidy for innovation capacity construction projects of provincial enterprise technology center	46,296.26			46,296.26				Asset-related
Subsidies for industrial production equipment		573,200.00		57,320.04			515,879.96	Asset-related
Subsidies for project R&D		300,000.00		200,000.00			100,000.00	Income-related



Subtotal	2,802,244.6 3	873,200.00		1,310,756.8 9			2,364,687.7 4	
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Other notes:

For details of the amount of government grants included in current profit and loss, see Section X, (VII), 66 “Description of government grants”

#### 40. Capital stock

Unit: CNY

	Opening balance	Increase or decrease in this change (+, -)					Closing balance
		Issue new shares	Share delivery	Conversion of provident fund shares	Others	Subtotal	
Number of shares	1,143,438,49 2.00	59,063,500.0 0				59,063,500.0 0	1,202,501,99 2.00

Other notes:

In accordance with the resolutions of the 22nd Meeting of the 5th Session of Board of Directors of the Company and the 2nd extraordinary General Meeting of Shareholders in 2022, and after the approval of the Prospectus Office of SIX Swiss Exchange (hereinafter referred to as "SIX") and the License No. (2022) 2680 of China Securities Regulatory Commission, the Company is authorized to issue no more than 114,343,849 new A-share underlying shares corresponding to Global Depositary Receipt (GDR), and the number of GDR to be issued does not exceed 22,868,769 shares based on the conversion ratio determined (each GDR represents 5 A-share underlying shares). In accordance with the offering plan and subscription, the Company has issued GDR11,812,700 shares, corresponding to 59,063,500 A-share underlying shares of the Company, to the qualified international investors and other investors in compliance with relevant regulations at an offering price of USD 13.08 per GDR, for a total amount of funds to be raised USD 154,510,116.00. As of November 18, 2022, the Company has actually issued GDR11,812,700 shares to the above qualified investors, corresponding to 59,063,500 A-share underlying shares of the Company, and the total amount of funds to be raised is USD 154,510,116.00 (equivalent to CNY 1,087,601,650.11). After deducting the issuance fee of CNY 16,273,353.87, the net fund raised is CNY 1,071,328,296.24. Among them, the paid-in capital stock is CNY fifty-nine million, sixty-three thousand and five hundred (CNY 59,063,500.00) and the capital reserve (capital stock premium) is CNY 1,012,264,796.24. The receipt of the above raised funds has been verified by Tianjian Certified Public Accountants (Special General Partnership), and the capital verification report No. Tian Jian Yan (2022) No. 681 is issued.

#### 41. Capital reserve

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (equity premium)	2,720,102,577.01	1,012,344,496.65		3,732,447,073.66
Other capital reserves	204,849,267.92	13,482,594.95		218,331,862.87
Total	2,924,951,844.93	1,025,827,091.60		3,950,778,936.53

Other explanations, including description of changes in the current period and reasons for changes:

1) Capital reserve - Description about changes in equity premium

① In the current period, due to the Company's issuance of Global Depositary Receipt (GDR) on SIX, the capital reserve - premium on capital stock is increased by CNY 1,012,264,796.24. For details, see Section 10, (VII), 40, "Description of Capital Stock".

② The Company accepts the 1.94% equity of Hangzhou GreatStar Hardware Tools Co., Ltd., which is held by minority shareholders of Hangzhou GreatStar Hardware Tools Co., Ltd., at the price of CNY 0.00. When the Company is preparing the consolidated financial statements, the difference of CNY 79,700.41 between the newly acquired long-term equity investment due to the purchase of minority shares and the net asset share of Hangzhou GreatStar Hardware Tools Co., Ltd., which shall be continuously calculated since the combination date based on the newly added shareholding ratio, is included in the capital reserve.

## 2) Capital Reserve – Description about changes in other capital reserve

The shares of changes in shareholders' equity of Zhejiang Guozi Robotics Co., Ltd., Zhejiang Hangcha Holding Co., Ltd., and Hangzhou Zhongce Haichao Enterprise Management Co., Ltd., excluding the net profit and loss, other comprehensive income and profit distribution, which shall be calculated according to the Company's shareholding ratio, have increased in long-term equity investment and capital reserves respectively - other capital reserves of CNY 1,521,287.22, CNY 6,495,730.54 and CNY 5,465,577.19.

## 42. Treasury stock

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Treasury stock	186,441,914.48	50,184,047.52		236,625,962.00
Total	186,441,914.48	50,184,047.52		236,625,962.00

Other explanations, including description of changes in the current period and reasons for changes:

According to the resolution of the 11th Meeting of the 5th Session of Board of Directors of the Company, it is agreed that the Company shall use its own funds of no less than (inclusive) CNY 180 million and no more than (inclusive) CNY 360 million to buy back part of the Company's shares through centralized bidding. The price of the repurchased shares shall not exceed CNY 36 per share, and the term of the repurchased shares shall not exceed 12 months from the date of deliberation and approval by the board of directors. By the end of the period, the Company's special account for share repurchase has repurchased 8,023,810 shares in total and paid CNY 236,625,962.00 in total.

## 43. Other comprehensive income

Unit: CNY

Item	Opening balance	Current period amount						Closing balance
		Current period amount before income tax	Less: transferred to profit or loss in the current period from other comprehensive income booked earlier	Less: transferred to retained earnings in the current period from other comprehensive income booked earlier	Less: Income tax expense	Amount attributable to the parent company after tax	Amount attributable to the minority shareholders after tax	
I. Other comprehensive	-	-			-	-		-
	31,557,637.	60,977,952.			3,796,128.0	57,181,824.		88,739,461.

sive income that cannot be reclassified into profit or loss	08	00			0	00		08
Including: remeasured change amount of defined benefit plan	- 31,557,637. 08	- 60,977,952. 00			- 3,796,128.0 0	- 57,181,824. 00		- 88,739,461. 08
II. Other comprehensive incomes that can be reclassified into profit and loss	- 198,216,55 2.02	401,966,56 9.95				401,966,56 9.95	355,012.40	203,750,01 7.93
Including: other comprehensive income that can be transferred to profit or loss under the equity method	- 84,939,637. 21	30,873,368. 37				30,873,368. 37		- 54,066,268. 84
Difference in translation of financial statements in foreign currency	- 113,276,91 4.81	371,093,20 1.58				371,093,20 1.58	355,012.40	257,816,28 6.77
Total other comprehensive incomes	- 229,774,18 9.10	340,988,61 7.95			- 3,796,128.0 0	344,784,74 5.95	355,012.40	115,010,55 6.85

Other explanations, including the adjustment of the effective part of cash flow hedge profit and loss to the initial recognized amount of the hedged items:

None

#### 44. Surplus reserve

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus	598,543,176.63	65,300,202.41		663,843,379.04

reserve				
Total	598,543,176.63	65,300,202.41		663,843,379.04

Description of surplus reserve, including changes in current period and reasons for changes:

According to the provisions of the articles of association, the statutory surplus reserve is withdrawn at 10% of the net profit realized by the parent company in the current period.

#### 45. Undistributed profits

Unit: CNY

Item	Current period amount	Prior period amount
Undistributed profit at the end of the prior period before adjustment	6,348,179,336.72	5,155,116,352.49
Undistributed profit at the beginning of the period after adjustment	6,348,179,336.72	5,155,116,352.49
Add: Net profit attributable to owners of parent company for the period	1,419,559,507.10	1,270,003,396.40
Less: Withdrawal of statutory surplus reserve	65,300,202.41	76,940,412.17
Undistributed profit at the end of the period	7,702,438,641.41	6,348,179,336.72

Details of adjustment of undistributed profit at the beginning of the period:

- 1) Due to the retroactive adjustment of Accounting Standards for Business Enterprises and relevant new regulations, the undistributed profit at the beginning of the period is affected by CNY 0.00.
- 2) Due to the change of accounting policies, the undistributed profit at the beginning of the period is affected by CNY 0.00.
- 3) Due to the correction of major accounting errors, the undistributed profit at the beginning of the period is affected by CNY 0.00.
- 4) Due to changes in the scope of combination caused by the same control, the undistributed profit at the beginning of the period is affected by CNY 0.00.
- 5) After other adjustments in total, the undistributed profit at the beginning of the period is affected by CNY 0.00.

#### 46. Operating proceeds and operating costs

Unit: CNY

Item	Current period amount		Prior period amount	
	Revenues	Costs	Revenues	Costs
Main business	12,545,286,576.78	9,244,404,166.19	10,849,925,564.41	8,147,389,910.45
Other business	64,903,013.55	22,518,138.56	69,757,779.96	28,733,758.05
Total	12,610,189,590.33	9,266,922,304.75	10,919,683,344.37	8,176,123,668.50

Whether the net profit is negative after deducting the non-recurrent profit and loss

☐ Yes ☒ No

Revenue-related information:

Unit: CNY

Classification of contract	Branch 1	Branch 2		Total
Type of commodity	12,545,286,576.78			12,545,286,576.78

Including:				
Hand Tools & Storage	10,004,744,537.61			10,004,744,537.61
Power Tools & laser Measurement & Power Stations	2,540,542,039.17			2,540,542,039.17
Classification by operating area	12,545,286,576.78			12,545,286,576.78
Including:				
America	7,892,263,869.75			7,892,263,869.75
Europe	3,296,852,123.29			3,296,852,123.29
Others	634,667,980.89			634,667,980.89
China	721,502,602.85			721,502,602.85
Type of market or customer				
Including:				
Type of contract				
Including:				
Classification by time of transfer of goods				
Including:				
Classification by contract term				
Including:				
Classification by sales channel				
Including:				
Total				

#### Information related to performance obligations:

The sales performance obligations of the Company's hand tools and power tools, laser measurings, industrial storages, personal protective equipment and other products are usually within 1 year. The Company will take advance payment or provide an account period according to different customers. As the main responsible person, the Company directly sells the products. For the domestic sales, the Company will obtain the unconditional right of collection when the Company delivers the products to the customers and the customers have accepted the products as agreed in the contract; and for the overseas sales, the Company will obtain the unconditional right of collection when the Company declares the products at customs, obtains the bill of lading or delivers the products to the customers at the designated destination as agreed in the contract, and the control of the products is transferred to the customers.

#### Information relating to the transaction price apportioned to the remaining performance obligations:

The amount of revenues corresponding to the performance obligations of the contract signed but not yet performed or completed at the end of the current reporting period is CNY 131,898,420.14, among which CNY 131,898,420.14 is expected to be recognized in 2023, and CNY 0.00 is expected to be recognized in 2024, and CNY 0.00 is expected to be recognized in 2025.

#### Other notes:

The income that is recognized in the current period and included in the opening book value of contract liabilities is CNY 91,235,951.19.



