



Hangzhou Great Star Industrial Co., Ltd.

2020 Full Annual Report

2021-035

April 2021



Greatstar Hangzhou headquarter



LISTA Allen industry, Switzerland



Shop vac Williamsport Building, USA

Section 1 Important Notes, Contents and Definitions

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

Qiu Jianping, the head of the Company, Ni Shuyi, the head of accounting work, and Ni Shuyi, the head of accounting body (accountant in charge), guarantee the authenticity, accuracy and completeness of the financial report in the annual report.

All the directors attended the board meeting during which they reviewed this report.

This annual report involves forward-looking statements such as future plans, which do not constitute the Company's substantial commitment to investors. Investors and relevant parties should be aware of the associated risks and understand the differences between plans, forecasts and commitments.

In this annual report, "Section 4 Discussion and Analysis on Business Conditions ", Part IX " Prospects of the Company " describes in detail the risks that the Company may face in the future. Investors are invited to pay attention to relevant contents and investment risks.

The Company has no plans to distribute cash dividends, bonus shares, and convert capital reserve into share capital.

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Definitions

Terms	Refers to	Definition
Reporting period	Refers to	January 1, 2020 - December 31, 2020
the Company, listed company, GreatStar company, GreatStar	Refers to	Hangzhou Great Star Industrial Co., Ltd.
Sheffield Tools	Refers to	Hangzhou GreatStar Sheffield Tools .Co., Ltd
Sheffield trading	Refers to	Hangzhou GreatStar Sheffield Trading Co., Ltd.
Guozi Robotics	Refers to	Zhejiang Guozi Robotics Co., Ltd.
Arrow Company	Refers to	Arrow Fastener Co., LLC
Huada Kejie	Refers to	Changzhou Huada Kejie Opto-Electro Instrument Co., Ltd.
OLE-SYSTEMS	Refers to	Hangzhou OLE-SYSTEMS CO., LTD Co., Ltd.
DONGHAI BANK	Refers to	Ningbo Donghai Bank Co., Ltd.
Weiming Investment	Refers to	Hangzhou Weiming Investment Management Co., Ltd.
PT Company	Refers to	Prim' Tools Limited
GreatStar Group	Refers to	Greatstar Holding Group. Ltd.
Lista Company	Refers to	Lista Holding AG
Prime-Line Company	Refers to	Prime-Line Products, LLC
United Machinery	Refers to	Hangzhou United Machinery Co., Ltd.
Haining Intelligent Company	Refers to	Haining GreatStar Intelligent Equipment Co., Ltd.
Zhongce Haichao	Refers to	Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.
Hangcha Group	Refers to	Hangcha Group Co., Ltd.,
Hangzhou Haichao	Refers to	Hangzhou Haichao Enterprise Management Partnership (limited Partnership)
GreatStar Europe	Refers to	GreatStar Europe AG

Section 2 Company Profile and Main Financial Indicators

I. Company Profile

Stock abbreviation	GreatStar	Stock code	002444
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	Hangzhou Great Star Industrial Co., Ltd.		
Chinese abbreviation of the Company	巨星科技		
Company name in foreign language (if any)	HANGZHOU GREATSTAR INDUSTRIAL CO., LTD.		
English abbreviation of the Company	GreatStar		
Legal Representative of the Company	Qiu Jianping		
Registered address	No.35 Jiuhuan Road, Shangcheng District, Hangzhou, Zhejiang, China		
Postal code of the registered address	310019		
Office address	No.35 Jiuhuan Road, Shangcheng District, Hangzhou, Zhejiang, China		
Postal code of the office address	310019		
Company website	www.GreatStar tools.com		
E-mail	zq@GreatStar tools.com		

II. Contact Person and Contact Information

	Secretary of the Board	Representative on Securities Matters
Name	Zhou Siyuan	Lu Haidong
Contact address:	No.35 Jiuhuan Road, Shangcheng District, Hangzhou, Zhejiang, China	No.35 Jiuhuan Road, Shangcheng District, Hangzhou, Zhejiang, China
Tel	0571-81601076	0571-81601076
Fax	0571-81601088	0571-81601088
E-mail	zq@ greatstartools.com	zq@greatstartools.com

III. Information Disclosure and Place of Preparation

Name of media selected by the Company for information disclosure	Securities Times, Securities Daily
URL of Website designated by China Securities Regulatory Commission for annual report	http://www.cninfo.com.cn
Place of preparation of the Company's annual report	Board office

IV. Registration Changes

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

V. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Pan-China Certified Public Accountants LLP (special general partnership)
Office address of the accounting firm	Block B, Huarun Building, 1366 Qianjiang Road, Hangzhou City, Zhejiang Province
Name of signatory accountant	Chen Zhongjiang, Hu Fujian

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

Applicable Not applicable

Name of the sponsor institution	Office address of the sponsor institution	Name of the sponsor representative	continuous supervision period
China Securities Co., Ltd	Room 2203, North Tower, Shanghai Securities Building, 528 Pudong South Road, Pudong New Area, Shanghai	Fu Xinxiong, Li Huajun	Issue completed to December 31, 2021

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

Applicable Not applicable

Name of the financial advisor	Office address of the financial advisor	Name of the financial advisor sponsor	continuous supervision period
China Securities Co., Ltd	Room 2203, North Tower, Shanghai Securities Building, 528 Pudong South Road, Pudong New Area, Shanghai	Shao Xianbao, Zhou Wei, Zhao Xiaomin	Acquisition completed to December 31, 2020

VI. Major Accounting Data and Financial Indicators

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

Yes No

	2020	2019	Increase/decrease this year compared to the previous year	2018
Operating Revenue (RMB)	8,544,440,154.30	6,625,464,121.34	28.96%	5,934,673,688.59
Net profit attributable to shareholders of	1,350,132,516.91	895,030,139.78	50.85%	716,999,484.04

listed company (RMB)				
Net profit attributable to shareholders of the listed company after deduction of non-recurring profits and losses (RMB)	1,233,758,395.96	820,214,354.48	50.42%	765,521,260.98
Net cash flow from operating activities (RMB)	771,150,625.24	809,887,123.60	-4.78%	792,573,464.87
Basic earnings per share (RMB/share)	1.27	0.84	51.19%	0.67
Diluted earnings per share (RMB/share)	1.25	0.84	48.81%	0.67
Weighted average return on net assets	16.67%	12.54%	4.13%	11.21%
	End of 2020	End of 2019	Increase/decrease over the previous year	End of 2018
Total assets (RMB)	13,677,779,045.68	11,132,498,783.42	22.86%	9,281,397,295.30
Net assets attributable to shareholders of listed company(RMB)	8,826,190,578.28	7,430,589,865.25	18.78%	6,644,827,501.04

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

Applicable Not applicable

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

Applicable Not applicable

VII. Accounting data difference under domestic and foreign accounting standards

1. Differences towards net profit and net assets in the financial report disclosed under International Accounting Standards and Chinese Accounting Standards

Applicable Not applicable

No difference towards net profit and net assets in the financial report disclosed under International Accounting Standards and Chinese Accounting Standards during the reporting period.

2. Differences towards net profits and net assets in financial statements disclosed under overseas accounting standards and Chinese Accounting Standards

Applicable Not applicable

No difference towards net profits and net assets in financial statements disclosed under overseas accounting standards and that disclosed under Chinese Accounting Standards during the reporting period.

VIII. Key Quarterly Financial Indicators

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating Revenue	1,320,883,239.10	2,500,761,538.48	2,455,246,567.72	2,267,548,809.00
Net profits attributable to shareholders of listed companies	181,631,940.63	450,084,192.85	463,234,171.01	255,182,212.42
Net profits attributable to shareholders of the listed company after deduction of non-recurring profits and losses	176,132,014.32	441,373,531.49	436,669,698.69	179,583,151.46
Net cash flow from operating activities	-1,369,765.85	-482,146,188.90	875,880,050.30	378,786,529.69

Whether major differences exist between the above financial indicators or their sum and those in the disclosed quarterly report and semi-annual report

Yes No

IX. Non-recurring Profit and Loss Items and Amount

Applicable Not applicable

Unit: RMB

Item	Amount in 2020	Amount in 2019	Amount in 2018
Gains and losses from disposals of non-current assets (including the provision for asset impairment write-off part)	-688,830.06	-2,121,302.12	-5,186,717.47
Government subsidies included into the current gains and Losses (excluding the government subsidies closely related to the business of the Company and enjoyed by a fixed quota or a fixed amount in accordance with the state policies)	30,007,164.80	72,827,246.21	19,286,290.60
Gains and loss from the investment cost of acquiring subsidiaries, joint ventures and joint ventures is different from the income generated by the fair value of the identifiable net assets of the invested entity when acquiring the investment	53,341,459.79		

Profit and losses from investment or management assets entrusted to others	1,792,735.16	4,763,145.26	14,109,831.55
Current net profit and loss of subsidiaries from the beginning of the period to the date of merger arising from business combination under the same control			-209,239.82
In addition to the effective hedging business related to the normal business of the Company, the profit and loss from changes in fair value arising from holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, as well as the investment income from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	62,235,238.75	13,326,704.55	-87,503,772.53
Income and expenditure other than those mentioned above	-632,799.21	826,929.67	-2,077,045.97
Other profit and loss items that conform to the definition of non-recurring profit and loss	267,035.13	28,040.91	21,675.42
Less: Influence amount of income tax	25,137,742.09	11,751,861.59	-12,742,628.90
Influence amount of minority shareholders' equity (after tax)	4,810,141.32	3,083,117.59	-294,572.38
Total	116,374,120.95	74,815,785.30	-48,521,776.94

Explain the non-recurring profit and loss items defined by the Company according to the Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurring Profits and Losses and defined from the non-recurring profit and loss items enumerated in the Interpretative Announcement No. 1 on Information Disclosure of Public Securities Issuing Companies - Non-recurring Profits and Losses

Applicable Not applicable

No definition of non-recurring profit and loss items defined and enumerated in the Interpretative Announcement No. 1 on Information

Disclosure of Public Securities Issuing Companies - Non-recurring Profits and Losses as non-recurring profit and loss items during the reporting period.

Section 3 Business Summary

I. Primary Business of the Company during Reporting Period

During the reporting period, the Company continued to develop its primary business around the global tool consumption field, sustainably developed a number of new product lines including storage and personal protective equipment, accelerated the development of new product research, and continuously made efforts in e-commerce direct sales. At present, company's the Company main products include hand tools and power tools, laser measurement and storage, which are mainly used in the fields of home maintenance, construction engineering, vehicle maintenance, robot and automation, mapping, personal protection, etc. In 2020, the Company's overall operating revenue was RMB 8,544.4402 million, a year-on-year increase of 28.96%. In 2020, the Company's net profit attributable to shareholders of listed companies was RMB 1,350.1325 million, a year-on-year growth of 50.85%, significantly exceeded the annual business objectives set during the pandemic period.

1. Hand Tools and Power Tools Business

During the reporting period, on the premise of doing a good job in pandemic prevention and control, the Company seized the strategic opportunity of severely restricted competitors, took advantage of China's first- in resuming advantage in work and production, its leading position in the international tool industry to give full play to its five advantages in innovation, channel, supply chain, brand and internationalization, and accelerated the development of new categories and e-commerce channels, The market share increased significantly. During the reporting period, the Company independently researched and developed 1629 new products, the output value of new products greatly exceeded the established goal, and made certain progress in the development of new customers. At the same time, it met customers' needs for pandemic prevention materials, and deepened the customer relationship. In addition, through the acquisition of Shop Vac related assets, the Company has made progress in power tools business and strengthened the local service capacity in the United States; Although the Southeast Asian manufacturing base of the Company was affected by the pandemic, the resumption of work and production was slow, the shipment was smoothly resumed, and the construction of the new base in Thailand and the preliminary work of phase II in Vietnam almost finished; The Company will promote the cross-border e-commerce business as its strategic focus in the future, prioritize resource allocations to related employees and property, and sustain its annual growth in income by over 100%. In 2020, the sales revenue of hand tools and power tools business was RMB 5907.107 million, with a year-on-year growth of 15.70%.

2. Laser Measurement Business

During the reporting period, the Company's laser measurement business developed steadily, and completed the strategic switching and channel positioning of key customers. It also made significant progress in new product development and customers

development, especially the laser radar products were highly recognized by customers domestically and abroad. The Company has grown into an internationally competitive ODM company in the field of laser measurement, and successfully transformed itself and got out of the dilemma since the China–U.S. trade war in 2018. In 2020, the income of laser measuring instruments was RMB 513.2347 million.

3. Storage Business

During the reporting period, the storage business of the Company showed a trend of differentiation. Due to the pandemic situation and the decline of industrial investment in Europe, the business of European Lista company fell by nearly 30%. With the Company's vigorous resource integration and the recovery of real estate in the United States in the third quarter, the storage business in the United States improved significantly, almost unchanged from the prior year. In 2020, the revenue of storage was RMB 939.4204 million.

II. Significant Changes in Prime Assets

1. Significant Changes in Prime Assets

Prime assets	Significant changes
Equity assets	No significant change during the reporting period
Fixed assets	No significant change during the reporting period
Intangible assets	No significant change during the reporting period
Construction in progress	No significant change during the reporting period
Cash at bank	It increased by 52.65% over the beginning of the period, mainly due to the issuance of convertible bonds to raise funds.