## 47. Taxes and surcharges

Unit: CNY

Item	Current period amount	Prior period amount
City maintenance and construction tax	11,571,038.85	7,256,954.85
Education surcharge	5,189,547.92	3,771,830.67
Property tax	16,912,104.43	12,351,881.98
Land use tax	2,084,005.49	2,227,537.31
Vehicle and vessel use tax	58,382.49	86,214.28
Stamp duty	8,040,968.45	7,829,087.46
Local education additional tax	3,459,698.53	2,585,929.23
Environmental protection tax	13,002.52	9,241.06
Total	47,328,748.68	36,118,676.84

Other notes:

None

## 48. Sales expenses

Unit: CNY

Item	Current period amount	Prior period amount
Compensation expenditures	398,662,746.55	329,786,407.95
Advertising and promotion expenses	234,815,034.42	173,588,091.95
Office expenses	53,295,831.67	22,868,008.43
Depreciation and amortization	16,451,396.81	21,114,863.37
Consulting fee	14,737,583.22	10,976,839.16
Rent fee	8,096,364.87	6,737,089.27
Travel expense	6,520,356.14	5,472,391.88
Commodity inspection fee	5,278,754.56	7,773,433.50
Insurance premium	4,133,914.99	5,538,490.21
Others	15,236,456.57	9,147,487.96
Total	757,228,439.80	593,003,103.68

Other notes:

None

## 49. General and administrative expenses

Unit: CNY

Item	Current period amount	Prior period amount
Compensation expenditures	474,556,828.40	414,247,951.75
Office expenses	97,032,204.35	73,875,810.36
Depreciation and amortization	77,866,531.84	67,871,799.44
Consulting fee	64,751,668.35	88,634,883.05
Travel expense	17,871,137.28	14,051,596.45
Business entertainment expenses	3,874,433.78	3,968,221.22
Greening cost	2,976,006.64	3,459,791.23
Tax expenditure	2,793,774.11	2,206,645.73
Others	19,238,855.11	17,804,031.83

Total	760,961,439.86	686,120,731.06
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Other notes:

None

## 50. R&D expenses

Unit: CNY

Item	Current period amount	Prior period amount
Compensation expenditures	198,631,442.97	175,844,458.23
Direct input	83,802,929.10	97,611,535.85
Depreciation and amortization	15,283,842.90	12,408,282.37
Others	21,726,320.19	23,899,089.70
Total	319,444,535.16	309,763,366.15

Other notes:

None

## 51. Financial expenses

Unit: CNY

Item	Current period amount	Prior period amount
Interest expense	102,114,891.52	59,754,089.36
Interest income	-83,482,441.75	-59,709,415.20
Exchange gain or loss	-146,152,161.07	53,973,441.25
Bank charges	16,664,536.54	10,783,600.62
Total	-110,855,174.76	64,801,716.03

Other notes:

None

## 52. Other revenues

Unit: CNY

Other sources of revenue	Current period amount	Prior period amount
Government grants related to assets	1,110,756.89	1,190,493.96
Government grants related to revenues	49,227,280.96	45,857,466.79
Refund of withholding personal income tax commission	333,584.83	502,892.56
Total	50,671,622.68	47,550,853.31

## 53. Investment income

Unit: CNY

Item	Current period amount	Prior period amount
Income from long-term equity investments accounted for by the equity method	186,224,854.43	253,722,685.68



Investment income from disposal of long-term equity investments	70,248.49	40,415.45
Investment income of the trading financial asset during the holding period	2,368,356.03	1,808,120.10
Investment income from the disposal of trading financial assets	-16,204,503.40	119,298,472.39
Loss on discounted receivables financing	-7,931,415.18	-4,570,835.23
Dividend income from other equity instruments during the holding period	12,400,000.00	
Total	176,927,540.37	370,298,858.39

Other notes:

None

#### 54. Income from changes in fair value

Unit: CNY

Source of income from changes in fair value	Current period amount	Prior period amount
Trading financial assets	-50,580,428.04	-22,632,570.84
Including: income from changes in fair value incurred from derivative financial instruments	-41,392,762.63	-31,697,410.86
Trading financial liabilities		-978,031.91
Total	-50,580,428.04	-23,610,602.75

Other notes:

None

#### 55. Credit impairment loss

Unit: CNY

Item	Current period amount	Prior period amount
Loss on other bad debts due from receivables	10,552,317.00	-4,967,019.95
Bad debt loss on accounts receivable financing	12,767,474.27	-9,918,842.81
Bad debt loss on accounts receivable	-1,794,349.36	-30,906,344.55
Loss on bad debts on prepayments	-2,411,861.08	1,461,995.24
Total	19,113,580.83	-44,330,212.07

Other notes:

None

#### 56. Asset impairment loss

Unit: CNY

Item	Current period amount	Prior period amount
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II. Loss of inventory decline and impairment loss of contract performance cost	-43,189,938.27	-18,850,329.32
V. Impairment loss of fixed assets	-3,305,922.73	
XI. Impairment loss of goodwill	-14,828,934.37	-4,280,836.29
Total	-61,324,795.37	-23,131,165.61

Other notes:

None

## 57. Proceeds from asset disposal

Unit: CNY

Source of asset disposal proceeds	Current period amount	Prior period amount
Proceeds from disposal of fixed assets	-15,154,452.66	-3,020,089.44
Proceeds from disposal of intangible assets	-1,816,371.00	
Proceeds from disposal of right-of-use assets	75,858.93	
Total	-16,894,964.73	-3,020,089.44

## 58. Non-operating income

Unit: CNY

Item	Current period amount	Prior period amount	Amount booked into non-recurring profit or loss in the current period
Unpayable accounts	927,736.08	3,836,871.67	927,736.08
Indemnity income	142,321.59	324,870.81	142,321.59
Gain on decommissioning of non-current assets	245.38	13,785.22	245.38
Negative goodwill incurred from business consolidation		82,984,773.90	
Others	112,707.39	187,648.80	112,707.39
Total	1,183,010.44	87,347,950.40	1,183,010.44

Government grants recorded in the current profit and loss:

Unit: CNY

Subsidy item	Issuing body	Reason for issuance	Property/type	Whether subsidies affect profits and losses in the current year	Whether it is a special subsidy	Current period amount	Prior period amount	Asset-related/income-related

Other notes:

None

**59. Non-operating expenses**

Unit: CNY

Item	Current period amount	Prior period amount	Amount booked into non-recurring profit or loss in the current period
External donation	2,381,483.86	4,019,141.43	2,381,483.86
Indemnity expenditure	9,616,939.96		9,616,939.96
Loss on scrap of non-current assets	7,507,908.93	1,847,789.51	7,507,908.93
Penalty expenditure	846,535.48	321,317.87	846,535.48
Others	628,789.12	136,142.69	628,789.12
Total	20,981,657.35	6,324,391.50	20,981,657.35

Other notes:

None

**60. Income tax expenses****(1) Income tax expense statement**

Unit: CNY

Item	Current period amount	Prior period amount
Income tax expense in the current period	273,828,973.28	181,379,736.40
Deferred income tax expense	-51,199,192.48	-20,161,653.17
Total	222,629,780.80	161,218,083.23

**(2) Adjustment process of accounting profit and income tax expense**

Unit: CNY

Item	Current period amount
Total profit	1,667,273,205.67
Income tax expense at statutory/applicable tax rates	250,090,980.85
Impact of different tax rates applied to subsidiaries	16,972,963.30
Impact of adjusting income tax for prior periods	23,824,878.53
Impact of non-taxable income	-7,509,723.61
Impact of non-deductible costs, expenses and losses	7,811,040.89
Impact of deductible losses on deferred income tax assets not recognized in the prior period	-20,962,995.36
Impact of deductible temporary differences or deductible losses on deferred tax assets not recognized in the current period	17,778,857.42
Impact of investment income recognized for long-term equity investment calculated under the equity method	-28,150,792.19
Impact of additional deductions for technology development expenses and wages of the disabled	-37,225,429.03
Income tax expense	222,629,780.80

Other notes:

None

## 61. Other comprehensive income

For details, see Note 43, “Other Comprehensive Incomes”

## 62. Cash flow statement items

### (1) Other cash received in connection with operating activities

Unit: CNY

Item	Current period amount	Prior period amount
Withdrawal of bank acceptance deposit	27,725,700.00	14,267,400.00
Interest income	76,728,216.03	76,718,283.04
Government subsidy income	46,029,953.90	42,393,347.30
Operating lease income	20,667,575.93	19,564,397.37
Withdrawal of customs bond money	700,000.00	
Others	230,323.25	7,295,322.21
Total	172,081,769.11	160,238,749.92

Description of other cash received in connection with operating activities:

None

### (2) Other cash paid in connection with operating activities

Unit: CNY

Item	Current period amount	Prior period amount
Operating period expenses	1,146,808,817.06	985,886,790.62
Payment of bank acceptance deposit	7,384,067.19	27,725,700.00
Payment of L/C guarantee deposit	6,616,370.00	
Payment of customs bond		1,975,140.00
Others	11,076,711.72	9,535,171.45
Total	1,171,885,965.97	1,025,122,802.07

Description of other cash paid in connection with operating activities:

None

### (3) Other cash received in connection with investment activities

Unit: CNY

Item	Current period amount	Prior period amount
Withdrawal of margin purchased for forward settlement and sale of foreign exchange	69,702,798.00	3,295,074.50
Withdrawal of project performance bond	492,906.98	495,608.89
Withdrawal of refundable deposit		2,154,766.92
Total	70,195,704.98	5,945,450.31

Description of other cash received in connection with investing activities:

None

**(4) Other cash paid in connection with investment activities**

Unit: CNY

Item	Current period amount	Prior period amount
Purchase of margin for forward settlement and sale of foreign exchange	100,856,217.74	2,295,252.00
Payment of project performance bond		492,906.98
Loss on forward settlement and sale of foreign exchange investment	29,020,494.96	
Total	129,876,712.70	2,788,158.98

Description of other cash paid in connection with investment activities:

None

**(5) Other cash received in connection with financing activities**

Unit: CNY

Item	Current period amount	Prior period amount
Receipt of financial support from the actual controller		583,000,000.00
Receipt of bill discount	99,266,666.67	
Receipt of social fund loan	5,000,000.00	
Total	104,266,666.67	583,000,000.00

Description of other cash received in connection with fund-raising activities:

None

**(6) Other cash paid in connection with financing activities**

Unit: CNY

Item	Current period amount	Prior period amount
Funds paid for share repurchases	50,184,047.52	186,441,914.48
Funds paid for minority stakes		20,201,500.00
Repayment of borrowings and interests	602,271,700.00	16,850,810.54
Repayment of lease liabilities and interests	86,735,381.29	59,939,559.59
Fees for handling of financing guarantee and receivables financing transfer	7,931,415.18	4,570,835.23
Payment of deposit for bank borrowings	20,893,800.00	
Payment for stock issue	16,273,353.87	
Redemption amount of convertible bonds		2,581,437.71
Payment for settlement of minority shareholders of FRONTIER Kitchen & Bath (Suzhou) Co., Ltd.		88,811.75
Total	784,289,697.86	290,674,869.30

Description of other cash paid in connection with other financing activities:

None

## 63. Supplementary information to the cash flow statement

## (1) Supplementary information to the cash flow statement

Unit: CNY

Supplementary information	Current period amount	Prior period amount
1. Adjustment net profit into cash flow from operating activities		
Net profit	1,444,643,424.87	1,297,315,199.61
Add: Reserve for asset impairment	42,211,214.54	67,461,377.68
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	181,387,033.50	170,864,798.78
Depreciation of right-of-use assets	98,348,716.39	78,057,113.74
Amortization of intangible assets	32,283,200.07	24,648,378.98
Amortization of long-term deferred expenses	16,566,519.35	28,589,540.58
Loss on disposal of fixed assets, intangible assets and other long-term assets (presented by "-" for gain)	16,894,964.73	3,020,089.44
Loss on retirement of fixed assets (income presented by "-")	7,507,663.55	1,834,004.29
Loss from changes in fair value (income presented by "-")	50,580,428.04	23,610,602.75
Financial expenses (income presented by "-")	-44,037,269.55	111,747,068.72
Investment losses (income presented by "-")	-176,927,540.37	-370,298,858.39
Decrease in deferred tax assets (increase presented by "-")	-28,529,960.59	-21,863,965.98
Increase in deferred income tax liabilities (decrease presented by "-")	-26,465,359.89	1,702,312.81
Decrease in inventory (increase presented by "-")	-24,001,558.52	-1,209,507,080.11
Decrease in operating receivables (increase presented by "-")	313,928,739.58	-537,038,480.67
Increase in operating payables (decrease presented by "-")	-272,553,573.31	348,490,067.44
Others		
Net cash flows from operating activities	1,631,836,642.39	18,632,169.67
2. Major investments and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Current portion of convertible bonds		

Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	4,793,427,180.47	4,001,186,241.18
Less: Opening balance of cash	4,001,186,241.18	3,730,263,218.08
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	792,240,939.29	270,923,023.10

## (2) Net cash received from subsidiaries paid in the current period

Unit: CNY

	Amount
Including:	
Including:	
Add: Cash or cash equivalents paid in the current period for business combinations that occurred in the prior period	76,724,758.42
Including:	
Geelong Orchid Holding Limited	47,973,954.65
BeA	28,750,803.77
Net cash paid by subsidiaries	76,724,758.42

Other notes:

None

## (3) Composition of cash and cash equivalents

Unit: CNY

Item	Closing balance	Opening balance
I. Cash	4,793,427,180.47	4,001,186,241.18
Including: cash on hand	4,328,053.84	2,574,760.83
Bank deposit that is readily available for payment	4,788,725,570.94	3,983,507,419.70
Funds in other currencies that are readily available for payment	373,555.69	15,104,060.65
III. Balance of cash and cash equivalents at the end of the period	4,793,427,180.47	4,001,186,241.18

Other notes:

Due to limited liquidity, the Company will use the cash funds other than cash and cash equivalents for bank acceptance deposit, project performance deposit, forward settlement and sale of foreign exchange deposit, customs duty guarantee deposit, ETC deposit and investment deposit. The opening balance of such margin deposits is CNY 32,520,998.98 and the closing balance is CNY 69,779,001.93.



## 64. Assets with limited ownership or access

Unit: CNY

Item	Book value as at the end of the reporting period	Reason for restriction
Monetary assets	33,448,671.74	Guarantee deposits for future foreign exchange settlement
Fixed assets	27,776,638.39	Used as collateral for drawing bank acceptance bills
Intangible assets	2,046,633.50	Used as collateral for drawing bank acceptance bills
Monetary assets	20,893,800.00	Guarantee deposits for short-term loans
Monetary assets	6,616,370.00	Guarantee deposits for letters of credit
Monetary assets	7,384,067.19	Guarantee deposits for bank acceptance bills
Monetary assets	1,393,093.00	Customs guarantee deposits
Monetary assets	43,000.00	Guarantee deposits for ETC
Fixed assets	10,003,152.72	Used as collateral for bank loans
Intangible assets	1,385,386.53	Used as collateral for bank loans
100% shares of Arrow Fastener Co., LLC (Note)	481,723,419.57	Used as collateral for bank loans
Total	592,714,232.64	

Other notes:

(Note) Arrow Fastener Co., LLC 100.00% equity is the closing net book asset

## 65. Foreign currency monetary items

## (1) Foreign currency monetary items

Unit: CNY

Item	Closing balance of foreign currency	Converted exchange rate	Balance that is converted into CNY at the end of the period
Monetary assets			1,495,179,172.94
Including: USD	158,889,555.73	6.9646	1,106,602,199.84
EUR	17,414,286.72	7.4229	129,264,508.89
HKD	30,417,977.09	0.8933	27,172,378.93
VND	121,580,449,561.00	0.00029486	35,849,211.36
JPY	99,935,216.00	0.0524	5,236,605.32
CHF	25,241,152.73	7.5432	190,399,063.27
THP	2,061,537.85	0.2014	415,193.72
KHR	4,016,935.00	0.0017	6,828.79
MOP	274,655.85	0.849	233,182.82
Accounts receivable			1,823,138,813.21
Including: USD	214,797,632.77	6.9646	1,495,979,593.19
EUR	33,201,649.79	7.4229	246,452,526.23
HKD	2,046,598.02	0.8933	1,828,226.01
VND	1,392,428,508.44	0.00029486	410,571.47
JPY	81,660,969.85	0.0524	4,279,034.82
CHF	9,503,127.55	7.5432	71,683,991.74
GBP	296,684.47	8.3941	2,490,399.11

THP	71,850.25	0.2014	14,470.64
Financing of receivables			321,247,171.36
Including: USD	46,125,717.39	6.9646	321,247,171.36
Long-term receivables			2,872,179.47
Including: VND	8,724,856,400.00	0.00029486	2,572,611.16
CHF	39,713.69	7.5432	299,568.31
Short-term loans			744,724,368.21
Including: EUR	58,612,784.65	7.4229	435,076,839.18
USD	43,110,552.00	6.9646	300,247,750.46
GBP	1,119,807.79	8.3941	9,399,778.57
Accounts payable			498,822,023.08
Including: USD	38,114,561.49	6.9646	265,452,674.95
EUR	4,678.15	7.4229	34,725.44
HKD	21,960,029.99	0.8933	19,616,894.79
JPY	32,917,910.76	0.0524	1,724,898.52
CHF	23,141,772.99	7.5432	174,563,022.02
VND	119,627,680,372.34	0.00029486	35,273,417.83
THP	10,706,998.66	0.2014	2,156,389.53
Current portion of non-current liabilities			161,345,782.08
Including: EUR	21,689,289.48	7.4229	160,997,426.88
JPY	6,648,000.00	0.0524	348,355.20
Long-term loans			424,448,825.21
Including: USD	60,100,000.00	6.9646	418,572,460.00
EUR	791,653.56	7.4229	5,876,365.21
HKD			
Lease liabilities			276,291,656.14
Including: VND	42,234,063,296.18	0.00029486	12,453,135.90
CHF	27,717,039.17	7.5432	209,075,169.87
EUR	4,619,145.25	7.4229	34,287,453.28
USD	2,913,418.93	6.9646	20,290,797.48
HKD	207,208.79	0.8933	185,099.61

Other notes:

None

**(2) Description of overseas operating entities, including important overseas operating entities that shall disclose their main overseas operating places, bookkeeping base currency and the basis for selection, and shall also disclose the reasons for changes in the bookkeeping base currency.**

☒ Applicable ☐ N/A

Name	Principal place of business	Bookkeeping base currency
BeA GmbH and its subsidiaries	Germany, Austria, Australia, France, Czech Republic, United States, Norway, Sweden, Switzerland, Slovakia, Spain, Italy, United Kingdom	EUR, AUD, USD, CHF, GBP
GreatStar Tools USA, INC., and its subsidiaries	USA	USD
Lista Holding AG and its subsidiaries	Switzerland, Austria, Germany, France, Spain, Italy, England	CHF, EUR, GBP
Geelong Orchid Holding Limited and its subsidiaries	British Cayman Islands, Thailand, Hong Kong, Mauritius, Macau	HKD, THB, USD

XDD Products (USA) LLC	USA	USD
TGH (Cambodia) Industrial Co., LTD	Cambodia	USD
Newland.LLC	USA	USD
GreatStar Japan Co., LTD	Japan	JPY
GreatStar Europe AG	Switzerland	CHF
Prexiso AG	Switzerland	CHF
Hong Kong International Huada Kejie Opto-Electro Instrument Co., Ltd.	Hong Kong	USD
Hong Kong GreatStar International Limited	Hong Kong	USD
Hong Kong Goldblatt Industrial Co., Ltd.	Hong Kong	USD
Prim' Tools Limited	Hong Kong	HKD
Hong Kong Shop-Vac International Co., Limited	Hong Kong	USD
GreatStar International Holdings Limited	British Virgin Islands	USD
GreatStar Vietnam Co.,Ltd	Vietnam	VND
Vietnam United Co., Ltd	Vietnam	VND
GreatStar Industrial Vietnam Co., Ltd	Vietnam	VND
SHOP-VAC VIETNAM CO.,LTD	Vietnam	VND
HUADA VIETNAM CO.,LTD	Vietnam	VND

## 66. Government subsidies

### (1) Basic information of government grants

Unit: CNY

Types	Amount	Presentation item	Amount booked into current profit and loss
Special subsidies for building a public service platform for foreign trade	243,332.98	Other income	393,222.48
Special subsidy for "machine replaces human" technical transformation project	893,475.00	Other income	191,918.07
Special subsidies for equipment manufacturing projects in strategic emerging industries	459,999.68	Other income	230,000.04
Financial subsidy for new hand tool series product expansion project	60,000.28	Other income	99,999.96

Special subsidy for innovation capacity construction projects of provincial enterprise technology center		Other income	46,296.26
Special funds for development pilot and base projects in strategic emerging industries	91,999.84	Other income	92,000.04
Subsidies for industrial production equipment	515,879.96	Other income	57,320.04
Subtotal	2,264,687.74		1,110,756.89

## (2) Return of government grants

☐ Applicable ☒ N/A

Other notes:

Government grants that are related to revenues and are used to compensate for related costs or losses of the Company in the future period

Items	Opening Deferred income	Current period Additional subsidy	Current carry-over	Closing Deferred income	Current carry-over Presentation item	Remarks
Subsidy for R&D project		300,000.00	200,000.00	100,000.00	R&D expenses	Chang Ke Fa (2022) No.110
Subtotal		300,000.00	200,000.00	100,000.00		

Government subsidy related to revenue that is used to compensate a company for related costs or losses that have been incurred

Items	Amount	Presentation item	Remarks
Special financial fund	12,629,864.00	Other income	Zhe Cai Ke Jiao (2022) No. 3, Hang Qian Tang Shi Jian (2022) No. 21, Zhe Jing Xin Zhuang Bei (2021) No. 226, etc.
Special fund for foreign trade development	9,575,100.00	Other income	Hang Cai Qi (2022) No. 57, Zhe Cai Jian (2021) No. 83, Hang Shang Wu (2022) No.69, etc.
Subsidies for maintaining stable employment	5,671,645.53	Other income	Yue Ren She Gui (2022) No. 9, Zhe Ren She No. 37 (2022), Hai Jing Xin No. 27 (2022), etc.
Business development fund	5,506,637.62	Other income	Shang Shang Wu (2022) No. 16, Shang Shang Wu (2022) No. 12, Hang Cai Qi (2021) No. 47, etc.
Tax refund	4,070,527.06	Other income	Cai Shui (2016) No. 52
Special fund for subsidizing e-commerce	3,602,900.00	Other income	Shang Shang Wu (2022) No. 11, Hang Zi Mao Ban (2022) No. 2
Patent and intellectual property grants	2,327,180.00	Other income	Hang Shi Guan Gan (2021) No. 180, Zhejiang Cai Hang (2020) No. 55, Su Cai Hang (2022) No. 40, etc.
Financial assistance fund for R&D	1,129,310.00	Other income	Hang Qian Tang Shi Jian (2022) No. 21
Training subsidy	691,100.00	Other income	Hang Ren She Ban Fa (2022) No. 16, Hang Ren She Ban Fa (2022) No. 17, Zhe Ren She Fa (2022) No. 4, etc.
Special award for brand building	400,000.00	Other income	Hai Zhi Fa Ban (2022) No. 1
Others	3,623,016.75	Other income	Cai Shui (2019) No. 22, Shang Zheng Han (2022) No. 19, Hang Ke Wai Zhuan (2022) No. 80, etc.