2. Major overseas assets

√ Applicable Not applicable

Assets	Cause of formation	Asset Size	Location	Operation mode	Control measures to ensure the safety of assets	Gain or loss	Proportion of overseas assets to the net assets of the Company	Any significant impairment risk?
Lista Holding AG 100% shares	Equity acquisition	RMB 272.004 million	Switzerland	Independent accounting	Financial supervision and entrusted external audit	Gain	3.01%	Yes
Other Explanation	For details of goodwill impairment, please refer to section 12 financial report (7) item note 28 goodwill in consolidated financial statements.							

III. Analysis of Core Competitiveness

1. Innovation advantage

Innovation has always been the soul of company's growth. The Company has a senior professional tool R&D team, always committed to new product R&D and innovation, adhere to the concept of details lead to success, improve the functionality and added value of products, to ensure the long-term core competitiveness of the Company. During the reporting period, the Company invested RMB 245,372.1 thousands in R&D, designed 1629 new products, applied for 57 invention patents and 12 PCT patents. The Company has innovated and developed several products, including replaceable guide pneumatic nail gun, aluminum handle efficiency hammer, multi gear open ratchet wrench, forging ratchet clamp, and has achieved good market feedback. In the 21st China Patent Award authorized by the State Intellectual Property Office and the world intellectual property organization, company's invention patent "screw driver" won the China Patent Excellence Award. In the face of economic fluctuations brought by COVID-19 and the changes in the global tool industry, company's innovation advantages ensure that the Company can respond to and seize

market opportunities in a timely manner, continue to gain market share and maintain long-term and stable development.

2. Channel advantage

The Company's sales channels and customer trust are the guarantee for the continuous development of GreatStar. The Company's diversified product structure and continuous innovation ability do not only fulfill channel customers' needs for one-stop purchase, but also continuously help them save the purchasing cost and management, led to improved customer stickiness. The Company has become one of the largest suppliers of tools and storage for Homedepot, WallMart, Lowes, Kingfisher, CTC and other large supermarket chains in the United States, and has been continually expanding new product categories At present, there are more than 21, 000 large-scale hardware, building materials, auto parts and other chain supermarkets all over the world selling all kinds of products of the Company at the same time. These channels effectively ensure the rapid development of all kinds of innovative products of the Company. At the same time, the Company has made continuous efforts in cross-border e-commerce, a new sales channel, and achieved three digit growth rate in the reporting period compared with the same period of last year. At present, cross-border e-commerce channel has become the most important sales channel for GreatStar except for the traditional large chain supermarkets. As an effective supplement to the traditional channels, this channel not only provides a new market for the Company to develop its own brand, but also empower the Company's advantages of rapid innovation, formed a vicious product development cycle constitutes of product development - online validation – second-time product development – offline hot product launch and sell.

Home Improvement Store	
National Brands	Tool
	Laser
Speciality Retail	
Hardware Retail	
Automotive Store	
Other Retail	
General Merchandise, Food, Drug Retail	
E-Business	

3. Supply chain advantage

After decades of development, the Company has established a global supply chain management system with China as the core, and established a good cooperative relationship with thousands of suppliers around the world to ensure that the Company is not limited to its own production capacity, can quickly respond to market demand and complete the timely delivery of various large orders. Even in the face of the adverse effects of COVID-19, as a leading global tool industry rooted in China, China can maintain stable supply capability and benefit from China's most complete supply chain system with the most fundamental foundation in the world, thus laying a solid foundation for the Company to continuously improve its market share. At the same time, the characteristics of efficiency and flexibility brought by China's super large volume and super fine supply chain network also enable the Company to achieve centralized procurement in China and global distributed use, greatly reduce the comprehensive procurement cost and enhance the market competitiveness of the Company's products.

4. Brand advantage

The Company's main products are consumer durables for families and industrial products for professionals, and the brand is the most effective guarantee for the Company to provide products and services to consumers for a long time, so the Company has been committed to building and developing its own brand for a long time. During the reporting period, the Company vigorously developed its own brands, especially e-commerce brands. The sales revenue of Workpro, Pony, Everbrite and other brands increased significantly year on year, reaching RMB 2.6 billion for the first time. The Company acquired relevant assets of Shop Vac, the leading brand of vacuum cleaners in North America, gradually promoted the layout of power tools field, and improved the Company's own brand system. Brand advantages not only further enhance the international competitiveness of the Company's products, but also effectively improve the Company's gross profit margin and business stability, providing a guarantee for the Company's long-term healthy development.

5. Internationalization advantages

During the reporting period, the domestic and international economic environment changed dramatically. GreatStar adhered to its international expansion strategy, and fully utilized the Company production capacity and sales market in different regions of the world, actively responded to risks and seek opportunities.

During the reporting period, the Company further adjusted its manufacturing division of labor around the world and accelerated the investment pace of GreatStar's manufacturing base in Southeast Asia. At present, the Company has formed the capacity layout of Vietnam and Cambodia in Southeast Asia. The Thai manufacturing base is about to be put into production. The preliminary site selection work of Vietnam manufacturing base phase II and Cambodia manufacturing base phase II has been completed. Internationalization advantages effectively ensure that does not only play the advantages of China's manufacturing cluster, but also make use of the advantages of Southeast Asia's manufacturing cost and the advantages of local channel services in European and American markets in the competition with other international competitors, so as to create a stronger core competitiveness. The

Company is gradually becoming a global resource allocation company integrating European and American local services, Asian industrial chain manufacturing and Chinese management research and development.



Arrow New Jersey office and industry, USA



Prime Line California Building, USA

Section 4 Discussion and Analysis on Business Conditions

I. Overview

In 2020, the sudden outbreak of COVID-19 seriously affected global trade, and greatly affected the global industrial chain system which brought uncertainty to the sustainable development of the Company. In the first half of the year, the pandemic had a significant adverse impact on the Company's production, logistics and terminal market. However, the Company actively responded to the pandemic situation. While doing a good job in pandemic prevention and control and delivery of main business orders, GreatStar actively arranged the production capacity and sales of pandemic prevention materials, especially personal protective equipment, to ensure the stability of the Company's business in the first half of the year. In the second half of this year, the global tool demand market and supply chain pattern have undergone some continuous changes that are conducive to the Company's operation. The United States has adopted modern monetary theory to stimulate consumption of the ordinary Americans and tried to restart the new and old infrastructure construction in the United States. The Company has seized this opportunity to give full play to its own advantages and continue to gain market share. It has achieved a growth far exceeding that expected in the first half of the year. During the reporting period, the Company achieved a total operating income of RMB 8,544.4402 million, an increase of 28.96% over the same period last year, and the net profit attributable to shareholders of the listed company was RMB 1,350.1325 million, an increase of 50.85% over the same period last year. The completion of each business segment is as follows:

1. Hand Tools and Power Tools Business

During the reporting period, the Company gave full play to the advantages of innovation, supply chain, brand, sales channel and internationalization, continued to invest in cross-border e-commerce business and OBM development, and accelerated the pace of product innovation. After the decline in the first half of the year, the main business orders recovered rapidly in Q3. The Company has seized the opportunity of restructuring the global industrial chain and realized the improvement of market share against the trend. The annual sales revenue of hand tools and power tools business was RMB 5,907.107 million, up 15.70% year on year.

During the reporting period, the Company's cross-border e-commerce department increased brand investment, carried out KOL marketing and sponsored the "Xfinity" series of "NASCAR" car race in the United States to enhance the brand image and influence; At the same time, we will intensify the launch and promotion of new products to achieve sustainable and rapid growth of cross-border e-commerce business. Thanks to the continuous double-digit growth of OBM revenue such as Arrow and Prime-line, as well as the rapid growth of cross-border e-commerce business, the Company's OBM sales exceeded RMB 2.6 billion for the first time, with a year-on-year growth of 12.52%.

Through the acquisition of Shop Vac related assets, the Company entered the North American Vacuum Cleaner Market and gradually grew power tools; At the same time, with the acquisition of production capacity and warehouse, the Company will further improve the production capacity and enhance the storage capacity in the United States, and provide customers with more satisfying North American local services. In addition, the Company continues the construction of manufacturing bases in Southeast Asia. The manufacturing base in Thailand will soon be put into operation, and the construction of phase II manufacturing base in Vietnam and phase II manufacturing base in Cambodia will start.

Finally, the Company continued to increase R&D investment, and R&D expenditure reached a record high, which strongly supported the Company's OBM construction and market share acquisition. At the same time, the Company saved various operational expenses, and further consolidated the gross profit margin and net profit of hand tools and power tools business.

2. Laser Measurement Business

During the reporting period, the Company's laser measurement business continued to achieve stable sales revenue, despite in face of pandemic outbreak that European and the U.S. companies tried to move production back to their own countries and reconstruct domestic industry supply chain. GreatStar makes full use of the new technology platform to develop new products, and developed more than 100 new laser measurement products throughout the year to ensure that the Company's products always maintain leading position in the ODM field; At the same time, the Company optimized production resources, broke through the existing capacity and supply chain bottlenecks, ensured the timely delivery of orders. At the same time, the Company has successfully completed the strategic transformation and channel positioning of the major customers of laser products, laying a solid foundation for the 21-year laser business to enter a period of rapid development again. Since 2016, the Company's R&D investment in lidar business has also made important progress. The holding subsidiary OLE-SYSTEMS has obtained new orders in the U.S. and European markets, and has carried out long-term cooperation with Datalogic, a famous European brand, and signed a product supply agreement, In cooperation with Chongqing Research Institute Co., Ltd., a leading enterprise in the field of coal mine safety, the mine intrinsic safety lidar level sensor has been developed, which broadens the application field of lidar products of the Company. The annual sales revenue of laser measuring instrument business was RMB 513.2347 million.

3、Storage Business

During the reporting period, the storage business of the Company showed a trend of differentiation. Due to the pandemic situation and the decline of industrial investment in Europe, the business of European Lista company fell by nearly 30%. With the Company's vigorous resource integration and the recovery of real estate in the United States in the third quarter, the storage business in the United States improved significantly, basically unchanged from the previous year. At the same time, the Company completed the cooperation with Xindadi company and the construction and production of Cambodian storage manufacturing base, laying a good production capacity foundation for the future sustainable development of this business. In 2020, the revenue of storage will be RMB

939.4204 million.

4、Personal Protective Equipment Business

During the reporting period, the Company actively responded to overseas outbreaks and responded to the demand for personal protective equipment put forward by overseas customers. It has earned an additional income of RMB 1 billion 143 million and has successfully entered the new field of PPE (personal protective equipment), reflecting the Company's development capability in non hand tool business and the channel advantage of the Company. In 2020, the income of personal protective articles business reached RMB 1142,565 million.

II. Main business analysis

1. Overview

See "I. Overview" in " Discussion and Analysis on Business Conditions ".

2. Revenue and Costs

(1) Operating income composition

Unit: RMB

	2020		2019		Year-on-year increase/decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	8,544,440,154.30	100%	6,625,464,121.34	100%	28.96%
By industry					
Tools & hardware	8,502,327,129.89	99.51%	6,593,396,615.03	99.52%	28.95%
Other incomes	42,113,024.41	0.49%	32,067,506.31	0.48%	31.33%
By product					
Hand Tools and Power Tools	5,907,106,985.40	69.14%	5,105,703,895.16	77.07%	15.70%
Laser Measurement	513,234,699.39	6.01%	522,373,199.21	7.88%	-1.75%
Storage	939,420,434.18	10.99%	965,319,520.66	14.57%	-2.68%
PPE	1,142,565,010.92	13.37%			
Other income	42,113,024.41	0.49%	32,067,506.31	0.48%	31.33%
By region					
America	6,087,960,337.66	71.25%	4,268,118,867.65	64.42%	42.64%
Europe	1,597,573,574.54	18.70%	1,654,878,452.48	24.98%	-3.46%
Other regions	373,208,130.61	4.37%	291,267,494.22	4.40%	28.13%
China	443,585,087.08	5.19%	379,131,800.68	5.72%	17.00%

Other income	42,113,024.41	0.49%	32,067,506.31	0.48%	31.33%
By brand					
Original Brand (OBM)	2,626,930,299.06	30.74%	2,334,622,159.43	35.24%	12.52%
Original Design (ODM)	5,875,396,830.83	68.76%	4,258,774,455.60	64.28%	37.96%
Other income	42,113,024.41	0.49%	32,067,506.31	0.48%	31.33%

(2) Industries, products or regions that account for more than 10% of the Company's operating income or Profit

✓ Applicable □ Not applicable

Unit: RMB

	Operating income	Operating cost	Gross margin ratio	Year-on-year increase/decrease of operating income	Year-on-year increase/decrease of operating cost	Year-on-year increase/decrease of gross margin ratio
By industry						
Tools& hardware	8,502,327,129.89	5,906,839,891.29	30.53%	28.95%	32.90%	-2.06%
By product						
Hand Tools and Power Tools	5,907,106,985.40	4,134,914,061.55	30.00%	15.70%	17.68%	-1.18%
Laser Measurement	513,234,699.39	365,707,432.15	28.74%	-1.75%	-1.19%	-0.41%
Storage	939,420,434.18	624,178,422.88	33.56%	-2.68%	11.32%	-8.35%
PPE	1,142,565,010.92	782,039,974.71	31.55%			
By region						
America	6,087,960,337.66	4,243,843,996.87	30.29%	42.64%	45.97%	-1.59%
Europe	1,597,573,574.54	1,060,400,800.11	33.62%	-3.46%	1.83%	-3.45%
By brand						
Original Brand (OBM)	2,626,930,299.06	1,788,355,440.64	31.92%	12.52%	15.74%	-1.90%
Original Design (ODM)	5,875,396,830.83	4,118,484,450.65	29.90%	37.96%	42.04%	-2.02%

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

□ Applicable ✓ Not applicable

Note: as the Company began to implement the new revenue standard in 2020, the transportation expenses originally included in the

sales expenses were included in the main business costs, involving an amount of RMB208,409,500 (freight in 2020), resulting in a decrease in the overall gross profit rate of the Company compared with the same period last year.