Subtotal	49,227,280.96		
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The amount of government subsidy included in the current period profit and loss is CNY 50,538,037.85.

## VIII. Changes in the scope of combination

### 1. Changes in the scope of combination for other reasons

Description of changes in the scope of combination caused by other reasons (such as the establishment of a new subsidiary, liquidation of a subsidiary, etc.) and relevant information:

#### 1. Increase of combination scope

Companies	Method of equity acquisition	Date of acquisition of the equity	Amount of contribution	Ratio of contribution
Zhongshan Geelong Import and Export Trade Co., Ltd.	Setup	June 23, 2022	CNY 21,065,000.00	100.00%
Zhejiang Shiwank Electric Appliance Co., Ltd.	Setup	April 21, 2022	CNY 10,000,000.00	100.00%
Hangzhou GreatStar Energy Co., Ltd.	Setup	December 16, 2022	50,000,000.00 USD	100.00%
Hangzhou GreatStar Garden Tools Co., Ltd.	Setup	December 16, 2022	USD 100,000,000.00	100.00%

#### 2. Decrease of combination scope

Companies	Equity disposal method	Date of disposal of the shares	Net assets at the disposal date	From beginning to disposal date Net profit
Hangzhou Lianhe Machinery Co., Ltd.	Write-off	September 19, 2022	-4,071,246.00	-206,011.38
Zhejiang GreatStar Intelligent Tool Co., Ltd.	Write-off	May 13, 2022	-9,168.96	-987.91
Hangzhou GreatStar Power Tools Co., Ltd.	Write-off	June 20, 2022	-3,070,849.17	-3,069,955.62
International Storage Solutions Limited	Write-off	December 9, 2022	0.00	0.00

## IX. Rights and interests in other subjects

### 1. Interests in subsidiaries

#### (1) Composition of enterprise group

Subsidiaries	Principal place of business	Place of registration	Nature of business	Shareholding ratio		Acquisition mode
				Direct	Indirect	
Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd	Changzhou City, Jiangsu Province	Changzhou City, Jiangsu Province	Manufacturing industry	65.00%		Combination of enterprises not under common control
Zhejiang GreatStar Tool Co., Ltd.	Hangzhou City, Zhejiang Province	Hangzhou City, Zhejiang Province	Manufacturing industry	100.00%		Setup
Hangzhou	Hangzhou City,	Hangzhou City,	Manufacturing	100.00%		Combination of

GreatStar Tool Co., Ltd.	Zhejiang Province	Zhejiang Province	industry			enterprises under common control
Prim' Tools Limited	Hong Kong	Hong Kong	Commerce		86.96%	Combination of enterprises not under common control
Hong Kong GreatStar International Limited	Hong Kong	Hong Kong	Commerce	100.00%		Setup
GreatStar Tools USA, Inc	USA	USA	Commerce	100.00%		Setup
Arrow Fastener Co., LLC	USA	USA	Manufacturing industry		100.00%	Combination of enterprises not under common control
GreatStar Industrial USA, LLC	USA	USA	Commerce		100.00%	Setup
GreatStar Europe AG	Switzerland	Switzerland	Commerce	100.00%		Setup
Lista Holding AG	Switzerland	Switzerland	Manufacturing industry		100.00%	Combination of enterprises not under common control
BeA GmbH	Germany	Germany	Manufacturing industry		100.00%	Setup
Geelong Sales Co., Ltd.	Zhongshan City, Guangdong Province	Zhongshan City, Guangdong Province	Manufacturing industry		100.00%	Combination of enterprises not under common control

Explanation that the shareholding ratio in the subsidiary is different from the voting rights ratio:

N/A

Basis for holding half or less voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

N/A

Basis of control for significant structured entities that are included in the scope of combination:

N/A

Basis for determining whether the Company is an agent or a principal:

N/A

Other notes:

None

## (2) Important non-wholly-owned subsidiaries

Unit: CNY

Subsidiaries	Shareholding of minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared and distributed to minority shareholders in the current period	Closing balance of minority shareholders' equity for the period
Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd	35.00%	15,926,120.48	12,250,000.00	112,851,595.03
Prim' Tools Limited	13.04%	3,094,007.61	920,580.97	20,307,068.89

Explanation of the difference between the shareholding proportion of minority shareholders and the voting right proportion of subsidiaries:

N/A

Other notes:

None

## (3) Major financial information of important non-wholly-owned subsidiaries

Unit: CNY

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-Electro Instrument Co., Ltd	349,552,501.39	73,416,525.23	422,969,026.62	112,515,156.24	132,523,342.66	112,647,679.66	405,975,953.52	77,136,343.79	483,112,297.31	185,081,625.15	631,034,974.97	185,712,660.12
Prim' Tools Limited	170,852,422.73	23,624,711.52	194,477,134.25	36,527,312.23	7,492,999.77	44,020,312.00	143,750,402.46	11,369,163.40	155,119,565.86	26,734,231.87	1,086,722.10	27,820,953.97

Unit: CNY

Subsidiaries	Current period amount				Prior period amount			
	Operating proceeds	Net profit	Total comprehensive incomes	Cash flow from operating activities	Operating proceeds	Net profit	Total comprehensive incomes	Cash flow from operating activities
Changzhou Huada Kejie Opto-Electro	461,625,605.94	47,884,566.79	47,921,709.77	81,146,145.88	571,558,623.42	59,396,937.13	59,381,572.04	32,031,010.76



Instrument Co., Ltd								
Prim' Tools Limited	225,102,04 4.54	23,760,712. 24	30,217,880. 39	33,810,293. 05	204,292,34 5.86	24,562,639. 10	22,420,559. 07	- 5,995,149.1 2

Other notes:

None

## 2. Transactions in which the owner's share of equity in the subsidiary changes and remains in control of the subsidiary

### (1) Description of changes in shareholders' equity shares of subsidiaries

Subsidiaries	Date of change	Shareholding ratio before change	Shareholding ratio after change
Hangzhou GreatStar Hardware Tools Co., Ltd.	August 2022	68.13%	70.07%

### (2) Impact of the transaction on the non-controlling interests and the shareholders' equity attributable to the parent company

Unit: CNY

	Hangzhou GreatStar Hardware Tools Co., Ltd.
Purchase cost/disposal consideration	0.00
- Cash	
- Fair value of non-cash assets	
Total purchase cost/disposal consideration	0.00
Less: share of net assets of the subsidiary based on the proportion of equity acquired/disposed of	79,700.41
Balance	-79,700.41
Including: adjustment of capital reserve	79,700.41
Adjustment of surplus reserve	
Adjustment of undistributed profit	

Other notes:

None

## 3. Interests in joint venture arrangements or joint ventures

### (1) Important joint venture or associated enterprise

Name of joint venture or associated	Principal place of business	Place of registration	Nature of business	Shareholding ratio		Accounting method for investment in
				Direct	Indirect	

enterprise						joint venture or associated enterprise
Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	Hangzhou City, Zhejiang Province	Hangzhou City, Zhejiang Province	Service industry	27.86%		Accounting under the equity method
Zhejiang Hangcha Holding Co., Ltd.	Hangzhou City, Zhejiang Province	Hangzhou City, Zhejiang Province	Manufacturing industry	20.00%		Accounting under the equity method
Zhejiang Guozi Robotics Co., Ltd.	Hangzhou City, Zhejiang Province	Hangzhou City, Zhejiang Province	Manufacturing industry	21.95%		Accounting under the equity method
Ningbo Donghai Bank Co., Ltd.	Ningbo City, Zhejiang Province	Ningbo City, Zhejiang Province	Finance industry	19.00%		Accounting under the equity method
Shanghai Lainuo Photoelectric Technology Co., Ltd.	Shanghai City	Shanghai City	Commerce		26.00%	Accounting under the equity method
Changzhou Huada Xidebao Laser Instrument Co., Ltd.	Changzhou City, Jiangsu Province	Changzhou City, Jiangsu Province	Manufacturing industry		31.85%	Accounting under the equity method
Hangzhou Micro Nano Technology Co., Ltd.	Hangzhou City, Zhejiang Province	Hangzhou City, Zhejiang Province	Manufacturing industry	32.53%		Accounting under the equity method

Explanations that the proportion of shares in a joint venture or associated enterprise is different from the proportion of voting rights:

None

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence:

The Company holds 19.00% of the equity of Ningbo Donghai Bank Co., Ltd. and is the third largest shareholder. The Company is represented on the Board of Directors of Ningbo Donghai Bank Co., Ltd. and has decision-making power over its financial and operational policies.

## (2) Main financial information of important associates

Unit: CNY

	Closing balance/current period amount		Opening balance/prior 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	8,277,441,059.61	18,308,908,248.12	7,418,780,740.77	14,948,356,801.94
Non-current assets	4,131,292,679.55	22,072,977,513.86	3,731,133,085.89	19,969,457,376.52

Total assets	12,408,733,739.16	40,381,885,761.98	11,149,913,826.66	34,917,814,178.46
Current liabilities	3,740,265,952.40	21,272,363,669.80	3,477,650,918.98	15,446,567,589.35
Non-current liabilities	1,153,351,595.36	6,146,529,870.38	961,010,530.12	7,448,879,770.24
Total liabilities	4,893,617,547.76	27,418,893,540.18	4,438,661,449.10	22,895,447,359.59
Minority interests	4,070,665,933.39	7,981,720,186.41	3,593,193,876.73	7,467,456,772.20
Equity attributable to shareholders of the parent company	3,444,450,258.01	4,981,272,035.39	3,118,058,500.83	4,554,910,046.67
Share of net assets based on the shareholding ratio	688,890,029.35	1,387,637,932.17	623,611,700.17	1,268,865,846.61
Adjustment items	108,979,700.00		108,979,700.00	
- Goodwill	108,979,700.00		108,979,700.00	
- Unrealized profits from internal trading				
- Others				
Book value of equity investment in associates	797,869,729.35	1,387,637,932.17	732,591,400.17	1,268,865,846.61
Fair value of equity investment of associates with public offer				
Operating proceeds	14,416,244,509.63	31,888,853,180.61	14,493,418,510.34	30,285,690,427.77
Net profit	1,110,752,833.42	1,023,039,308.35	1,074,154,744.24	1,415,381,801.88
Net profit from discontinued operations				
Other comprehensive income	18,242,153.44	247,182,937.32	-25,326,711.49	-475,468,089.70
Total comprehensive incomes	1,128,994,986.86	1,270,222,245.67	1,048,828,032.75	939,913,712.18
Dividends received from associates in the current year	40,000,000.00			

Other notes:

None

### (3) Summary financial information of non-material joint ventures and associates

Unit: CNY

	Closing balance/current period amount	Opening balance/prior period amount
Joint ventures:		
Sum of the following items in proportion to their shareholding		

Associates:		
Total book value of investment	359,015,856.03	352,485,457.57
Sum of the following items in proportion to their shareholding		
- Net profit	6,071,245.16	1,101,187.62
- Other comprehensive income	-1,062,133.92	1,477,170.16
- Total comprehensive income	5,009,111.24	2,578,357.78

Other notes:

None

#### (4) Excess losses incurred by a joint venture or a associate

Unit: CNY

Name of joint venture or associated enterprise	Cumulative unrecognized loss in the prior period	Unrecognized loss in the current period (or net profit shared for the current period)	Cumulative unrecognized loss at the end of the period
Shanghai Lainuo Photoelectric Technology Co., Ltd.	-693,831.45	-85,658.09	-779,489.54

Other notes:

None

## X. Risks relevant financial instruments

The Company engages in risk management with the objective of striking a balance between risk and return, minimizing the negative impact of risk on the Company's operating performance and maximizing the benefits of shareholders and other equity investors. Based on this risk management objective, the Company's basic risk management strategy is to confirm and analyze various risks faced by the Company, establish an appropriate risk tolerance bottom line, implement risk management, monitor various risks timely and reliably, and keep the risk control within the limited scope.