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

Yes No

Industry category	Item	Unit	2020	2019	Year-on-year increase/decrease
Tools& hardware	Sales volume	PCS	499,606,095	412,267,268	21.19%
	Production output	PCS	471,227,326	412,006,497	14.37%
	Inventory	PCS	60,979,242	47,399,136	28.65%

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

Applicable Not applicable

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

Applicable Not applicable

(5) Composition of operating cost

Industry and product categories

Unit: RMB

Industry category	Item	2020		2019		Year-on-year increase/decrease
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Tools& hardware		5,906,839,891.29	99.66%	4,444,550,727.80	99.51%	0.15%
Other costs		19,926,004.47	0.34%	21,858,354.58	0.49%	-0.15%

Unit: RMB

Product category	Item	2020		2019		Year-on-year increase/decrease
		Amount	Proportion in operating cos	Amount	Proportion in operating cos	
Hand Tools and Power Tools		4,134,914,061.55	69.76%	3,513,711,236.82	78.67%	-8.91%
Laser Measurement		365,707,432.15	6.17%	370,112,416.13	8.29%	-2.12%
Storage		624,178,422.88	10.53%	560,727,074.85	12.55%	-2.02%
PPE		782,039,974.71	13.20%			13.20%
Other costs		19,926,004.47	0.34%	21,858,354.58	0.49%	-0.15%

Explanation

No

(6) Whether the consolidation scope changes in the reporting period✓ Yes No

For details ,please refer to Section 12 financial report 8. Changes in the consolidation scope.

(7) Major changes or adjustments of business, products or services of the Company during the reporting Period Applicable ✓ Not applicable**(8) Major sales customers and major suppliers**

Major sales customers of the Company

Total sales of top five customers (RMB)	3,860,583,539.18
Total sales of top five customers / Total annual sales	45.19%
Total sales of top five customers / Total sales of related parties	0.00%

Top 5 customers of the Company

No.	Customer name	Sales amount (RMB)	Proportion in total annual sales
1	Customer 1	1,429,685,171.88	16.73%
2	Customer 2	1,052,521,546.36	12.32%
3	Customer 3	950,673,419.25	11.13%
4	Customer 4	250,138,257.14	2.93%
5	Customer 5	177,565,144.55	2.08%
Total	--	3,860,583,539.18	45.19%

Other information of main customers

 Applicable ✓ Not applicable

Major suppliers of the Company

Total purchase amount of top five suppliers (RMB)	222,318,094.54
Proportion of total purchase amount of top five suppliers in total annual purchase amount	3.83%
Among the purchase amount of top five suppliers, proportion of purchase amount of related parties in total annual purchase amount	0.00%

Top 5 suppliers of the Company

No.	Supplier name	Purchase amount (RMB)	Proportion in total annual purchase amount
1	Supplier 1	51,150,308.81	0.88%
2	Supplier 2	44,563,091.15	0.77%
3	Supplier 3	43,626,137.49	0.75%
4	Supplier 4	42,681,919.92	0.74%

5	Supplier 5	40,296,637.17	0.69%
Total	--	222,318,094.54	3.83%

Other information of main suppliers

Applicable Not applicable

3. Cost

Unit: RMB

	2020	2019	Year-on-year increase/decrease	Description of major changes
Selling expenses	458,274,408.65	586,968,060.26	-21.93%	This is mainly due to the implementation of the new revenue standard in 2020, and the freight is disbursed to the main business cost.
Management expenses	500,999,938.00	477,705,229.09	4.88%	
Financial expenses	113,580,005.05	-39,057,511.61	-390.80%	This is mainly due to the fluctuation of exchange rate and the increase of interest expense in issuing convertible bonds in the current period.
Research and development cost	245,372,069.36	203,772,736.84	20.41%	

4. R&D Investment

Applicable Not applicable

The Company continues to increase the investment in R & D personnel and R & D amount, actively develop new technologies, optimize product production process, and constantly improve company's the Company competitiveness. During the reporting period, the Company has developed 1629 new products, applied for 57 invention patents and 12 PCT patents, innovated and developed products including replaceable guide rail pneumatic nail gun, aluminum handle efficiency hammer, multi gear open ratchet wrench and forging ratchet clamp, obtained good market feedback, and effectively improved the overall innovation level and core competitiveness of the Company, To provide a solid guarantee for the sustainable development of the Company.

R & D investment of the Company

	2020	2019	Proportion of change
Number of R & D personnel (person)	701	662	5.89%
Proportion of R & D personnel	9.50%	10.29%	-0.79%

R & D investment (RMB)	245,372,069.36	203,772,736.84	20.41%
R & D Investment / Operating Revenue ratio	2.87%	3.08%	-0.21%
Capitalized amount of R & D investment (RMB)	0.00	0.00	-
Capitalized R & D Investment / R & D Investment ratio	0.00%	0.00%	-

Reasons for the significant change in the proportion of total R & D investment in operating revenue over the previous year

Applicable Not applicable

The reason and rationality of the great change of R & D investment capitalization rate

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2020	2019	Year-on-year increase/decrease
Subtotal cash inflows from operating activities	8,733,248,296.13	7,077,194,623.69	23.40%
Subtotal cash outflows from operating activities	7,962,097,670.89	6,267,307,500.09	27.04%
Net cash flow from operating activities	771,150,625.24	809,887,123.60	-4.78%
Subtotal cash inflows from investment activities	371,506,589.54	131,185,841.16	183.19%
Subtotal cash outflows from investment activities	770,100,603.46	1,526,077,145.17	-49.54%
Net cash flow from investment activities	-398,594,013.92	-1,394,891,304.01	-71.42%
Subtotal cash inflows from financing activities	3,889,710,965.44	1,483,310,724.60	162.23%
Subtotal cash outflows from financing activities	2,730,585,831.23	1,217,857,389.63	124.21%
Net cash flow from financing activities	1,159,125,134.21	265,453,334.97	336.66%
Net increase of cash and cash equivalents	1,602,805,770.74	-314,238,796.40	-610.06%

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

Applicable Not applicable

Item	2020	2019	Year-on-year increase/decrease	Description of major changes
Subtotal cash inflows from investment activities	371,506,589.54	131,185,841.16	183.19%	Mainly due to the disposal of Zhejiang Supcon Information Technology Co., Ltd.;
Subtotal cash outflows from investment activities	770,100,603.46	1,526,077,145.17	-49.54%	This is mainly due to the capital increase of RMB 975 million in the same period to Zhongce Haichao

				last year;
Subtotal cash inflows from financing activities	3,889,710,965.44	1,483,310,724.60	162.23%	Mainly due to the new trade financing (US dollar) in the current period, the US dollar interest rate has greater advantages than the RMB interest rate, and can effectively hedge the Company's exchange rate risk;
Subtotal cash inflows from financing activities	2,730,585,831.23	1,217,857,389.63	124.21%	Mainly due to the return of financing (US dollars) under trade;

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

Applicable Not applicable

III. Non-main business analysis

Applicable Not applicable

IV. Analysis of assets and liabilities

1. Major changes in asset composition

The Company will implement new income standard or new lease standard for the first time since 2020, and adjust and implement relevant items of financial statements at the beginning of the year

Applicable

Unit: RMB

	End of 2020		At the beginning of 2020		Proportion change	Description of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Cash at bank	3,750,506,068.39	27.42%	2,456,926,805.33	22.07%	5.35%	
Accounts receivable	1,260,096,723.75	9.21%	1,107,232,500.18	9.95%	-0.74%	
Inventory	1,386,320,837.86	10.14%	1,193,884,981.91	10.72%	-0.58%	
Investment Properties		0.00%		0.00%		
Long-term equity investment	2,207,878,459.67	16.14%	1,931,344,951.25	17.35%	-1.21%	
Fixed assets	1,348,034,595.31	9.86%	1,058,454,179.69	9.51%	0.35%	
Construction in progress	166,268,204.96	1.22%	129,158,811.57	1.16%	0.06%	
Short term borrowings	1,015,117,910.75	7.42%	823,460,644.57	7.40%	0.02%	

Long term borrowings	509,555,882.91	3.73%	689,385,008.46	6.19%	-2.46%	
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2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening Balance	Changes in Fair Value Gains and Losses in Current Period	Accumulated Fair Value Changes Included in Equity	Provision for Impairment in Current Period	Amount of purchase in the Current Period	Amount of Sales in Current Period	Other Changes	Closing Balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	61,208,550.94	410,131.88				30,438,658.50		27,191,411.52
2. Derivative financial assets	10,789,880.93	26,609,270.45						36,027,480.86
3. Investments in other equity instruments							532,386.17	532,386.17
Subtotal financial assets	71,998,431.87	27,019,402.33				30,438,658.50	532,386.17	63,751,278.55
Total	71,998,431.87	27,019,402.33				30,438,658.50	532,386.17	63,751,278.55
Financial liabilities	4,901,459.62	4,901,459.62						0.00

Other changes

No

Did significant changes occur for the Company's major asset measurement attributes during the reporting period?

Yes No

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

Unit: RMB

Item	Book Value at the End of	Limitation Reason
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	Period	
Cash at bank	14,267,400.00	Bank acceptance deposits
Cash at bank	2,154,766.92	Investment funds deposited
Cash at bank	3,295,074.50	Margin for forward settlement and sale of foreign exchange
Cash at bank	495,608.89	Performance security of the project
Cash at bank	30,000.00	ETC margin
Accounts Receivable	18,342,218.60	Pledge of bank loan
Fixed assets	11,803,478.08	For bank loan mortgage
Fixed assets	31,664,662.87	Used for issuing bank acceptance bill as mortgage
Intangible assets	3,075,032.85	For bank loan mortgage
Intangible assets	2,174,573.65	Used for issuing bank acceptance bill as mortgage
Arrow Fastener Co., LLC 100.00% shares [note]	443,085,633.62	Pledge of bank loan
Total	530,388,449.98	

[note] Net assets at the end of the period of Arrow Fastener Co., LLC.

V. Analysis of Investment

1. Overall situation

√ Applicable Not applicable

Investment Amount During the Reporting Period (RMB)	Investment Amount During the Same Period of Previous Year (RMB)	Change
540,855,823.95	1,485,350,997.72	-63.59%

2. Significant equity investments acquired during the reporting period

√ Applicable Not applicable

Unit: RMB

Name of Investee	Principal activities	Form of investment	Amount of investment	Holding percentage	Source of funds	Partner	Investment period	Type of products	Progress as at balance sheet date	Expected income	Current investment gains or losses	Any litigation involved	Date of disclosure (if any)	Disclosure index (if any)
Suzhou Xindadi Hardware Products Co., Ltd	Hardware tools and accessories	Acquisition	60,000,000.00	60.00%	Self-owned funds	No	Indefinite	Long term equity investment	completed	9,553,529.05	9,553,529.05	No		
Total	--	--	60,000,000.00	--	--	--	--	--	--	9,553,529.05	9,553,529.05	--	--	--

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

Applicable Not applicable

4. Investments in Financial Assets

(1) Investments in Securities

Applicable Not applicable

Unit: RMB

Security Type	Stock Code	Abbreviation of Security	Initial Investment	Accounting Measurement Model	Book value at the beginning of the reporting period	Gains and losses from changes in fair value during the period	Accumulated fair value changes included in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Gains and losses of the reporting period	Book value at the end of the reporting period	Accounting items	Capital source
Bond	Isin:USY9896RAB79	ZOOMLIOM	39,592,347.31	Fair value measurement	21,392,377.77	515,237.41				1,269,949.31	20,494,906.65	Trading financial assets	Self-owned funds
Bond	Isin:XS1839368831	NEW METRO	13,937,100.21	Fair value measurement	6,995,593.84	162,553.78				518,347.50	6,696,504.87	Trading financial assets	Self-owned funds
Bond	5382.HK	XINHU BVI N2003	33,051,991.50	Fair value measurement	32,820,579.33	-267,659.31			30,438,658.50	2,634,913.96		Trading financial assets	Self-owned funds
Total			86,581,439.02	--	61,208,550.94	410,131.88	0.00	0.00	30,438,658.50	4,423,210.77	27,191,411.52	--	--
Disclosure Date of Securities Investment Approval Board Announcement													
Disclosure Date of Securities Investment Approval Shareholders													

Meeting Announcement (if any)	
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(2) Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: RMB10 thousands