The Company faces various risks related to financial instruments in its daily activities, including credit risk, liquidity risk and market risk. The management has reviewed and approved policies to manage the risks, as outlined below.

### (I) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to fulfill its obligations and causes financial losses to the other party.

#### 1. Credit risk management practice

##### (1) Evaluation method of credit risk

The Company evaluates at each balance sheet date whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition. To determine whether credit risk has increased significantly since the initial recognition, the Company considers that reasonable and evidence-based information, including qualitative and quantitative analysis based on historical data, external credit risk ratings and forward-looking information, can be obtained without unnecessary additional cost or effort. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company determines the change of default risk within the expected duration of financial instruments by comparing the risk of default on the balance sheet date with the risk of default on the initial recognition date.

The Company considers that the credit risk of financial instruments has significantly increased when one or more of the following quantitative and qualitative criteria are triggered:

- 1) The quantitative criteria is that the default probability of the remaining duration of the balance sheet date increases by more than a certain percentage compared with the initial recognition;
- 2) The qualitative criteria is that the debtor's business or financial situation is involved with material adverse changes, existing or expected changes in technology, market, economy or legal environment, which poses a material adverse impact on the debtor's repayment ability to the Company.

(2) Definition of default and credit impairment assets

The Company will define the financial asset as having defaulted when the financial instrument meets one or more of the following conditions, using the same criteria as the definition of having incurred credit impairment:

- 1) The debtor has major financial difficulties;
- 2) The debtor violates the binding terms on the debtor in the contract;
- 3) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 4) The creditor, for economic or contractual reasons related to the debtor's financial difficulties, grants concessions that the debtor would not have made in any other circumstances.

2. Measurement of expected credit losses

The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company establishes default probability, default loss rate and default risk exposure model taking into accounting quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantee methods and types of collateral, repayment methods, etc.).

3. For the opening balance and closing reconciliation of the reserve for losses on financial instrument, see Section X, VII, 4, Section X, VII, 5 and Section X, VII, 7 of this report.

4. Credit risk exposure and credit risk concentration

The Company's credit risk is primarily derived from monetary funds and receivables. In order to control the above related risks, the Company has taken the following measures.

(1) Monetary funds

The Company deposits its bank deposits and other monetary funds in financial institutions with high credit ratings and therefore has low credit risk.

(2) Receivables

The Company continuously evaluates the credit of customers who transact on credit. Based on the results of the credit evaluation, the Company chooses to transact with approved and creditworthy customers and monitors their receivables balances to ensure that the Company is not exposed to material bad debt risk.

No guaranty is required as the Company only trades with the recognized and reputable third parties. The credit risk is managed by customers in a centralized manner. As of December 31, 2022, the Company has certain credit concentration risk, 47.71% of the Company's accounts receivable (December 31, 2021: 37.03%) originated from the top five balance customers. The Company does not hold any collateral or other credit enhancement on the balance of accounts receivable.

The Company's maximum credit exposure is the book values of all financial assets on the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the Company performs its obligation of settlement through delivery of cash or other financial assets. Liquidity risks may arise from the inability to sell financial assets at fair value as soon as possible; or from the failure of the other party to repay its contractual obligations; or from debts that mature early; or the inability to generate the desired cash flow.

In order to control this risk, the Company integrates various financing means such as bill settlement and bank loan, and adopts appropriate combination of long-term and short-term financing methods to optimize the financing structure and maintain the

balance between sustainability and flexibility of financing. The Company has obtained bank lines of credit from a number of commercial banks to meet its working capital needs and capital expenditures.

Financial liabilities are classified by remaining maturity date

Item	Closing balance				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	More than 3 years
Bank loan	2,412,596,915.25	2,479,666,840.77	1,653,566,564.54	825,295,053.98	805,222.25
Trading financial liabilities	48,413,710.29	48,413,710.29	48,413,710.29		
Notes payable	21,096,540.03	21,096,540.03	21,096,540.03		
Accounts payable	1,366,875,268.71	1,366,875,268.71	1,366,875,268.71		
Other amounts payable	21,198,376.32	21,198,376.32	21,198,376.32		
Lease liabilities	406,588,933.09	413,037,311.70	88,436,234.33	134,252,177.05	190,348,900.32
Subtotal	4,276,769,743.69	4,350,288,047.82	3,199,586,694.22	959,547,231.03	191,154,122.57

(Continued)

Item	Number at the end of prior year				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	More than 3 years
Bank loan	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 amounts payable	676,502,987.21	676,502,987.21	676,502,987.21		
Lease liabilities	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

### (III) Market risks

Market risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices. Market risks mainly include interest rate risk and foreign exchange risk.

#### 1. Interest rate risk

Interest rate risk refers to the risk of fluctuation in the fair value of the financial instruments or the future cash flow due to the change in the market interest rate. The interest-bearing financial instruments at a fixed rate expose the Company to fair value interest rate risk, while interest-bearing financial instruments at a floating rate expose the Company to cash flow interest rate risk. The Company determines the ratio of financial instrument at a fixed rate to financial instrument at a floating rate based on market conditions, and maintains an appropriate combination of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the Company is mainly related to its bank borrowings accrued at a floating interest rate.

As at December 31, 2022, the Company had bank borrowings of CNY 713,120,304.41 bearing interest at a floating rate (as at December 31, 2021: CNY 929,187,140.36), assuming that a change in interest rates of 50 basis points will not have a material impact on the Company's total profit and shareholders' equity under the assumption that other variables remain constant.



## 2. Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rates. The exchange rate change faced by the Company is mainly related to its foreign currency monetary assets and liabilities. For foreign currency assets and liabilities, if short-term imbalances occur, the Company will buy and sell foreign currency at market rates as necessary to ensure that net exposure is maintained at an acceptable level.

For the Company's foreign currency monetary assets and liabilities at the end of the period, see the notes in Section X, VII, 65 of this report.

## XI. Disclosure of fair value

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

Unit: CNY

Item	Fair value at the end of the period			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Trading financial assets		70,230,104.24		70,230,104.24
1. Financial assets that are measured at fair value and whose changes are booked into current profit or loss		70,230,104.24		70,230,104.24
(3) Derivative financial assets		10,230,104.24		10,230,104.24
(4) Bank financial products		60,000,000.00		60,000,000.00
(II) Other investments in creditor's rights			324,557,679.71	324,557,679.71
(III) Investment in other equity instruments			16,550,000.00	16,550,000.00
Total assets continuously measured at fair value		70,230,104.24	341,107,679.71	411,337,783.95
(VI) Trading financial liabilities		48,413,710.29		48,413,710.29
Derivative financial liabilities		48,413,710.29		48,413,710.29
Total liabilities continuously measured at fair value		48,413,710.29		48,413,710.29
II. Non-continuous fair value measurement	--	--	--	--



## **2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items**

Financial products are measured with market quotation as a reasonable estimate of fair value.

## **3. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous level 2 fair value measurement items**

Derivative financial assets and derivative financial liabilities are measured with the valuation notice provided by banks and securities companies as a reasonable estimate of fair value.

## **4. Qualitative and quantitative information on the valuation techniques used and important parameters for continuous and non-continuous level 3 fair value measurement items**

1. As the term of receivables financing is not more than one year, the influence of the time value of funds on its fair value is not significant, so it is recognized that the fair value of the above receivables financing is approximately equal to its carrying value.
2. Investment in other equity instruments (Hangzhou Haibang Xinhua Talent Venture Capital Partnership (limited partnership)) shall be measured according to the investment cost as a reasonable estimate of fair value, considering the operating environment and conditions comprehensively.

## **5. Continuous level 3 fair value measurement items, adjustment information between the opening and closing carrying amount and sensitivity analysis of unobservable parameters**

## **6. Continuous fair value measurement items, if there is a conversion between various levels during the current period, the reasons for the conversion and the policy for determining the timing of the conversion**

## **7. Changes in valuation technology during the current period and reasons for the changes**

## **8. Fair value of financial assets and financial liabilities not measured at fair value**

## **9. Others**

## XII. Related parties and related party transactions

### 1. Parent company of the Company

Parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio of parent company to the Company	Proportion of voting rights of parent company to the Company
GreatStar Holding Group Co., Ltd.	Hangzhou	Industrial investment	CNY 10,000.00	37.61%	37.61%

Description of the Company's parent company

The predecessor of GreatStar Holding Group Co., Ltd. is the former Hangzhou GreatStar Investment Holding Co., Ltd. (hereinafter referred to as GreatStar Investment Company). GreatStar Investment Company was jointly funded by natural persons Qiu Jianping, Li Zheng, Chi Xiaoheng, Wang Min, Li Feng, Yu Wentan, Wang Weiyi, He Tianle, Fu Yajuan, Fang Zhenjun, Xu Weisu and Wang Wei, and registered in Hangzhou Administration for Industry and Commerce Jianggan Branch on November 2, 2007. The Company holds the business license with the unified social credit code of 913301046680178300, registered capital of CNY 100 million.

The Company engages in general equipment manufacturing and tool hardware industry. The main business activities include forklift, hand tools, handheld electric tools, engineering test instruments, tires, R&D production and sales of tires and rubber products. Main products or services provided: forklifts, accessories and other, hand tools, hand-held electric tools, engineering test instruments, tires, tires and rubber products.

Qiu Jianping is the ultimate control party of the Company.

Other notes:

None

### 2. Subsidiaries of the Company

For details of the Company's subsidiaries, see Notes IX, 1, (1) "Composition of the Group".

### 3. Joint ventures and associates of the Company

For important joint ventures or associates of the Company, see Notes IX, 3, (1) "Important joint ventures or associates".

The details of other joint ventures or associates with the balance of related party transactions with the Company in the current period or related party transactions with the Company in the prior period are as follows:

Name of joint venture or associate	Relationship with the Company
------------------------------------	-------------------------------

Other notes:

None

### 4. Other related parties

Name of other related parties	The relationship between other related parties and the Company
-------------------------------	--

Wang Lingling	The spouse of the actual controller and the person acting in concert with him
Hangzhou GreatStar Precision Machinery Co., Ltd.	Controlled by the actual controller
Hangcha Group Co., Ltd. and its affiliated enterprises	The companies controlled by Zhejiang Hangcha Holding Co., Ltd., an associate enterprise of the Company, are also controlled by the actual controller
Zhongce Rubber Group Co., Ltd. and its affiliated enterprises	The companies controlled by Hangzhou Zhongce Haichao Enterprise Management Co., Ltd., an associate enterprise of the Company, are also controlled by the actual controller
Hangzhou Weiming Investment Management Co., Ltd.	Original associates of the Company

Other notes:

None

## 5. Related party transactions

### (1) Related party transactions of purchase and sales of goods, render and accept services

Purchase of goods / accept of services

Unit: CNY

Related party	Related party transaction	Current period amount	Approved trading quotas	Whether to exceed the trading limit	Prior period amount
Shanghai Lainuo Photoelectric Technology Co., Ltd.	Materials	0.00		No	7,192.04
Zhejiang Guozi Robotics Co., Ltd. and its affiliated enterprises	Products and services	9,276,973.76		No	785,830.34
Hangcha Group Co., Ltd. and its affiliated enterprises	Forklift, spare parts and maintenance fee	16,577,579.13		No	9,749,969.30
Hangcha Group Co., Ltd. and its affiliated enterprises	Automatic library	0.00		No	781,280.21
Changzhou Huada Xidebao Laser Instrument Co., Ltd.	Materials	95,066.86		No	0.00
Zhongce Rubber Group Co., Ltd. and its affiliated enterprises	Cost of parts and maintenance	57,766,301.68		No	1,050,065.29
Hangzhou Micro Nano Technology Co., Ltd.	Software and hardware	0.00		No	37,168.14

Sales of goods / render of services

Unit: CNY

Related party	Related party transaction	Current period amount	Prior period amount
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Changzhou Huada Xidebao Laser Instrument Co., Ltd.	Laser measuring instrument	8,430,267.36	8,802,699.15
Changzhou Huada Xidebao Laser Instrument Co., Ltd.	Hydropower	134,416.80	117,404.10
Changzhou Huada Xidebao Laser Instrument Co., Ltd.	Consulting service	3,476,428.09	2,520,746.47
Hangcha Group Co., Ltd. and its affiliated enterprises	Hand tools and accessories	13,943,429.18	16,188,555.01
Hangcha Group Co., Ltd. and its affiliated enterprises	Operating service fee	2,903,893.36	2,535,515.08
Zhejiang Guozi Robotics Co., Ltd. and its affiliated enterprises	Hand tools	11,977,029.04	9,957,102.80
Shanghai Lainuo Photoelectric Technology Co., Ltd.	Sale of goods	3,043.54	1,937,505.66
Hangzhou GreatStar Precision Machinery Co., Ltd.	Hand tools	2,807.12	0.00
Zhongce Rubber Group Co., Ltd. and its affiliated enterprises	Hand tools	0.00	14,409.98
Zhejiang Hangcha Holding Co., Ltd.	Hand tools	594.69	

Description of related party transactions of purchase and sales of goods, render and accept services

None

## (2) Related lease

The Company as the lessor:

Unit: CNY

Lessee	Types of leased assets	Lease income in the current period	Lease income in the prior period
Changzhou Huada Xidebao Laser Instrument Co., Ltd.	Houses	201,625.20	176,106.15

The Company as lessee:

Unit: CNY

Lessor	Types of leased assets	Rental charges for simplified treatment of short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the lease liabilities (if applicable)		Rent paid		Interest expenses incurred on lease liabilities		Increased right-to-use assets	
		Current period amount	Prior period amount	Current period amount	Prior period amount	Current period amount	Prior period amount	Current period amount	Prior period amount	Current period amount	Prior period amount
Hangzhou GreatStar Precision	Houses	1,342,542.86	1,264,476.19								

Machinery Co., Ltd.											
Hangcha Group Co., Ltd. and its affiliated enterprises	Transport equipment	154,024.82	243,840.42								

Description of related lease

None

### (3) Related-party guarantee

The Company provides guarantee for the bank loan to its wholly owned subsidiary GreatStar Europe AG and the GreatStar Holdings Group Limited provides guarantee for the loan to the Company. As of December 31, 2022, the amount guaranteed is EUR 18 million and the repayment period is from February 28, 2023 to June 26, 2023.

### (4) Funds borrowing from related parties

Unit: CNY

Related party	Amount	Starting date	Maturity date	Remarks
Borrowing				
Mr. Qiu Jianping and Ms. Wang Lingling (the person acting in concert)	583,000,000.00	December 20, 2021	December 9, 2022	By the end of this reporting period, all principal and interest have been repaid, and the balance is 0

### (5) Remuneration for key management personnel

Unit: CNY

Item	Current period amount	Prior period amount
Remuneration for key management personnel	13,227,889.94	12,192,656.29

## 6. Receivables and payables of related parties

### (1) Receivables

Unit: CNY

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Zhejiang Guozi Robotics Co., Ltd. and its affiliated	19,380,071.99	1,220,477.10	10,664,320.29	533,216.01

	enterprises				
Accounts receivable	Changzhou Huada Xidebao Laser Instrument Co., Ltd.	2,886,966.26	144,348.31	8,233,675.28	411,683.76
Accounts receivable	Shanghai Lainuo Photoelectric Technology Co., Ltd.	3,780,753.57	3,780,753.57	3,779,983.57	188,999.18
Accounts receivable	Hangcha Group Co., Ltd. and its affiliated enterprises	2,302,883.58	115,144.18	1,229,141.76	61,457.09
Accounts receivable	Hangzhou GreatStar Precision Machinery Co., Ltd.	472.05	23.60	0.00	0.00
Accounts receivable	Zhejiang Hangcha Holding Co., Ltd.	672.00	33.60	0.00	0.00
Subtotal		28,351,819.45	5,260,780.36	23,907,120.90	1,195,356.04
Notes receivable	Zhejiang Guozi Robotics Co., Ltd.	2,300,000.00	0.00	20,702.51	0.00
Subtotal		2,300,000.00	0.00	20,702.51	0.00
Prepayment	Hangcha Group Co., Ltd. and its affiliated enterprises	37,000.00	1,850.00	0.00	0.00
Subtotal		37,000.00	1,850.00	0.00	0.00
Other receivables	Hangzhou Weiming Investment Management Co., Ltd.	0.00	0.00	6,160,202.73	308,010.14
	Changzhou Huada Xidebao Laser Instrument Co., Ltd.	103,556.95	5,177.85		
Subtotal		103,556.95	5,177.85	6,160,202.73	308,010.14

## (2) Payables

Unit: CNY

Item	Related party	Book balance at the end of the reporting period	Book balance at the beginning of the reporting period
Accounts payable	Hangcha Group Co., Ltd. and its affiliated enterprises	2,557,004.00	2,595,530.60
Accounts payable	Zhejiang Guozi Robotics Co., Ltd. and its affiliated enterprises	778,570.66	920,220.37
Accounts payable	Zhongce Rubber Group Co., Ltd. and its affiliated enterprises	7,567,269.62	2,064.00
Accounts payable	Hangzhou GreatStar Precision Machinery Co., Ltd.	36,500.00	124,000.00
Subtotal		10,939,344.28	3,641,814.97

Other amounts payable	Qiu Jianping, Wang Lingling	0.00	583,570,527.78
Subtotal		0.00	583,570,527.78

### XIII. Commitments and contingencies

#### 1. Important commitments

Important commitments that exist at the balance sheet date

As of the date of approval of this report, the Company has no important commitments to be disclosed.

#### 2. Contingencies

##### (1) Material contingencies that exist at the balance sheet date

As of the date of approval of this report, the Company has no major contingencies to be disclosed.

##### (2) The Company shall explain the material contingencies to be disclosed, even if there are no important contingencies to be disclosed

The Company has no material contingencies to be disclosed.

### XIV. Matters after the balance sheet date

#### 1. Description of other events after the balance sheet date

Information about profit distribution after the balance sheet date

On April 21, 2023, the 30th Meeting of the 5th Session of Board of Directors of the Company deliberated and approved the *Proposal on the Company's Profit Distribution Plan in 2022*. The Company intends to pay a cash dividend of CNY 1.66 (including tax) per 10 shares to all shareholders on the basis of 1,194,478,182 shares, namely 1,202,501,992 shares of the total capital stock of the Company as at December 31, 2022 after deducting 8,023,810 shares held in the Company's special securities account for repurchase. It is estimated that the total cash dividend will be CNY 198,283,378.21, and the remaining undistributed profit will be carried forward to the next year without bonus shares or capital reserve conversion to capital increase. The distribution plan is still subject to the review and approval of the Company's general meeting of shareholders.

### XV. Other important matters

#### 1. Information of division

##### (1) Determination basis and accounting policies of reporting divisions

The Company determines the reporting divisions according to internal organizational structure, management requirements, internal reporting system, etc. from the perspective of products. Assets and liabilities used in common with the divisions are distributed among different divisions in proportion to their sizes.

##### (2) Reporting of financial information of divisions

Unit: CNY

Item	Hand Tools &	Power Tools &	Others	Interdivisional	Total
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	Storage	Laser Measurement & Power Stations		offset	
Operating proceeds	10,004,744,537.61	2,540,542,039.17	64,903,013.55		12,610,189,590.33
Operating costs	7,332,189,779.90	1,912,214,386.29	22,518,138.56		9,266,922,304.75
Total assets	15,951,566,250.03	2,505,829,990.73	122,158,556.01		18,579,554,796.77
Total liabilities	4,305,685,441.29	623,837,243.54	25,502,875.18		4,955,025,560.01

## 2. Others

### (II) Lease

#### 1. The Company as lessee

(1) For relevant information of the assets to be used, see the notes in Section X, VII, 19 of this report;

(2) For details of the Company's accounting policies for short-term leases and low-value asset leases, see the notes in Section X, V, 36 of this report. The amounts of short-term leasing expenses and low-value asset leasing expenses included in current profit and loss are as follows:

Item	Amount in the current period	Amount in the same period of the prior year
Short-term lease charge	41,007,534.99	44,003,860.27
Low value asset lease expense (except short-term lease)	640,296.62	657,286.80
Total	41,647,831.61	44,661,147.07

#### (3) Current profit and loss and cash flow related to lease

Item	Amount in the current period	Amount in the same period of the prior year
Interest expense on lease liabilities	10,349,638.07	9,721,218.32
Total cash outflow related to leases	128,383,212.90	59,939,559.59

(4) For the maturity analysis of lease liabilities and the corresponding liquidity risk management, see Note VIII, (II) to the financial statements.

#### 2. The Company acts as lessor

##### (1) Operating lease

##### 1) Lease income

Item	Amount in the current period	Amount in the same period of the prior year
Lease income	23,799,395.61	18,779,421.23

##### 2) Operating leased assets

Item	Closing balance	Number at the end of prior year
Fixed assets	10,845,503.63	6,623,884.70
Investment real estate property	122,158,556.01	127,058,966.69
Subtotal	133,004,059.64	133,682,851.39

For details of leased fixed assets, see Note V, (I), 15 to the financial statements.