Counterparty	Related-party relationship (Y/N)	Related-party transactions (Y/N)	Type of derivatives	Initial investment amount	Starting date	Ending date	Investment amount at the beginning of the reporting period	Amount of purchase in the reporting period	Amount of sales in the reporting period	Provision for impairment (if any)	Investment amount at the end of the reporting period	Investment amount at the end of the reporting period to net assets of the Company	Gains/(losses) recognized during the reporting period
Bank	No	No	Forward Exchange	16,908.96	2019/08/20	2020/08/20	12,557.16		12,557.16			0.00%	184.15
Bank	No	No	Forward Exchange	8,468.64	2019/08/23	2020/08/27	8,371.44		8,371.44			0.00%	202.75
Bank	No	No	Forward Exchange	8,425.2	2020/02/21	2021/02/25		8,425.2	7,120.22		1,304.98	0.14%	176.44
Bank	No	No	Forward Exchange	16,925.28	2020/03/19	2020/12/23		16,925.28	16,925.28			0.00%	888.93
Bank	No	No	Forward Exchange	12,836.88	2020/05/04	2021/05/07		12,836.88	6,311.98		6,524.9	0.72%	345.05
Bank	No	No	Forward Exchange	10,896.16	2020/09/24	2021/09/28		10,884.48			10,439.84	1.16%	
Bank	No	No	Forward Exchange	3,405.05	2020/09/09	2021/09/10		3,405.05			3,262.45	0.36%	
Bank	No	No	Forward Exchange	13,620.2	2020/09/05	2021/09/29		13,620.2			13,049.8	1.44%	
Bank	No	No	Forward Exchange	24,789.24	2019/05/17	2020/05/15	10,464.3		10,464.3			0.00%	156.42

Bank	No	No	Forward Exchange	24,817.68	2019/08/01	2020/09/10	18,835.74		18,835.74			0.00%	30.1
Bank	No	No	Forward Exchange	33,736.78	2019/10/12	2020/10/15	33,276.47		33,276.47			0.00%	396.66
Bank	No	No	Forward Exchange	20,983.5	2019/11/08	2020/12/14	19,184.55		19,184.55			0.00%	266.75
Bank	No	No	Forward Exchange	10,539.3	2019/12/02	2020/09/04	10,539.3		10,539.3			0.00%	120.7
Bank	No	No	Forward Exchange	6,810.1	2020/09/18	2021/12/31		6,810.1		6,524.9		0.72%	
Bank	No	No	Forward Exchange	13,620.2	2020/09/21	2021/12/31		13,620.2		13,049.8		1.44%	
Bank	No	No	Forward Exchange	13,620.2	2020/09/23	2021/12/31		13,620.2		13,049.8		1.44%	
Total				240,403.37	--	--	113,228.96	100,147.59	143,586.44		67,206.47	7.42%	2,767.95
Capital sources of derivatives investment				Self-own funds									
Litigation (if applicable)				No									
Disclosure Date of Securities Investment Approval Board Announcement				April 23, 2020									
Disclosure Date of Securities Investment Approval Shareholders Meeting Announcement (if any)													
Risk analysis and control measures of derivatives positions in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				To guard against exchange rate risk, the Company and its subsidiaries have carried out derivative business, and the Company and its subsidiaries strictly implement the management system for foreign exchange hedging business.									

For the changes in market price or fair value of products during the period of the invested derivatives report, the analysis of fair value of derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters	At the beginning of the reporting period, the floating income of fair value of derivatives invested was RMB 1.3946 million, and at the end of the reporting period, the floating income of fair value of derivatives was RMB 31.5107 million.
Whether the accounting policies and accounting principles of the Company's derivatives in the reporting period have changed significantly compared with those in the previous reporting period	Unchanged
Independent director's special opinions on the Company's derivatives investment and risk control	The Company carries out foreign exchange derivatives trading in line with the actual operation needs of the Company, and it is necessary to reduce the impact of exchange rate fluctuation on the Company's profit to a certain extent. The Company has established the management system of foreign exchange derivatives trading business and effective risk control measures according to the requirements of relevant laws and regulations. We agree with the Company's proposal on the implementation of foreign exchange derivatives transactions in 2020.

5. Use of Raised Funds

✓ Applicable Not applicable

(1) Overall use of Raised Funds

✓ Applicable Not applicable

Unit: RMB10 thousands

Year	Method of Funding	Total Raised Funds	Total Raised Funds invested in the current year	Accumulative Raised Funds invested	Total Raised Funds with usage altered in the reporting period	Accumulative Raised Funds with usage altered	Proportion of accumulative total Raised Funds with usage altered	Total unused Funds	Use and Allocation of unused Funds	Funds Idled for over Two Years
2020	Public Issuance of Convertible Corporate Debentures	97,260	39,820.77	39,820.77	0	0	0.00%	57,446.68	Deposited in the special account for raised funds	0
Total	--	97,260	39,820.77	39,820.77	0	0	0.00%	57,446.68	--	0

								68		
Description for overall utilization of Raised Funds										
<p>With the approval of China Securities Regulatory Commission (CSRC) zjxk [2019] No. 2656 and the consent of Shenzhen Stock Exchange, the Company is approved to issue convertible corporate bonds not exceeding RMB 972,600,000.00, which shall be preferentially allocated to the original shareholders of the Company by the lead underwriter, China CITIC Construction Investment Securities Co., Ltd. The balance after the prior placement of the original shareholders (including the part that the original shareholders give up the prior placement) is issued to the public investors through the Internet, and the part with the subscription amount less than RMB 972,600,000.00 is underwritten by the main underwriter. This time, the Company has issued 9,726,000 convertible corporate bonds to the public, with a face value of RMB 100.00 each. The total fund raised is RMB 972,600,000.00, and the fund raised after deducting the underwriting and sponsor fees of RMB 5,188,679.25 (excluding tax) is RMB 967,411,320.75, which has been remitted into the regulatory account of the Company's fund raised by the lead underwriter, China Securities Co., Ltd. on July 2, 2020. In addition, after deducting RMB 2,289,867.92 of external expenses directly related to the issuance of convertible corporate bonds, such as underwriting and recommendation fees, audit and verification fees, attorney fees, credit rating fees, information disclosure fees for the issuance, lottery fees and bond issuance registration fees, the net fund raised by the Company is RMB 965,121,452.83. The above raised funds have been verified by Pan China Certified Public Accountants LLP (special general partnership), and the verification report (Pan-China verified [2020] No. 244) has been issued by the LLP.</p> <p>As of December 31, 2020, the Company has invested RMB 398.2077 million in the raised funds, the net interest income of the raised funds in 2020 is RMB 6.2638 million, the exchange gain and loss of financial expenses is RMB- 0.4346 million, and the external expenses directly related to the issuance of convertible corporate bonds that have not been transferred from the raised funds are RMB 1.7238 million. As of December 31, 2020, the balance of the raised funds account is RMB 574.4668 million.</p>										

(2) Statement of committed investment projects of Raised Funds

√ Applicable □ Not applicable

Unit: RMB10 thousands

Committed investment projects and allocation of over-raised funds	Whether project has been (or partially) altered	Total committed investment based on net Raised Funds	Total investment after alteration (1)	Investment in the current year	Accumulative investment at the end of the period (2)	Investment progress at the end of the period (%) (3) = (2)/(1)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Committed investment projects										

1. Laser measuring instrument and smart home production base construction project	No	20,426	20,426	3,121.75	3,121.75	15.28%	2022/12/31	0	N/A	No
2. Toolbox cabinet production base construction project	No	26,776	26,776	10,724.67	10,724.67	40.05%		0	N/A	Yes
3. Intelligent warehousing and logistics base construction project	No	22,542.15	22,542.15	6,974.35	6,974.35	30.94%	2022/12/31	0	N/A	No
4. R & D center construction project	No	7,768	7,768				2022/12/31	0	N/A	No
5. Supplementing working capital	No	19,000	19,000	19,000	19,000	100.00%		0	N/A	No
Subtotal of committed investment projects	--	96,512.15	96,512.15	39,820.77	39,820.77	--	--		--	--
Investment of excess proceeds									N/A	
Total	--	96,512.15	96,512.15	39,820.77	39,820.77	--	--	0	--	--
Status & reasons for planned progress or estimated income not achieved	<p>1. The main body of the project is Haining GreatStar Intelligent Equipment Co., Ltd., a wholly-owned subsidiary, and GreatStar Vietnam Intelligence Co., Ltd, a wholly-owned subsidiary. The project is located in LIANHANG economic and Technological Development Zone, Haining City, Zhejiang Province and South Cambridge Industrial Zone, Shuiyuan County, Haiphong City, Vietnam. The original construction period of the project is two years, It is planned to be completed by the end of December 2020. In the process of project implementation, the Company added GreatStar Vietnam Intelligence Co., Ltd, which superimposed the sudden outbreak of COVID-19, which had a certain impact on the Company's project construction progress and delayed the completion time of the project. The Company plans to add HANGZHOU GREAT STAR TOOLS CO.,LTD., a wholly-owned subsidiary, as one of the implementation subjects of the project, add the plot No. 26 of municipal government and industrial development (2020) in Shangcheng District of Hangzhou City as one of the implementation sites of the project, and simultaneously adjust the investment structure of the project and extend the implementation period to December 31, 2022.</p> <p>2. Haining GreatStar Intelligent Equipment Co., Ltd., a wholly-owned subsidiary, is the main body of the construction project of intelligent warehousing and logistics base. The implementation site is located in LIANHANG economic and Technological Development Zone, Haining City, Zhejiang Province. The original construction period of the project is two years, and it is planned to be completed by the end of December 2020. Affected by the pandemic situation of COVID-19, infrastructure construction, logistics transportation, equipment installation and commissioning and other aspects of the project were affected to varying degrees,</p>									

	<p>resulting in the delay of the project implementation schedule. In order to ensure the smooth implementation of the project, the Company plans to extend the implementation period of the project to December 31, 2022, taking into account the Company's development planning and the actual construction of the project.</p> <p>3. The main body of R & D center construction project is the wholly-owned subsidiary of Shanghai United Machinery Co., Ltd. The project is located in the northwest corner of the intersection of Hongpu road and Jiuheng Road, Jiubao street, Shangcheng District, Hangzhou city. The original construction period of the project is three years. It is planned to complete the equipment procurement, installation and commissioning on December 31, 2020, and complete the personnel recruitment and training by the end of 2021. At the beginning of 2020, the sudden outbreak of COVID-19 has a certain impact on the project construction progress of the Company, resulting in the delay of the project implementation progress compared with the original plan. To better integrate the existing innovation and R & D resources of the Company and better support the development of the Company's own brand and cross-border e-commerce business, the Company plans to change the implementation subject of the project to Hangzhou Great Star Industrial Co., Ltd., adjust the investment structure and extend the implementation period to December 31, 2022.</p>
Significant changes in the feasibility of projects	<p>The outbreak of COVID-19 has a certain impact on the construction progress of the Company's toolbox cabinet production base construction project, which delays the completion time of the original project. 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 the needs of customers, the Company plans to use the raised funds of RMB134,944,200 which has not been invested as of April 5, 2021 in the toolbox cabinet production base construction project to purchase 100% equity of Geelong Holdings Limited, The original toolbox cabinet production base construction project was terminated. The raised funds used in the project have been invested in the construction of the production base of toolbox of Haining GreatStar Intelligent Equipment Co., Ltd. and NEWLAND XDD (THAILAND) CO., LTD., and no benefit has been generated by the end of the period.</p>
Amount, usage and use progress of over-raised Funds	N/A
Change in implementation location of investment projects of Raised Funds	<p>Applicable</p> <p>Occurs during the reporting period</p> <p>On July 22, 2020, the Company held the 37th meeting of the 4th Board of Directors, deliberated and passed the proposal on increasing the implementation subject and implementation place of some raised investment projects and using part of the raised funds to increase capital to wholly-owned subsidiaries. 1. It is agreed that GreatStar Vietnam Intelligence Co., Ltd., a wholly-owned subsidiary of the laser measuring instrument and smart home production base construction project, will be one of the project implementation subjects, and South Cambridge Industrial Zone in Shuiyuan County, Haiphong City, Vietnam will be one of the project</p>

	<p>implementation sites; 2. It is agreed to add a wholly-owned subsidiary NEWLAND XDD (THAILAND) CO., LTD. as one of the main body of the project, and add No. 54 / 5, village 1, Mayangpeng Town, Baodan County, Rayong Prefecture, Thailand as one of the implementation sites of the project.</p> <p>On April 14, 2021, the Company held the eighth meeting of the Fifth Board of directors, deliberated and passed the proposal on changing the implementation subject and location of the project, adjusting the investment structure of the project and extending the implementation period. 1. Agree to add HANGZHOU GREAT STAR TOOLS CO.,LTD., a wholly-owned subsidiary of the laser measuring instrument and smart home production base construction project, as one of the project implementation subjects, and add municipal government and industrial development (2020) No. 26 plot in Shangcheng District of Hangzhou City as one of the project implementation sites; 2. Agree to change the implementation subject of R & D center construction project to Hangzhou Great Star Industrial Co., Ltd.</p>
Adjustment to implementation method of investment projects of Raised Funds	N/A
Upfront investment and replacement of investment projects of Raised Funds	<p>Applicable</p> <p>On July 22, 2020, the Company held the 37th meeting of the 4th Board of Directors, deliberated and passed the proposal on using the raised funds to replace the self-raised funds invested in the raised projects in advance.</p> <ol style="list-style-type: none"> 1. Agreement on the Company to use raising fund RMB 148.2549 million to replace the prepaid self-raised fund , up till the end of the reporting period, apart from RMB 123.6 thousand, the self-raised fund which was used for R&D center construction hasn't been transferred, the remaining has been transferred on Sept. 9th 2020. 2. Agreement on the Company to use self-raised fund to pay for the distribution expense RMB 1.7238 million, use raised fund for replacement. Until the end of reporting period, the transfer haven't been done by the Company.
Supplementing working capital temporarily with idle Raised Fund	N/A
Balances of the Raised Funds during the project implementation and the reasons	N/A

Usage and allocation of the unused Raised Funds	As of the end of the period, the unused balance of the raised funds is equivalent to RMB 574,466,800 (including the net amount of interest received from bank deposits deducting bank charges of RMB 6.2638 million), all of which are deposited in the special account for raised funds.
Defects and other problems in utilisation and disclosure of the Raised Funds	N/A

(3) Statement of Altered Investment Projects of Raised Funds

Applicable Not applicable

No such cases in the reporting period.