3) According to the lease contract signed with the lessee, the undiscounted lease receipts that will be received in the future under the irrevocable lease

Remaining term	Closing balance	Number at the end of prior year
Within 1 year	17,223,063.97	17,983,746.50
More than 1 years	110,837,023.47	157,079,216.00
Total	128,060,087.45	175,062,962.50

(2) Finance lease

1) Current profit and loss related to finance lease

Item	Amount in the current period	Amount in the same period of the prior year
Financing income on net lease investment	84,672.00	84,811.20

2) According to the lease contract signed with the lessee, the undiscounted lease receipts that will be received in the future under the irrevocable lease

Remaining term	Closing balance	Number at the end of prior year
Within 1 year	98,061.60	90,708.80
1-2 years	78,321.04	90,708.80
2-3 years	78,321.04	90,708.80
3-4 years	78,321.04	90,708.80
4-5 years	68,608.14	90,708.80
After 5 years		97,686.40
Total	401,632.86	551,230.40

3) Reconciliation statement of undiscounted lease receipts and net lease investments

Item	Closing balance	Number at the end of prior year
Undiscounted lease receipts	401,632.86	551,230.40
Less: Unrealized financing gains related to lease receipts	4,002.95	14,135.20
Net lease investment	397,629.91	537,095.20

## XVI. Notes to major items of the parent company's financial statements

### 1. Accounts receivable

#### (1) Classification of accounts receivable

Unit: CNY

Categor	Closing balance	Opening balance
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Y	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Including:										
Accounts receivable set aside for bad debts on a group basis	1,160,307,684.08	100.00%	66,003,382.68	5.69%	1,094,304,301.40	1,030,064,717.88	100.00%	57,148,716.92	5.55%	972,916,000.96
Including:										
Accounts receivable with provision for bad debts using aging combinations	1,160,307,684.08	100.00%	66,003,382.68	5.69%	1,094,304,301.40	1,030,064,717.88	100.00%	57,148,716.92	5.55%	972,916,000.96
Total	1,160,307,684.08	100.00%	66,003,382.68	5.69%	1,094,304,301.40	1,030,064,717.88	100.00%	57,148,716.92	5.55%	972,916,000.96

Bad debt provision assessed by groups:

Unit: CNY

Name	Closing balance		
	Book balance	Bad debt provision	Provision ratio
Aging groups	1,160,307,684.08	66,003,382.68	5.69%
Total	1,160,307,684.08	66,003,382.68	

Instructions for determining the basis of the combination:

If the provision for doubtful accounts receivable is made according to the general model of expected credit losses, please refer to other methods of disclosure of receivables to disclose the relevant information of doubtful accounts:

☐ Applicable ☒ N/A

Aging disclosure

Unit: CNY

Aging	Book balance
Within 1 year (inclusive)	1,129,025,055.05
1-2 years	15,584,716.05
2-3 years	4,726,442.38
More than 3 years	10,971,470.60
3-4 years	3,922,817.49
4-5 years	2,354,257.02

More than 5 years	4,694,396.09
Total	1,160,307,684.08

## (2) Bad debt provision withdrawn, recovered or reversed in the current period

Details of bad debt provision:

Unit: CNY

Category	Opening balance	Changes in the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Provision for bad debts shall be made on a combination basis	57,148,716.92	8,518,333.50		67,584.40	403,916.66	66,003,382.68
Total	57,148,716.92	8,518,333.50		67,584.40	403,916.66	66,003,382.68

Among them, the amount of the current bad debt provision recovery or reversal is important:

Unit: CNY

Name of unit	Recovery or reversal	Recovery mode
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No reversal or recovery.

## (3) Receivables among the top five closing balances collected by the debtor

Unit: CNY

Name of unit	Closing balance of accounts receivable	Percentage of total closing balance of accounts receivable	Closing balance of bad debt provision
Customer 1	479,140,221.04	41.29%	23,957,011.05
Customer 2	160,111,492.17	13.80%	8,005,574.61
Customer 3	45,423,332.56	3.91%	2,271,166.63
Customer 4	43,523,472.78	3.75%	2,176,173.64
Customer 5	29,743,912.80	2.56%	1,527,351.11
Total	757,942,431.35	65.31%	

## 2. Other receivables

Unit: CNY

Item	Closing balance	Opening balance
Other receivables	2,755,900,353.60	1,458,883,819.83
Total	2,755,900,353.60	1,458,883,819.83

### (1) Other receivables

#### 1) Classification of other receivables by nature

Unit: CNY

Nature of money	Book balance at the end of the reporting	Book balance at the beginning of the
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	period	reporting period
Amounts receivable from related parties within the scope of combination	2,841,560,502.29	1,519,230,520.47
Export tax rebate receivable	15,408,984.91	22,067,723.30
deposit	7,280,560.36	5,173,827.26
Provisional payment receivable	1,762,196.83	1,175,931.64
Employee reserve fund	178,008.90	0.00
Equity disposal receivable	0.00	6,160,202.73
Total	2,866,190,253.29	1,553,808,205.40

## 2) Provision for bad debts

Unit: CNY

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
As at January 1, 2022	76,248,927.82	217,514.25	18,457,943.50	94,924,385.57
Changes due to financial instruments recognized as at January 1, 2022				
- Transfer to stage II	-56,226.58	56,226.58		0.00
- Transfer to stage III		-131,727.92	131,727.92	0.00
Provision	10,316,214.04	-29,559.75	3,170,859.83	13,457,514.12
Other changes			1,908,000.00	1,908,000.00
As at December 31, 2022	86,508,915.28	112,453.16	23,668,531.25	110,289,899.69

Loss reserve for a significant change in book balance during the current period

☐ Applicable ☒ N/A

Aging disclosure

Unit: CNY

Aging	Book balance
Within 1 year (inclusive)	2,863,002,414.81
1-2 years	264,500.31
2-3 years	410,304.20
More than 3 years	2,513,033.97
3-4 years	459,300.00
4-5 years	85,160.64
More than 5 years	1,968,573.33
Total	2,866,190,253.29

## 3) Bad debt provisions withdrawn, recovered or transferred back in the current period

Details of bad debt provision:

Unit: CNY

Category	Opening	Changes in the current period	Closing balance
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	balance	Provision	Recovery or reversal	Write-off	Others	
Bad debt provisions assessed by groups	94,924,385.57	13,457,514.12			1,908,000.00	110,289,899.69
Total	94,924,385.57	13,457,514.12			1,908,000.00	110,289,899.69

Among them, the amount of the reversal or recovery of the current bad debt provision is important:

Unit: CNY

Name of unit	Amount transferred back or recovered	Recovery mode
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#### 4) Other receivables among the top five closing balances collected by the debtor

Unit: CNY

Name of unit	Nature of payment	Closing balance	Aging	Percentage of the total closing balance of other receivables	Closing balance of bad debt provision
Unit 1	Amounts receivable from related parties within the scope of combination	1,527,279,127.95	Within 1 year	53.29%	21,098,217.85
Unit 2	Amounts receivable from related parties within the scope of combination	681,532,438.52	Within 1 year	23.78%	34,076,621.93
Unit 3	Amounts receivable from related parties within the scope of combination	201,973,400.00	Within 1 year	7.05%	10,098,670.00
Unit 4	Amounts receivable from related parties within the scope of combination	135,000,000.00	Within 1 year	4.71%	6,750,000.00
Unit 5	Amounts receivable from related parties within the scope of combination	94,545,636.09	Within 1 year	3.30%	4,727,281.80
Total		2,640,330,602.56		92.13%	76,750,791.58

### 3. Long-term equity investment

Unit: CNY

Item	Closing balance			Opening balance		
	Book balance	Reserve for	Book value	Book balance	Reserve for	Book value

		impairment			impairment	
Investment in subsidiaries	4,105,047,447.89		4,105,047,447.89	4,157,167,492.92		4,157,167,492.92
Investment in joint venture or associate	2,541,550,254.17		2,541,550,254.17	2,352,069,024.80		2,352,069,024.80
Total	6,646,597,702.06		6,646,597,702.06	6,509,236,517.72		6,509,236,517.72

## (1) Investment in subsidiaries

Unit: CNY

Investee	Opening balance (book value)	Changes in the current period				Closing balance (book value)	Impairment reserve closing balance
		Additional investment	Reduction of investment	Provision for impairment	Others		
Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd	200,864,082.56					200,864,082.56	
Guangdong Shiwanke Electric Appliance Co., Ltd.	50,000,000.00					50,000,000.00	
Haining GreatStar Hardware Tools Co., Ltd.	2,000,000.00					2,000,000.00	
Hangzhou GreatStar Power Tools Co., Ltd.	2,000,000.00	1,120,000.00	3,120,000.00			0.00	
Hangzhou GreatStar Craftsman Tools Co., Ltd.	4,250,000.00					4,250,000.00	
Hangzhou GreatStar Tool Co., Ltd.	63,772,246.86					63,772,246.86	
Hangzhou GreatStar Hardware Tools Co., Ltd.	3,406,500.00					3,406,500.00	
Hangzhou GreatStar Sheffield Trading Co., Ltd.	5,000,000.00					5,000,000.00	
Hangzhou	22,000,000.00					22,000,000.00	



GreatStar Intelligent Technology Co., Ltd.	0					0	
Hangzhou Juye Tool Co., Ltd.	120,000,000.00					120,000,000.00	
Hangzhou Lianhe Electric Manufacturing Co., Ltd.	21,185,561.86					21,185,561.86	
Hangzhou Lianhe Tool Manufacturing Co., Ltd.	12,804,728.00					12,804,728.00	
Hangzhou Lianhe Machinery Co., Ltd.	7,677,294.07		7,677,294.07			0.00	
Hangzhou Liansheng Measuring Tool Manufacturing Co., Ltd.	10,030,288.26					10,030,288.26	
Hangzhou Ole-Systems Co., Ltd.	9,600,000.00					9,600,000.00	
Longyou Hugong Forging No. 3 Tools Co., Ltd.	104,612,153.88					104,612,153.88	
Longyou Yiyang Forging Co., Ltd.	48,437,846.12					48,437,846.12	
Ningbo Fenghua Giant Star Tool Co., Ltd.	22,558,141.65					22,558,141.65	
Pretest Laser Measuring Tool (Hangzhou) Co., Ltd.	3,920,000.00					3,920,000.00	
Suzhou Xindadi Hardware Product Co., Ltd.	60,000,000.00					60,000,000.00	
Zhejiang Guoxin Tool Co., Ltd.	25,750,000.00					25,750,000.00	
Zhejiang	464,800,000.					464,800,000.	