VI. Sale of Significant Assets and Equity

1. Sale of significant assets

Applicable Not applicable

Counterparty	Disposal of equity interests	Date of disposal	Transaction price (RMB 10 thousands)	Net profit attributable to the Company by the disposed equity from the beginning of the reporting period to the date of disposal (RMB10 thousands)	Impact of the disposal of equity interests on the Company	Proportion of net profit attributable to the equity interests disposed to the Listed Company's total net profit	The pricing principle for disposal of the equity interests	Related party transaction	Relationship with the counterparty	Completion of the transfer of the property rights of the assets involved	Completion of the transfer of the equity interests involved	Implemented as scheduled. If not, provide the reasons and steps taken	Date of disclosure	Disclosure Index
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Zhejiang CHI NT Electronics Co., Ltd.	11.05% equity of Zhejiang Supcon Information Technology Co., Ltd	2020/4/8	17,688.81	The retained earnings of the reporting period increased by RMB 47,151,416.95	Fair value	No	N/A	Yes	Yes	Yes	2020/04/09	Announcement No: 2020-016
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2. Sale of significant equity

Applicable Not applicable

VII. Analysis of Major Holdings and Participating Companies

Applicable Not applicable

Major subsidiaries and equity participation companies that affect the Company's net profit by more than 10%

Unit: RMB

Company name	Company Type	Primary Business	Primary Business	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Arrow	Subsidiary	Manufacture	--	537,271,548.99	423,236,641.63	681,937,438.83	82,043,126.08	84,006,980.33
GreatStar Europe	Subsidiary	Manufacture	--	1,947,149,220.45	243,359,620.32	639,282,247.55	101,180,223.26	89,846,754.17

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company Name	Acquisition or Disposal of Subsidiaries During the Reporting Period	Impact on Overall Production Operations and Performance
Zhejiang GreatStar electromechanical Manufacturing Co., Ltd	Consolidation by merger [note]	No major impact
Suzhou Xindadi Hardware Product Co., Ltd.	Agreement obtained	No major impact

Descriptions for major holdings and participating companies

[note] in this report period, Zhejiang GreatStar Electrical Manufacturing Co., Ltd. was absorbed and merged by Zhejiang GreatStar Industrial Co., Ltd.

VIII. Structured Entities Controlled by the Company

Applicable Not applicable

IX. Prospects of the Company

(1) Company development strategy

The overall development strategy of the Company is: Focusing on the main business, basing on China, global strategy and planning for a long time.

Focusing on the main business ,the Company will continue to use the existing large-scale business supermarket and e-commerce owned channels in Europe and America, focus on the main business of tools as the core products, and will continue to dispose non-core business assets to recover cash and use it for the development of main business. The Company will also rely on the extension of M & A to develop non-hand tools including power tools and outdoor products.

Basing on China, the Company will rely on the Southeast Asian supply chain network and Chinese engineers, to lead the global supply chain division of the tool industry, continue to expand the leading position of the industry, lead the development of international tool industry, and gradually take over the industrial transfer in the era of innovative economy with the creation of customer demand as the core in the future.

Global strategy means that the Company continues to focus on strengthening the construction of European and American OBM service system and Southeast Asia capacity layout, selecting foreign high-quality companies for industrial merger and integration, better access to international resources and international markets, and gradually upgrading the Company from ODM company made in China to an international OBM company combining Chinese design, Asian manufacturing and European and American local services.

Finally, for long-term planning, GreatStar will follow the Company development history of hardware and tools industry, sustained growth in durable consumer goods market and stable cash flow. The company plans its own business and development path for a long horizon, gradually grows its new business. GreatStar's goal is growing into a great company with stable operation, sustained growth and healthy development to create long-term value for society. The specific business areas are as follows:

1. Hand tools field

In the field of hand tools, market demand has rapidly recovered at the end of the second quarter of 2020. With steady increase of disposable income and low debt level among American residents during the pandemic , the Company believes that the market demand in North America will continue to grow steadily. With the recovery of core CPI in the U.S., the growth rate of hand tools industry in the next 3-5 years is expected to reach more than 4%, faster than the annual growth rate of 2.5% in 2015-2020.

Due to the low industry threshold and stable demand, the global supply chain system has been shifted towards China since 2015, and the market has been developing strategically towards minimum redundancy and maximum efficiency. It has been clearing up the

outdated production capacity. But the China–United States trade war since 2018 and the COVID-19 in 2020 have greatly affected the industry chain. This has caused a sudden supply chain crisis and cash flow break of many overseas companies, and the supply side may have long-term scar effect in the future.

In the future, the Company will follow the above trends, continue to take the market as the guidance, give full play to the advantages of innovation, channel, supply chain, brand and internationalization, consolidate and expand the hand tools business, and ensure long-term sustainable growth.

(1) International market

First, the strong international sales network has been an important factor for the rapid development of the Company in recent years. In addition to continuing develop the existing global large chain supermarket as a core sales channel, the Company will continue to sink into local small and medium-sized distributors, and strengthen the service capacity of North America and Europe sales network.

Second, the Company will continue to increase its investment in its own brands. In the future, the Company will continue to acquire famous tool brands like Prime line, Lista and Arrow, and integrate them into company's owned-the Company's own brand lines, jointly promote the brands globally, continuously improve the proportion of OBM sales. The Company will also improve the core value and social influence of its own brand by continuously developing innovative products and providing high-quality services, and realize the continuous improvement of its own brand value, so promote the stable and sustainable rapid development of the Company's business.

Third, the Company actively expands overseas production base according to the changes of external environment, and has initially possessed the ability of global capacity allocation. In the future, it will continue to play this advantage to create a mode of combining Asian manufacturing with local services in Europe and America.

(2) Domestic market

Domestic hand tools industry is still fragmented. As the overall economic growth tends to slow down, the Company will orderly develop domestic tool market, continue the development strategies of major customers and e-commerce platforms, build a refined key client service system, gradually develop the cooperative business system, and strive to build a cooperative system within five years, Gain market share matching its own industry position.

(3) Cross border E-commerce

As a new consumption path, cross-border e-commerce platform direct marketing has become a new and important hand tool sales channel . Leverage on Amazon based overseas e-commerce platform, the Company successfully realized brand overseas DTC sale. In 2020, the Company achieved the top one sales value on Amazon among the domestic export sellers of hand tools. The Company has

taken cross-border e-commerce business as the strategic focus and prioritized the allocation of employees and capital to support this strategic focus, at the same time, GreatStar introduced external talents, deployed innovative product development, and gradually launched online multi-brand sales. In the future, the Company will give full play to the operation ability of e-commerce team, enhance brand power, ensure the effective improvement of brand image while achieve sustained and fast growth in revenue from e-commerce sales. GreatStar aims to build the owned brands into internationally well-known brands, in 3-5 years to achieve a less than 20% market share of the Company's in European and American e-commerce market.

2.Power tools field

In the field of power tools, although the market size is far larger than that of the hand tools, due to the high unit price of products, fewer product types and rapid development of electric tool technology in past 10 years, the market share has been grabbed by a few leading companies, and the first five StanleyBlack&Decker (SWK.N), TTI (0669.HK), and Bosch (500530.BO), Makita (6586.T), Husqvarna (HUSQA.S) have concentrated more than 55% of the market share, and the remaining markets are concentrated in the hands of dozens of regional special power tool brands. As the major customer of the Company, the large business supermarket has not developed its own brand power tools business, but has chosen to cooperate with international brands to sell these international brand power tools products in its own channels in an exclusive way, which makes the Company have no way to develop the power tool business according to the path from traditional OEM to ODM in the past 10 years.

Since 2020, due to the impact of the pandemic, some regional brands of special power tools such as Shop Vac and BeA have broken down and forced to enter bankruptcy proceedings, which provides the Company with a strategic window period to enter the field of power tools directly through OEM and ODM. At the same time, due to the large-scale application of new energy, especially lithium battery technology in electric vehicles and other fields and the continuous R&D and innovation of related companies, the threshold of lithium battery electric tools has been declining, which provides the industrial basis for the Company to integrate mature technology and overtake leading companies.

In the future, the Company will integrate power tool supply chain and channel resources, strengthen independent R & D investment, give priority to the development of vacuum cleaner, power nail gun and other companies already have strong brand power tool business. Meanwhile, the cross-border e-commerce is the main channel, and the self-owned brand is used to create electric tools products specifically for e-commerce customer groups and new housing groups in Europe and America who are born after 1985.

In the long-term, the Company will pay attention to the trend of international power tool brand companies, continue to purchase the target of high-quality power tools, expand the Company's power tools business, improve the competitiveness of the Company, and build long-term growth momentum for the Company's tool business.

3. Laser measuring instrument field

With penetration of mobile internet accelerated, the future market development prospect of laser measurement products is becoming more and more clear. Since 2016, the Company has successfully integrated and developed laser measurement products and industrial ecological chain that meet the need of its own sales network through investment in Huada Kejie, PT company and OLE-SYSTEMS, and gradually become the most competitive laser measurement instrument manufacturer in the world.

In the future, the Company will make effort into developing the laser measurement field, focusing on the development of laser sensing core modules such as laser ranging and lidar, including: further research and improvement of laser measurement product line, increasing the integration of domestic and foreign laser measurement product production capacity, and building the largest production and manufacturing base of laser measurement products in the world; By using the technology of independent intellectual property, the fusion of lidar and sensor is improved, customized products based on special application scenarios are developed, and the market promotion and customer cognition of lidar products will be accelerated; Capital will be injected to accelerate the integration of the industry chain and the market ; Accelerate the establishment of European and American local technical support and after-sales service center, to provide more satisfying local services for European and American customers; In about five-years time, the laser product business has been developed into a new core pillar business of the Company, and gradually created an independent brand of laser measurement products.

4. Storage field

Storage is a new business developed by the Company in recent three years. However, relying on industrial integration and channel expansion, this business has already been of a certain scale. The global storage market will be about \$8 billion in 2020, and due to the large volume of products, high transportation cost and high proportion of raw materials, even the global leading companies will have less than 5% market share. In 2018, the Company entered this new field by merging Lista, the leading European storage company, and successfully integrated Xindadi, the leading domestic storage company in 2020, established Cambodia manufacturing base with the advantages of all parties, successfully entered the mainstream market of the United States, and made the market share increase in the adverse situation.

In the future, the Company will continue to integrate excellent storage companies and brands at home and abroad through capital means, and at the same time, innovate and develop storage products suitable for European and American and Chinese civil markets. Through about three years, the Company will establish the Company's absolute leading position in the global storage business.

(2) Business plan

1. Overall business objectives

The Company sets the strategy to focus on the main business, based in China, global growth and planning for a long time, actively respond to the changes of external environment, adjust the focus of operation timely, seize the rare strategic development opportunities in the next three years and achieve leapfrog development. In 2021, the Company's overall business objective is to achieve a year-on-year 20% growth in sales revenue and net profit from main business.

2. Development objectives of self-owned brands

The self-owned brands is the long-term stable core competitiveness of the Company. The Company will continue to invest in promoting its own brands, ensure sales revenue of its own brand products and total sales revenue ratio will continue to grow in 2021.

3. Cross border e-commerce development objective

Cross border e-commerce is the strategic core of the Company's continuous growth. The Company will actively integrate internal advantages and resources, and increase the product category and service capacity of cross-border e-commerce in an orderly manner. In 2021, cross-border e-commerce business will continue to maintain an above 50% growth rate.

(3) Possible risks

The main business risks faced by the Company include:

1. Exchange rate fluctuation risk

Currently, majority of the Company's operating income is from the overseas market, such as the fluctuation of RMB exchange rate, which will have a certain impact on the Company's operating income. Most of the Company's main business orders are denominated in US dollars, and the fluctuation of RMB against US dollar directly affects the price competitiveness of products, thus affecting the Company's operating performance. In this regard, the Company will continue to strengthen overseas business growth and settlement control of foreign exchange, hedge and reduce the impact of exchange rate fluctuations on the Company's performance.

2. Risk of rising raw material price

In recent years, the price of main raw materials fluctuates greatly, which causes the production cost of the Company to fluctuate. Although the Company mainly produces outsourcing capacity and has strong bargaining power for upstream outsourcing manufacturers, if the price of raw materials continues to rise, it may still have a certain impact on the profitability of the Company. In this regard, the Company will continue to strengthen procurement and cost control, establish strategic cooperation relationship with suppliers and sign long-term agreements to absorb the risk of raw material price fluctuation risk; Meanwhile, we will continue to optimize the product structure, strengthen the R & D of new and innovative products, set competitive market prices and maintain a stable gross profit rate.

3. Trade friction risk

At present, the United States is the largest single market of the Company. Some products exported to the United States are still subject to 25% tariff, which has a negative impact on the development of the Company. In this regard, the Company will pay close attention to global geopolitical changes, continue to implement the international strategy, promote the construction of overseas manufacturing base, cultivate overseas supply chain, establish a global capacity distribution and supply chain system, and ensure the stable development of the Company's business.

X. Reception of Research, Communication, Interviews and Other Activities

1. Registration form for reception of research, communication, interviews and other during the reporting period

√ Applicable □ Not applicable

Reception Date	Reception Site	Reception Mode	Reception Object	Reception Object	Information Discussed and Materials Provided	Disclosure index
May 18, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
May 19, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company

May 20, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
May 21, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
May 25, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
June 16, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
June 17, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
June 19, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
August 28, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
August 31, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
September 1,	No.35 Jiujuan Road,	Telephone	Other	Institutional and personal	The latest development of the	The latest development of the

2020	Shangcheng District, Hangzhou	communication		investors	Company	Company
October 26, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
October 27, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
October 28, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
October 29, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company
October 30, 2020	No.35 Jiujuan Road, Shangcheng District, Hangzhou	Telephone communication	Other	Institutional and personal investors	The latest development of the Company	The latest development of the Company

Section 5 Significant Events

I. Profit Distribution to Common Shareholders & Increase of Share Capital due to Conversion of Equity Reserves

Status of formulation, execution, or adjustments made to profit distribution policy for common shareholders, especially the cash dividend policy, during the reporting period.

Applicable Not applicable

During the reporting period, the Company held the annual general meeting of shareholders in 2019 on May 14, 2020, deliberated and passed the "proposal on the Company's profit distribution plan in 2020". Considering the Company's strategic development plan, 2020 business plan and changes in the external environment, the Company's profit distribution plan in 2020 is: no cash dividend, no bonus shares in 2020, The remaining undistributed profits are carried forward to the next year.

During the reporting period, the formulation and implementation of the Company's profit distribution policies were in line with the relevant provisions of the notice on further implementing matters related to cash dividends of listed companies, the regulatory guidelines for listed companies No. 3 - cash dividends of listed companies issued by the CSRC and the articles of association of the Company. The relevant decision-making procedures and mechanisms were complete, and the independent director was diligent and responsible, the legitimate rights and interests of small and medium shareholders have been fully safeguarded.

Special Explanation of Cash Dividend Policy	
Does it comply with the requirements of the Company's regulations or the resolutions of the shareholders' meeting?	Yes
Are the dividend standards and proportions specific and clear?	Yes
Are relevant decision-making procedures and mechanisms complete?	Yes
Do independent directors perform their duties and play their due role?	Yes
Do minority shareholders have the opportunity to fully express their opinions and appeals, and are their legitimate rights and interests fully protected?	Yes
Are the conditions and procedures compliant and transparent when the cash dividend policy was adjusted or changed?	Yes

The Company's plan for profit distribution to common shareholders (preplan) & plan for increase of share capital due to conversion of capital reserves (preplan) for the recent three years (including this reporting period):

1. In 2020, there will be no profit distribution, no capital reserve will be converted into share capital, and the undistributed profit will be carried forward to the next year.

2. The profit distribution plan for the first three quarters of 2019 is as follows: Based on the total share capital of 1,075,247,700

shares on September 30, 2019, deducting the number of shares that the Company has bought back 10,799,651 shares, the Company will distribute RMB 1.9 (tax included) for every 10 shares to all shareholders, with a total of RMB 202,245,129.31 in cash. After the dividend distribution, the undistributed profit balance of the parent company is RMB 2,661,343,455.51, which will be carried forward to the following years for distribution. This profit distribution does not convert capital reserve into share capital, and does not give bonus shares.

The profit distribution plan for 2019 is as follows: buy back 463,300 shares of the Company by means of centralized bidding transaction, accounting for 0.0431% of the total share capital of the Company, and the total amount paid is RMB 5,500,089.06, which can be regarded as the cash dividend of the Company in 2019. In 2019, the Company will not distribute cash dividends, bonus shares, increase share capital by capital accumulation fund, and carry forward the remaining undistributed profits to the next year.

3. The profit distribution plan for 2018 is as follows: repurchase 10,336,351 shares of the Company by means of centralized bidding transaction, accounting for 0.9613% of the total share capital of the Company, and the total amount paid is RMB 99,992,601.00, which can be regarded as the cash dividend of the Company in 2018. In 2018, the Company will not distribute cash dividend, and will not convert capital reserve into the share capital, and the remaining undistributed profit will be carried forward to the next year.

Cash dividends of common stock of the Company in recent three years (including the report period)

Unit: RMB

Year	Cash dividend (including tax)	Net profit attributable to common shareholders of the Company in consolidated statements	Cash dividend in proportion to net profit attributable to shareholders of the Company in consolidated statements (%)	Cash dividend in (such as share repurchase) other forms	Other forms of cash dividend in proportion to net profit attributable to shareholders of the Company in consolidated statements (%)	Total of Cash dividend (including other forms)	Total of cash dividend (including other forms) in proportion to net profit attributable to shareholders of the Company in consolidated statements (%)
2020	0.00	1,350,132,516.91	0.00%	0.00	0.00%	0.00	0.00%
2019	202,245,129.31	895,030,139.78	22.60%	5,500,089.06	0.61%	207,745,218.37	23.21%
2018	0.00	716,999,484.04	0.00%	99,992,601.00	13.95%	99,992,601.00	13.95%

The Company made a profit in the reporting period and the profit distributable to the common shareholders of the Company was positive, but it did not put forward a preliminary plan for cash dividend distribution:

✓ Applicable Not applicable

The reasons why the profit in the reporting period and the parent	Use and use plan of the Company's undistributed profits
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company's profit available for common shareholders' distribution are positive, but the cash dividend distribution plan of common shares is not put forward	
In order to better safeguard the interests of the Company and all shareholders and improve the sustainable development ability of the Company, the Company will have a large capital expenditure in 2021.	According to the Company's strategic development plan and 2021 business plan, the Company will continue to strengthen its international layout and select high-quality companies at home and abroad for industrial merger and integration. At present, the merger and acquisition projects of assets of Joh. Friedrich Behrens AG and 100% shares of Geelong Holdings Limited are about to be completed. Meanwhile, the construction of production base in Southeast Asia is in a period of rapid construction, and the Company will have a large capital expenditure in 2021.

II. Proposal for Profit Distribution and Conversion of Capital Reserves into Share Capital for the Reporting Period

Applicable Not applicable

The Company plans not to distribute cash dividends, bonus shares or increase share capital with accumulation fund.

III. Fulfillment of Commitments

1. Commitments made by the Company's actual controllers, shareholders, related parties, purchasers, and others that were fulfilled during the reporting period and those not fulfilled as of the end of the reporting period

Applicable Not applicable

Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Share reform commitment						
Commitments made in acquisition report or equity change report						
Commitments	GreatStar Group	Performance	According to the letter of commitment of Great Star Holding Group Co., Ltd. on profit compensation issued by GreatStar	June 4, 2019	2021-12-31	Strictly

made during asset restructuring		commitment and compensation arrangement	<p>Group on June 17, 2019, and the profit compensation agreement and supplementary agreement of profit compensation agreement signed with listed companies on August 15, 2019 and September 27, 2019 respectively, the main arrangements for performance compensation related to this transaction are as follows: 1. The profit compensation period of GreatStar Group to the listed company is the year when the transaction is completed and two consecutive accounting years after that, namely, 2019, 2020 and 2021 (hereinafter referred to as "profit compensation period"). 2. GreatStar Group undertakes that the total net profit attributable to the shareholders of the parent company after deducting non recurring profits and losses in the audited consolidated statements of Zhongce Rubber in the profit compensation period (2019, 2020 and 2021) shall not be less than RMB 3,128.7882 million (hereinafter referred to as "committed net profit"). 3. The benchmark date of profit compensation is December 31, 2021. A listed company shall, within 30 working days from the base date of profit compensation calculation, employ an accounting firm with relevant securities and futures business qualification to conduct a special audit on the total net profit attributable to the shareholders of the parent company (hereinafter referred to as "actual total net profit") of the consolidated statements of Zhongce Rubber in each year during the profit compensation period after deducting non recurring profits and losses, Based on this, the difference between the actual total net profit and the committed net profit of Zhongce Rubber during the profit compensation period is determined. 4. According to the special audit opinion issued by the accounting firm on the difference of profit forecast during the profit compensation period, if the actual total net profit of Zhongce Rubber during the profit compensation period is less than the promised net profit, GreatStar Group will compensate the listed company in cash, and the amount to be compensated = (committed net profit - actual total net profit during the profit compensation period) × 11.4438%. If GreatStar Group is liable for profit compensation in accordance with the provisions of the preceding paragraph, it shall pay cash compensation to the bank account designated by the listed company within 30 working days after the issuance of the special audit opinions and the written notice of compensation issued by the listed company. 5. GreatStar Group is willing to make a commitment to increase the net profit of the listed company (hereinafter referred to as "new net profit of synergy effect") in this</p>			performing
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		<p>transaction during the profit compensation period. GreatStar Group promises that the total net profit of the listed company will not be less than RMB 75.4941 million (hereinafter referred to as "the net profit of synergy commitment") due to the synergy effect of this transaction during the profit compensation period. 6. The benchmark date of profit compensation is December 31, 2021. A listed company shall, within 30 working days from the base date of profit compensation calculation, employ an accounting firm with relevant securities and futures business qualification to conduct a special audit on the new net profit of synergy effect realized by the listed company in each year during the profit compensation period, Based on this, the difference between the actual total net profit of synergy and the net profit promised by synergy is determined. 7. According to the special audit opinion issued by the accounting firm on the difference of synergy profit forecast during the profit compensation period, if the actual total net profit of synergy is less than the net profit promised by synergy, GreatStar Group will compensate the listed company in cash, The compensation amount should be equal to the net profit of synergy effect commitment - the actual total net profit of synergy effect during the profit compensation period. If GreatStar Group is liable for profit compensation in accordance with the provisions of the preceding paragraph, it shall pay cash compensation to the bank account designated by the listed company within 30 working days after the issuance of the special audit opinions and the written notice of compensation issued by the listed company. 8. If GreatStar Group fails to give full compensation to the listed company in time within the time limit specified in this agreement, it shall pay the listed company liquidated damages of 0.02% of the compensation amount in cash for each overdue day from the date of overdue until GreatStar Group has paid the compensation amount in full.</p>			
Qiu Jianping; Wang Lingling	Reducing and standardizing related party transactions	<p>1. I and the enterprises I control will minimize the related transactions with the listed company, and will not use their status as the actual controller of the listed company to seek to give superior rights to other third parties in terms of 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 a transaction with the listed company in priority. 3. If there is any necessary and unavoidable related transaction, the Company and the Company controlled enterprises will sign agreements with the listed</p>	June 4, 2019	Long-term	Strictly performing

			company in accordance with the principles of fairness, fairness and equal compensation, perform legal procedures, and will perform the obligation of information disclosure and relevant internal decisions in accordance with the requirements of relevant laws and regulations and the provisions of the articles of association. The approval procedure ensures that the listed company will not be traded on the condition that it is obviously unfair compared with the market price, and that it will not use such transactions to engage in any act that damages the legitimate rights and interests of the listed company and other shareholders.			
	GreatStar Group	Reducing and standardizing related party transactions	1. The Company and the enterprises controlled by the Company will reduce the related party transactions with the listed companies as far as possible, and will not use its position as the controlling shareholder of the listed company to seek the 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. If there are necessary and inevitable related party transactions, the Company and the enterprises controlled by the Company will sign agreements with the listed company in accordance with the principles of fairness, fairness and compensation for equal value, perform legal procedures, and perform the obligation of information disclosure and relevant internal decision-making and management in accordance with the requirements of relevant laws, regulations, normative documents and the articles of association. The approval procedure ensures that it will not trade with the listed company on terms that are obviously unfair compared with the market price, and will not use such transactions to engage in any act that damages the legitimate rights and interests of the listed company and other shareholders.	June 4, 2019	Long-term	Strictly performing
	Qiu Jianping; Wang Lingling	Avoid horizontal competition	1. I will not directly or indirectly engage in or participate in the business that constitutes potential direct or indirect competition with the listed company and its subordinate enterprises; Guarantee that legal and effective measures will be taken to urge other enterprises under my control not to engage in or participate in any business competing with the operation of the listed company and its subordinate enterprises. 2. If the listed company further expands its business scope, I and other enterprises under my control will not compete with the expanded business of the listed company; If it is possible to		Long-term	Strictly performing