GreatStar Tool Co., Ltd.	00					00	
Zhejiang Shiwanke Electric Appliance Co., Ltd.	0.00	10,000,000.00				10,000,000.00	
Geelong(Thailand) Co., Ltd.	196,077,940.00		196,077,940.00			0.00	
GreatStar Tools USA, Inc	955,660,000.00					955,660,000.00	
GreatStar Europe AG	732,567,215.00	62,416,889.04				794,984,104.04	
GreatStar Industrial Vietnam Co., Ltd.	110,499,800.00					110,499,800.00	
Hong Kong GreatStar International Limited	897,693,694.66	81,218,300.00				978,911,994.66	
Total	4,157,167,492.92	154,755,189.04	206,875,234.07			4,105,047,447.89	

## (2) Investment in joint venture or associate

Unit: CNY

Investor	Opening balance (book value)	Changes in the current period								Closing balance (book value)	Impairment reserve closing balance
		Additional investment	Reduction of investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividend or profit	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Hangzhou Micro Nano Technology Co., Ltd.	84,244,601.17			7,684,612.65	-8,963.76					91,920,250.06	
Zhejiang Guozi Robotic	75,805,856.54			-14,947,882.51		1,521,287.22				62,379,261.25	

s Co., Ltd.											
Zhejiang Hangcha Holding Co., Ltd.	732,591,395.62			95,134,172.50	3,648,430.69	6,495,730.54	40,000,000.00			797,869,729.35	
Ningbo Donghai Bank Co., Ltd.	190,561,324.86			12,234,926.64	-1,053,170.16					201,743,081.34	
Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	1,268,865,846.61			85,019,436.77	28,287,071.60	5,465,577.19				1,387,637,932.17	
Subtotal	2,352,069,024.80			185,125,266.05	30,873,368.37	13,482,594.95	40,000,000.00			2,541,550,254.17	
Total	2,352,069,024.80			185,125,266.05	30,873,368.37	13,482,594.95	40,000,000.00			2,541,550,254.17	

#### 4. Operating proceeds and operating costs

Unit: CNY

Item	Current period amount		Prior period amount	
	Revenues	Costs	Revenues	Costs
Main business	4,800,335,671.96	3,904,877,757.04	5,212,156,918.90	4,187,985,128.21
Other business	23,591,822.09	12,108,053.03	9,471,135.66	3,601,242.42
Total	4,823,927,494.05	3,916,985,810.07	5,221,628,054.56	4,191,586,370.63

Revenue-related information:

Unit: CNY

Classification of contract	Branch 1	Branch 2		Total
Type of commodity				
Including:				
Hand tools and storages	4,337,685,453.80			4,337,685,453.80
Power tools and laser measurements	462,650,218.16			462,650,218.16
Other business	23,591,822.09			23,591,822.09
Classification by				

operating area				
Including:				
America	3,444,088,900.00			3,444,088,900.00
Europe	740,763,400.00			740,763,400.00
Domestic	237,783,571.96			237,783,571.96
Other regions	377,699,800.00			377,699,800.00
Other business	23,591,822.09			23,591,822.09
Type of market or customer				
Including:				
Type of contract				
Including:				
Classification by time of transfer of goods				
Including:				
Classification by contract term				
Including:				
Classification by sales channel				
Including:				
Total				

Information related to performance obligations:

On the commencement date of the contract, the Company evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations shall be performed within a certain period or at a certain point.

If one of the following conditions is met, the performance obligation shall be performed within a certain period; otherwise, the performance obligation shall be performed at a certain point: (1) The customer shall obtain and consume the economic benefits brought by the performance of the Company meanwhile; (2) The customer can control the goods under construction during the company's contract performance; (3) The commodities produced by the Company during the performance of the Contract have irreplaceable uses, and the Company has the right to collect payment for the performance part accumulated so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of the performance within that period of time. If the performance progress cannot be reasonably determined, and the cost already incurred is expected to be compensated, the income shall be recognized according to the amount of cost already incurred until the performance progress can be reasonably determined. For performance obligations performed at a certain point, revenue is recognized when the customer obtains control of the relevant goods or services. In determining whether the customer has acquired control of the commodity, the company considers the following indications: (1) The Company has a current right to collect on the commodity, that is, the customer has a current obligation to pay for the commodity; (2) The Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity; (3) The Company has physically transferred the commodity to the customer, that is, the customer has physically possessed the commodity; (4) The Company has transferred the main risks and rewards of the ownership of the commodities to the customer,

that is, the customer has acquired the main risks and rewards of the ownership of the commodities; (5) The customer has accepted the commodity; (6) Other indications indicating that the customer has taken control of the goods.

## 2. Principles of income measurement

(1) The Company measures its income according to the transaction price apportioned to each individual performance obligation. The transaction price is the amount of consideration that the Company expects to be entitled to receive in connection with the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the Customer.

(2) If there is variable consideration in the contract, the Company shall determine the best estimate of the variable consideration in accordance with the expected value or the amount most likely to occur, provided that the transaction price containing the variable consideration does not exceed the amount of cumulative recognized revenue that is highly unlikely to be materially reversed when the relevant uncertainty is eliminated.

(3) If there is a significant financing component in the contract, the Company shall determine the transaction price according to the amount payable in cash, which is assumed to be paid by the customer upon acquisition of control of the commodity or service. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. On the commencement date of the contract, if the Company expects that the interval between the customer acquiring the control of the commodity or service and the customer paying the price is not more than one year, it will not consider the significant financing element in the contract.

(4) If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to the performance obligations of each individual item in accordance with the relative proportion of the individual selling price of the commodity promised by the performance obligations of each individual item.

## 3. Specific methods of income recognition

The sales business of Hand Tools, Power Tools, Laser Measurement, Storage and other products of the company belong to the performance obligations performed at a certain point. Domestic sales income will be recognized when the company delivers the products to the place of delivery agreed in the contract and the customer confirms acceptance, the company has received the price or has obtained the right to collect payment, and the related economic benefits are likely to flow in. Export sales income is recognized when the company has declared the products to customs according to the contract, obtained the bill of lading or arrived at the destination designated by the customer and confirmed by the customer, received the payment for goods or obtained the right to collect payment and the related economic benefits are likely to flow in.

Information relating to the transaction price apportioned to the remaining performance obligations:

The amount of revenues corresponding to the performance obligations of the contract signed but not yet performed or completed at the end of the current reporting period is CNY 43,237,007.23, among which CNY 43,237,007.23 is expected to be recognized in 2023, and CNY 0.00 is expected to be recognized in 2024, and CNY 0.00 is expected to be recognized in 2025.

Other notes:

The income that is recognized in the current period and is included in the opening book value of contract liabilities is CNY 46,268,755.74.

## 5. Investment income

Unit: CNY

Item	Current period amount	Prior period amount
Cost-based returns on long-term equity investments	22,750,000.00	
Income from long-term equity	185,125,266.05	254,321,468.97

investments accounted for by the equity method		
Investment income from disposal of long-term equity investments	-3,000,600.68	
Investment income from the disposal of trading financial assets	3,455,425.60	78,486,454.00
Dividend income from other equity instruments during the holding period	12,400,000.00	
Loss on discounted receivables financing	-7,931,415.18	-4,570,835.23
Total	212,798,675.79	328,237,087.74

## XVII. Supplementary information

### 1. Details of current non-recurring profit and loss

☒Applicable ☐ N/A

Unit: CNY

Item	Amount	Remarks
Gains and losses on disposal of non-current assets	-24,332,379.79	
Government grants accounted for, in the profit or loss for the current period (except for the government grants closely related to the business of the Company and continuously given at a fixed amount or quantity in accordance with certain standards)	46,471,430.13	
Gains or losses on assets entrusted for investment or management	2,368,356.03	
In addition to the effective hedging business related to the Company's normal operation, the profit and loss of fair value changes arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, and the investment income obtained from the disposal of trading financial assets and trading financial assets available for sale	-66,784,931.44	
Other non-operational income and expenditure in addition to the items listed above	-12,290,983.36	
Other items of gains and losses that fall into the category of non-recurring gains and losses	12,733,584.83	
Less: Income tax impact	-9,422,034.54	
Impact on minority shareholders' equity	2,671,376.16	
Total	-35,084,265.22	--

Details of other items of gains and losses that fall into the category of non-recurring gains and losses:



☐ Applicable ☒ N/A

The Company has no other items of gains and losses that fall into the category of non-recurring gains and losses.

Remarks on the situation that non-recurring profit and loss items listed in the Explanatory Announcement No. 1 of Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit and Loss are defined as recurring profit and loss items

☐ Applicable ☒ N/A

## 2. Return on equity and earnings per share

Profit in the reporting period	Weighted average return on equity (ROE)	Earnings per share	
		Basic earnings per share (CNY/share)	Diluted earnings per share (CNY/share)
Net profit attributable to the Company's ordinary shareholders	12.31%	1.24	1.24
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring gains and losses	12.61%	1.28	1.28

## 3. Others

### 1. Calculation process of weighted average return on equity

Item		No.	Amount in the current period
Net profit attributable to the Company's ordinary shareholders		A	1,419,559,507.10
Non-recurring profit or loss		B	-35,084,265.22
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring gains and losses		C=A-B	1,454,643,772.32
Opening net assets attributable to the Company's ordinary shareholders		D	10,598,896,746.70
New net assets attributable to the Company's ordinary shareholders by issuing new shares or exchanging debt for equity		E	1,071,328,296.24
Cumulative number of months from the next month of new net assets to the end of the reporting period		F	1
Net assets that are reduced by buybacks or cash dividend and are attributable to the Company's ordinary shareholders		G	50,184,047.52
Cumulative number of months from the next month of reduced net assets to the end of the reporting period		H	10, 11
Others	Differences of accounting data under domestic and foreign accounting standards	I1	371,093,201.58
	Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J1	6
	Share of other comprehensive income of Hangzhou Zhongce Haichao Enterprise Management Co., Ltd., calculated according to the equity method	I2	28,287,071.60
	Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J2	6



Share of other comprehensive income of Ningbo Donghai Bank Co., Ltd., as calculated under the equity method	I3	-1,053,170.16
Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J3	6
Share of other comprehensive income of Zhejiang Hangcha Holding Co., Ltd., as calculated under the equity method	I4	3,648,430.69
Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J4	6
Share of other comprehensive income of Hangzhou Micro Nano Technology Co., Ltd., as calculated under the equity method	I5	-8,963.76
Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J5	6
Share of shareholders' equity changes in Zhejiang Guozi Robotics Co., Ltd., excluding net profit and loss, other comprehensive income and profit distribution, as calculated under the equity method	I6	1,521,287.22
Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J6	6
Share of shareholders' equity changes in Zhejiang Hangcha Holding Co., Ltd., excluding net profit and loss, other comprehensive income and profit distribution, as calculated under the equity method	I7	6,495,730.54
Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J7	6
Share of shareholders' equity changes in Hangzhou Zhongce Haichao Enterprise Management Co., Ltd., excluding net profit and loss, other comprehensive income and profit distribution, as calculated under the equity method	I8	5,465,577.19
Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J8	6
Changes in remeasurement of the defined benefit plan	I9	-57,181,824.00
Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J9	6
Acquisition of minority equity of Hangzhou Juxing Hardware Tools Co., Ltd. for payment of consideration adjustment capital reserve	I10	79,700.41
Cumulative number of months from the next month of increased/reduced net assets to the end of the reporting period	J10	4
Number of months in the reporting period	K	12
Weighted average net worth	$L = D + A/2 + E \times F/K - G \times H/K \pm J/K$	11,533,924,629.26

Weighted average return on equity (ROE)	$M=A/L$	12.31%
Weighted average return on equity excluding non-recurring gains and losses	$N=C/L$	12.61%

## 2. Calculation process of basic and diluted earnings per share

### (1) Calculation process of basic earnings per share

Item	No.	Amount in the current period
Net profit attributable to the Company's ordinary shareholders	A	1,419,559,507.10
Non-recurring profit or loss	B	-35,084,265.22
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring gains and losses	$C=A-B$	1,454,643,772.32
Total number of shares at the beginning of the period	D	1,137,423,182
Number of shares increased due to conversion of capital stock from provident fund or stock dividend distribution	E	
Number of shares increased by issuing new shares or exchanging debt for equity	F	59,063,500
Cumulative number of months from the next month of increased shares to the end of the reporting period	G	1
Reduction of shares due to buybacks	H	2,008,500
Cumulative number of months from the next month of reduced shares to the end of the reporting period	I	10, 11
Shrinkage of shares in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average number of ordinary shares outstanding	$L=D+E+F \times G/K-H \times I/K-J$	1,140,616,515.33
Basic earnings per share	$M=A/L$	1.24
Basic earnings per share excluding non-recurring gains and losses	$N=C/L$	1.28

(Note) The number of shares repurchased is excluded from the total number of shares at the beginning of the period

(2) The process for calculating diluted earnings per share is the same as that for calculating basic earnings per share.