			<p>compete with the expanded business of the listed company, I and other enterprises under my control will withdraw from the competition with the listed company in the following ways: A. stop the business that competes with or may compete with the listed company; B. Bring competitive businesses into the listed companies to operate; C. Transfer competing businesses to unrelated third parties. 3. If I and other enterprises under my control have any business opportunities to engage in and participate in any activities that may compete with the operation of the listed company, I will immediately notify the listed company of the above business opportunities. Within a reasonable period specified in the notice, the listed company will give a positive reply that it is willing to take advantage of the business opportunities, Then try to give the business opportunity to the listed company. 4. If I violate the above commitments, I am willing to bear all the responsibilities arising therefrom and fully compensate or compensate all the direct or indirect losses caused to the listed company.</p>			
	GreatStar Group	Avoid horizontal competition	<p>1. The Company does not engage in or participate in the business which is potentially directly or indirectly competitive with the business of listed companies and their subordinate enterprises in a direct or indirect way; Ensure that legal and effective measures will be taken to prevent other enterprises under the control of the Company from engaging in and participating in any business that competes with the operation of the listed company and its subordinate enterprises. 2. If the listed company further expands its business scope, the Company and other enterprises controlled by the Company will not compete with the business after the expansion of the listed company; If there is any competition with the business after the expansion of the listed company, the Company and other enterprises controlled by the Company will exit the competition with the listed company in the following ways: A. stop the business which is competitive with the listed company or may constitute competition; B. Bring competitive businesses into the listed companies to operate; C. Transfer competing businesses to unrelated third parties. 3. If the Company and other enterprises under the control of the Company have any business opportunity to engage in and participate in any activities which may compete with the operation of the listed company, the listed company shall immediately notify the listed company of the above business opportunities, and within the reasonable period specified in the notice, the listed company shall make a positive reply willing to use the business opportunity, Then try</p>	June 4, 2019	Long-term	Strictly performing

			to give the business opportunity to the listed company. 4. In case of breach of the above commitments, the Company is willing to bear all the responsibilities arising therefrom, and fully compensate or compensate all direct or indirect losses caused to the listed company.			
	Qiu Jianping; Wang Lingling	Guarantee the independence of listed company	I promise that after the completion of this transaction, the listed company will continue to improve the corporate governance structure and independent operation company management system in accordance with relevant laws and regulations and the requirements of the articles of association, and continue to maintain the independence of the listed company in business, assets, finance, institutions, personnel, etc., and effectively protect the interests of all shareholders.	June 4, 2019	Long-term	Strictly performing
	GreatStar Group	Guarantee the independence of listed company	The Company promises that after the completion of this transaction, it will ensure that the listed company will continue to improve the corporate governance structure and the Company management system of independent operation in accordance with the requirements of relevant laws and regulations and the articles of association, continue to maintain the independence of the listed company in business, assets, finance, institutions and personnel, and effectively protect the interests of all shareholders.	June 4, 2019	Long-term	Strictly performing
	All directors and senior management of the Company	Other commitments	1. I promise not to deliver benefits to other companies or individuals free of charge or under unfair conditions, nor to damage the Company's interests in other ways. 2. I promise to restrict my duty consumption behavior. 3. I promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of my duties. 4. I promise that the salary system formulated by the Board of Directors or the Salary and Assessment Committee will be linked with the implementation of the Company's compensation measures. In case of any loss to the Company or shareholders caused by the violation of the above commitment, I will bear the responsibility of compensation according to law.	June 4, 2019	Long-term	Strictly performing
	GreatStar Group	Other commitments	1. It will not interfere in the Company's operation and management activities beyond its authority, and will not encroach on the Company's interests. 2. From the date of issuing this commitment to the completion of the transaction, when the CSRC makes clear provisions on the measures to fill in the return and its commitment, and the above commitment can not meet the requirements of the CSRC, the commitment will issue a supplementary commitment in accordance with the provisions of the CSRC. 3. The Company will strictly	June 4, 2019	Long-term	Strictly performing

			implement the measures to fill the diluted immediate return. If it fails to do so, it will publicly explain the specific reasons for the failure to fill the diluted immediate return at the general meeting of shareholders of the Company and apologize to shareholders and public investors of the Company; 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 the shareholders due to the violation of the above commitment, the Company will bear the compensation responsibility according to law.			
	Qiu Jianping; Wang Lingling	Other commitments	1. It will not interfere in the Company's operation and management activities beyond its authority, and will not encroach on the Company's interests. 2. From the date of issuing this commitment to the completion of the transaction, when the CSRC makes clear provisions on the measures to fill in the return and its commitment, and the above commitment can not meet the requirements of the CSRC, the commitment will issue a supplementary commitment in accordance with the provisions of the CSRC. 3. I will strictly perform the measures to fill the diluted immediate return. If I fail to do so, I will publicly explain the specific reasons for my failure to fill the diluted immediate return at the general meeting of shareholders of the Company and apologize to the shareholders and public investors of the Company; 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 to the Company or shareholders caused by the violation of the above commitment, I will bear the responsibility of compensation according to law.	June 4, 2019	Long-term	Strictly performing
Initial public offering or refinancing commitments	All directors and senior management of the Company	Other commitments	1. Promise not to deliver benefits to other companies or individuals free of charge or under unfair conditions, and not to damage the interests of the Company in other ways. 2. Promise to restrict the duty consumption behavior of directors and senior executives. 3. Promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of its duties. 4. It is committed that the compensation system formulated by the Board of Directors or the compensation committee is linked to the implementation of the Company's compensation measures. 5. If the Company implements the stock incentive plan in the future, it promises that the exercise conditions of the future stock incentive plan will be linked with the implementation of the Company's	November 23, 2018	Long-term	Strictly performing

			compensation return measures. As one of the subjects responsible for filling the return measures, if I violate the above commitment or refuse to fulfill the above commitment, I agree to punish or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by the CSRC, Shenzhen Stock Exchange and other securities regulatory agencies, and I am willing to bear the corresponding legal responsibility.			
	GreatStar Group	Other commitments	Promise not to interfere in the Company's operation and management activities beyond authority and not to encroach on the Company's interests. As one of the main bodies responsible for filling the return measures, if the Company violates the above commitment or refuses to fulfill the above commitment, the Company agrees to punish the Company or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by the CSRC, Shenzhen Stock Exchange and other securities regulatory agencies, and is willing to bear the corresponding legal responsibility.	November 23, 2018	Long-term	Strictly performing
	Qiu Jianping; Wang Lingling	Other commitments	Promise not to interfere in the Company's operation and management activities beyond authority and not to encroach on the Company's interests. As one of the subjects responsible for filling the return measures, if I violate the above commitment or refuse to fulfill the above commitment, I agree to make relevant punishment or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by the CSRC, Shenzhen Stock Exchange and other securities regulatory agencies, and I am willing to bear the corresponding legal responsibility.	November 23, 2019	Long-term	Strictly performing
	GreatStar Group	Commitments on horizontal competition, related party transactions and capital occupation	During its period as the controlling shareholder of the issuer, Great Star Holding Group Co., Ltd. and its enterprises directly or indirectly controlled in the future will not operate in any form (including but not limited to investment, merger and acquisition, joint venture, joint venture, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies etc.) within or outside China to engage in or participate in the business or activities that constitute or may constitute a substantial competitive relationship with the main business of the issuer, and will not support the third party other than the issuer and its wholly-owned and holding subsidiaries to engage in or participate in the business or activities that constitute or may constitute a substantial competitive relationship with the main business of the issuer in any form	April 5, 2009	As the controlling shareholder of the Company	Strictly performing

			within or outside China. Great Star Holding Group Co., Ltd. will compensate the issuer for all actual losses caused to the issuer due to the failure to fulfill the promises and guarantees made in the letter of commitment.			
	Qiu Jianping; Wang Lingling	Commitments on horizontal competition, related party transactions and capital occupation	During the period when they have the actual control of the issuer, Qiu Jianping and his wife and other enterprises directly or indirectly controlled by them, except the issuer and its wholly-owned and holding subsidiaries, will not operate in any form (including but not limited to investment, merger and acquisition, joint venture, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies) within or outside China to engage in or participate in the business or activities that constitute or may constitute a substantial competitive relationship with the main business of the issuer, and will not support the third party other than the issuer and its wholly-owned and holding subsidiaries to engage in or participate in the business or activities that constitute or may constitute a substantial competitive relationship with the main business of the issuer in any form within or outside China. In case of any loss caused to the issuer due to the failure to fulfill the promises and guarantees made in the commitment letter, Qiu Jianping and his wife will compensate the issuer for all actual losses.	April 5, 2010	As the actual controller of the Company	Strictly performing
Equity incentive commitment						
Other commitments to small and medium shareholders of the Company						
Whether the commitment is fulfilled on time	Yes					

2. Where there had been Profit Forecast for an asset or project and the reporting period was still within the forecast period, explain reasons for failing to reach forecast performance.

Applicable Not applicable

IV. Status of Capital of the Listed Company Used for Non-operating Purposes by the Controlling Shareholder or Its Related Parties

Applicable Not applicable

In the reporting period, no controlling shareholder or its related party used capital of the listed Company for non-operating purposes.

V. Explanations Provided by the Board of Directors, the Supervisory Committee, and the Independent Directors (If Any) Regarding the “Non-standard Audit Report” Issued by the Auditor for the Reporting Period

Applicable Not applicable

VI. Changes in Accounting Policy, Estimation, and Methods When Compared to the Previous Financial Year

Applicable Not applicable

- The Company will implement the accounting standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as the new revenue standards) revised by the Ministry of finance from January 1, 2020. According to the relevant provisions on the connection between the new and old standards, the information of the comparable period will not be adjusted, and the cumulative impact of the implementation of the new standards on the first implementation date will retroactively adjust the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period.

The main impacts of the implementation of the new income standard on the Company's financial statements as of January 1, 2020 are as follows:

Unit: RMB

item	Balance sheet		
	December 31, 2019	Impact of new income standard adjustment	January 1, 2020
Advance payment	56,674,240.40	-56,674,240.40	
Contractual liabilities		56,674,240.40	56,674,240.40

- Since January 1, 2020, the Company has implemented the No. 13 interpretation of accounting standards for business enterprises issued by the Ministry of Finance in 2019, and the accounting policy change is handled by the future applicable law.

VII. Retrospective Restatement due to Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases in the reporting period.

VIII. Changes in Consolidation Scope When Compared to the Previous Financial Year

Applicable Not applicable

For details of the changes in the Company's scope of consolidation in 2020, refer to "V. Changes in the Scope Consolidation" of "Chapter 12 Financial Report".

IX. Details Regarding Engagement and Disengagement of Auditor

Auditor engaged at present

Name of domestic auditor	Pan-China Certified Public Accountants LLP (special general partnership)
Fee for domestic auditor (RMB million)	80
Consecutive years of audit services provided by the domestic auditor	12 years
Names of the certified public accountants from auditor	Chen Zhongjiang, Hu Fujian
Consecutive years of audit services provided by the Certified Public Accountants of domestic auditor	12 years

Has the auditor changed during the reporting period?

Yes No

Status of auditor of internal controls, financial adviser, or sponsor engaged:

Applicable Not applicable

X. Possibility of Delisting after Disclosure of This Annual Report

Applicable Not applicable

XI. Bankruptcy and Reorganization

Applicable Not applicable

There was no such situation for the Company during the reporting period.

XII. Significant Lawsuit or Arbitration

Applicable Not applicable

Basic information of litigation (Arbitration)	Amount involved (RMB10,000)	Whether to form estimated liabilities	Progress in litigation (Arbitration)	The result and influence of litigation (Arbitration)	Implementation of litigation (Arbitration) judgment	Date of disclosure	Disclosure index

Zhejiang GreatStar Industrial Co., Ltd. v. labor security administrative confirmation case of Haining human resources and Social Security Bureau	0	No	Case closed	The plaintiff withdrew the suit	The plaintiff withdrew the suit	(2019) zhe0424 xingchu no.266
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XIII. Punishment and Rectification

Applicable Not applicable

There was no such situation during the reporting period.

XIV. Integrity of the Company, Its Controlling Shareholders, and Actual Controller

Applicable Not applicable

During the reporting period, the Company and its controlling shareholder, GreatStar Group, and the actual controller, Mr. Qiu Jianping, were in good faith, and there were no cases of failing to perform the effective judgment of the court, and the debt with a large amount was due and not paid off.

XV. Execution of Stock Incentive Plan, ESOP, or Other Employee Incentives

Applicable Not applicable

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

XVI. Significant Related-party Transactions

1. Related-party transactions relevant to routine operations

Applicable Not applicable

No such cases in the reporting period.

2. Related-party transactions relevant to purchases and sales of assets

Applicable Not applicable

No such cases in the reporting period.

3. Related-party transactions with joint investments

Applicable Not applicable

No such cases in the reporting period.

4. Credits and liabilities with related parties

Applicable Not applicable

No such cases in the reporting period.

5. Other significant related-party transactions

Applicable Not applicable

No such cases in the reporting period.

XVII. Significant Contracts and Their Execution

1. Trusteeships, Contracts, and Leases

(1) Trusteeships

Applicable Not applicable

No significant trusteeships in the reporting period.

(2) Contracts

Applicable Not applicable

No significant contracts in the reporting period.

(3) Leases

Applicable Not applicable

No significant leases in the reporting period.

2. Significant guarantees

Applicable Not applicable

(1) Guarantees provided by the Company

Unit: RMB10 thousands

The listed Company and its subsidiaries' guarantees to external parties (Guarantees to subsidiaries are not included)								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed ?	Guarantee for a related party?
The listed Company's guarantees to subsidiaries								

Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed ?	Guarantee for a related party?
Arrow Fastener Co., LLC	2019/10/29	3,262.45	2019/11/09	3,262.45	General warranty	1 year	Yes	Yes
GreatStar Europe AG	2018/07/03	52,965	2018/08/31	38,921.25	General warranty	2018/8/31-2023/6/26	No	Yes
Suzhou Xindadi Hardware Products Co., Ltd	2020/06/22	10,000	2021/01/07	0	General warranty	3 years	No	Yes
Arrow Fastener Co., LLC	2020/10/22	3,262.45	2020/10/22	3,262.45	General warranty	1 year	No	Yes
Total guarantee quota approved for subsidiaries during the reporting period (B1)		13,262.45		Total actual amount of guarantees for subsidiaries during the reporting period (B2)		45,446.15		
Total guarantee quota approved for the subsidiaries at the end of the reporting period (B3)		66,227.45		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)		42,183.7		
Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed ?	Guarantee for a related party?
Total guarantee amount provided by the Company (i.e. the total of the first three items)								
Total guarantee quota approved during the reporting period (A1+B1+C1)		13,262.45		Total actual amount of guarantee during the reporting period (A2+B2+C2)		45,446.15		
Total guarantee quota approved at the end of the reporting period (A3+B3+C3)		66,227.45		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)		42,183.7		
Total guarantee amount (A4+B4+C4) to net assets of the Company				4.78%				

Of which:

Description of the specific situation of adopting compound guarantee

(2) Illegal provision of guarantees for external parties

Applicable Not applicable

No such cases in the reporting period.

3. Cash assets managed under trust

(1) Wealth managed under trust

Applicable Not applicable

Entrusted finances during the reporting period

Unit: RMB10 thousands

Type	Funding Source for Entrusted Funds	Maximum Daily Balance of Such Entrusted Funds During the Reporting Period	Unexpired Balance	Overdue Outstanding Amount
Bank wealth management products	Self-owned fund	73,670	39,200	0
Total		73,670	39,200	0

Details of individual items with significant amount or of low safety, poor liquidity, or without principal guarantee high risk wealth management products

Applicable Not applicable

The entrusted financing is expected to fail to recover the principal, or there may be other circumstances that may result in impairment.

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

No such cases in the reporting period.

4. Significant contracts relevant to routine operations

Applicable Not applicable

5. Other significant contracts

Applicable Not applicable

No other significant contracts in the reporting period.

XVIII. Social Responsibilities

1. Performance of Social Responsibilities

(1) Protection of 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 the management of the convening, holding and discussion procedures of the general meeting of shareholders, and ensured the shareholders' right to know, participate and vote on major issues of the Company; Constantly improve company's the Company internal control system, modify company's the Company external financial assistance management system according to relevant regulations; We should conscientiously perform the obligation of information disclosure, ensure the authenticity, accuracy, integrity, timeliness and fairness of information disclosure, refrain from selective information disclosure, strictly implement the insider registration and insider confidentiality system, and treat all shareholders and investors fairly; Strengthen the management of investor relations, communicate with investors through investor relations interactive platform, hotline and other ways, so as to protect the legitimate rights and interests of all shareholders of the Company, especially small and medium shareholders.

(2) Protection of employees' rights and interests

The Company adheres to the people-oriented principle, 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, work-related injury, childbirth and other social insurance on time, respects and protects employees' personal rights and interests, and pays close attention to employees' health, safety and satisfaction. The Company attaches great importance to personnel training, and regularly organizes safety production knowledge training, basic skills training for each post, and comprehensive quality training for management personnel, so that employees can effectively improve their overall professional quality and comprehensive quality, realize the common growth of employees and enterprises, and build a harmonious and stable labor relations.

(3) Protection of rights and interests of suppliers, customers and consumers

The Company has always followed the trading principle of "honesty, mutual benefit, legality and compliance", paid attention to communication and coordination with all relevant parties, fully respected and protected the legitimate rights and interests of suppliers and customers, and established strategic partnership with suppliers and customers. The Company continues to improve the procurement system and process. In the selection of suppliers, the Company has established a fair and impartial evaluation system to select qualified

suppliers. The Company adheres to the supremacy of customer interests, 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 properly protected.

(4) Environmental protection

The Company attaches great importance to environmental protection and takes environmental protection, energy conservation and emission reduction as an important work. During the reporting period, the Company carried out effective comprehensive treatment of waste water and waste gas in strict accordance with relevant environmental 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 carries out regular inspection, and the overall operation of environmental protection facilities is good, and the work of energy conservation and emission reduction is carried out orderly.

2. Targeted Poverty Alleviation Program

(1) Targeted poverty alleviation plan

N/A

(2) Annual poverty alleviation summary

N/A

(3) Targeted poverty alleviation

index	Unit of measurement	Quantity / status
1. General situation	—	—
2. Itemized input	—	—
(1) Industrial development and poverty alleviation	—	—
(2) Transfer employment to get rid of poverty	—	—
(3) Moving out of poverty	—	—
(4) Poverty alleviation through education	—	—
(5) Poverty alleviation through health	—	—
(6) Ecological protection and poverty alleviation	—	—

(7) Protection	——	——
(8) Social poverty alleviation	——	——
(9) Other projects	——	——
3. Awards (content, level)	——	——

(4) Follow up precise poverty alleviation program

N/A

3. Environmental protection

Are listed company and their subsidiaries key pollutant discharge units announced by environmental protection departments ?

Yes No

The Company and its subsidiaries do not belong to the key pollutant discharge units announced by the environmental protection department.

XIX. Other Major Issues

Applicable Not applicable

The Company launched the issue of convertible corporate bonds and successfully completed the issuance during the reporting period. The convertible corporate bonds have been listed and traded on Shenzhen Stock Exchange on July 16, 2020. For details, please refer to June 22, June 24, June 29, June 30, 2020, July 2, 2020 July 15, 2020 (www.cninfo.com.cn) And Securities Daily.

XX. Significant Events of Subsidiaries

Applicable Not applicable

Section 6 Share Changes and Shareholder Details

I. Changes in Shares

1. Changes in shares

Unit: shares

	Before Change		Increase or Decrease (+ or -)					After Change	
	Number of shares	Proportion	New shares issued	Bonus shares	Conversion of equity reserve into share capital	Others	Subtotal	Number of shares	Proportion
I. Restricted sales of shares	63,392,076	5.90%				-673,387	-673,387	62,718,689	5.83%
1. Shares held by state	0	0.00%				0	0	0	0.00%
2. Shares held by state-owned legal person	0	0.00%				0	0	0	0.00%
3. Other shares held by domestic capital	63,392,076	5.90%				-673,387	-673,387	62,718,689	5.83%
Of which: Other shares held by domestic legal person	0	0.00%				0	0	0	0.00%
Other shares held by domestic natural person	63,392,076	5.90%				-673,387	-673,387	62,718,689	5.83%
4. Shares held by overseas capital	0	0.00%				0	0	0	0.00%
Of which: Other shares held by overseas legal person	0	0.00%				0	0	0	0.00%
Other shares held by overseas natural person	0	0.00%				0	0	0	0.00%
II. Unrestricted sales of shares	1,011,855,624	94.10%				673,387	673,387	1,012,529,011	94.17%
1. RMB-denominated ordinary shares	1,011,855,624	94.10%				673,387	673,387	1,012,529,011	94.17%
2. overseas capital shares domestic listed	0	0.00%				0	0	0	0.00%
3. overseas capital shares overseas listed	0	0.00%				0	0	0	0.00%
4. Others	0	0.00%				0	0	0	0.00%

III. Total number of shares	1,075,247,700	100.00%				0	0	1,075,247,700	100.00%
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Reasons of share changes

Applicable Not applicable

The decrease in the number of shares with limited sales conditions is due to the lifting of the restrictions on the sale of restricted shares held by Chen Hangsheng, director and he Tianle, senior executive, who resigned early during his term of office, and the departure of supervisor Yu Wentian upon the expiration of his term of office.

Approval of share changes

Applicable Not applicable

Transfer of share ownership

Applicable Not applicable

Implementation progress of share repurchase

Applicable Not applicable

Implementation of share reduction through aggregate auction

Applicable Not applicable

Effects of share changes on the basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company, and other financial indicators for the last year and the last reporting period

Applicable Not applicable

Other contents that the Company considers necessary, or are required by the securities regulatory authorities, to disclose

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: shares

Name of shareholder	Restricted shares at the beginning of the period	Number of restricted shares increased in the period	Number of restricted shares removed in the period	Restricted shares at the end of the period	Restricted sales reasons	Date of restricted sales removal
Yu Wentian	411,457	137,153	0	548,610	The term of office has expired	2021-03-01
He Tianle	270,180	0	270,180	0	Early resignation during term of office	2020-07-01
Chen Hangsheng	540,360	0	540,360	0	Early resignation during term of office	2020-07-01
Total	1,221,997	137,153	810,540	548,610	--	--

II. Issuance and Listing of Securities

1. Issuance of securities (excluding preferred shares) during the reporting period

✓ Applicable □ Not applicable

Names of stocks and their derivatives	Issue date	Issue price (or interest rate)	Number of issues	Listing date	Number of approved listed transactions	Transaction termination date	Disclosure index	Date of disclosure
Stocks								
Convertible bonds, Convertible bonds traded separately, Corporate bonds								
convertible bond	June 24, 2020	RMB100 / unit	9,726,000	July 16, 2020	9,726,000	February 24, 2021	For details, please refer to the Company's publication in CNKI Net (www.cninfo.com.cn) Of Convertible bond listing company Notice No.: 2020-05	July 15, 2020
Other derivative securities								

Explanation of securities issuance (excluding preferred shares) during the reporting period

With the approval of "zjxk [2019] No. 2656" issued by China Securities Regulatory Commission, the Company publicly issued 9.726 million convertible corporate bonds on June 24, 2020, with a face value of RMB 100 each and a total issuance amount of RMB 972.6 million. The term of the convertible bonds issued this time is six years from the date of issue, that is, from June 24, 2020 to June 23, 2026. The specific coupon rate of convertible corporate bonds is: 0.40% in the first year, 0.60% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.80% in the fifth year and 2.00% in the sixth year.

With the approval of "SZS [2020] No. 623" issued by Shenzhen Stock Exchange, the Company's RMB 972.6 million convertible bonds will be listed and traded in Shenzhen Stock Exchange from July 16, 2020. The bonds are referred to as "GreatStar convertible bonds" for short, and the bond code is "128115".

2. Explanation on changes in share capital, structure of shareholders, and structure of assets and liabilities

Applicable Not applicable

3. Existing shares held by internal employees of the Company

Applicable Not applicable

III. Shareholder and Actual Controller Details

1. Total number of shareholders and their holdings

Unit: number of shares

Name of shareholder	Type of shareholder	Shareholding percentage	Number of shares held at the end of the reporting period	Increase or decrease of shares during reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status of shares	Amount
Great Star Holding Group Co., Ltd.	Domestic non state-owned legal person	43.13%	463,739,864	-20,000,000	0	463,739,864		
Qiu Jianping	Domestic natural person	5.66%	60,884,300	0.00	45,663,225	15,221,075		
Hong Kong Securities Clearing Company Limited	Overseas legal person	3.07%	33,014,961	24,003,926	0	33,014,961		

Central Huijin Asset Management Co., Ltd	state-owned artificial person	2.10%	22,557,100	0.00	0	22,557,100		
China Merchants Bank Co., Ltd. - Ruiyuan growth value hybrid securities investment fund	Other	1.70%	18,231,485	18,231,485	0	18,231,485		
Wang Lingling	Domestic natural person	1.60%	17,150,960	0.00	12,863,220	4,287,740		
Agricultural Bank of China Limited - harvest emerging industries equity securities investment fund	Other	1.46%	15,669,987	15,669,987	0	15,669,987		
Agricultural Bank of China Limited - harvest core growth hybrid securities investment fund	Other	1.23%	13,216,656	13,216,656	0	13,216,656		
China Construction Bank Co., Ltd. - bocom Schroeder economic new power hybrid securities investment fund	Other	1.22%	13,108,040	13,108,040	0	13,108,040		
China Merchants Bank Co., Ltd. - Ruiyuan balanced value three year holding period hybrid securities investment fund	Other	1.03%	11,111,465	11,111,465	0	11,111,465		
Additional Shares Strategic investor or general legal person becomes the top 10 shareholder due to the placement of new shares (if any) (refer to note3)	N/A							
Explain any associated relationship and/ or persons acting in concert between the above-mentioned shareholders	Great Star Holding Group Co., Ltd., Qiu Jianping and Wang Lingling are affiliated, and they are the persons acting in concert as stipulated in the administrative measures for the acquisition of listed companies.							
Explanation of the above-mentioned shareholders' involvement in entrustment/ entrusted voting rights and abstaining from voting rights	N/A							

Top 10 shareholders holding unrestricted shares			
Name of shareholder	Number of unrestricted shares held at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Great Star Holding Group Co., Ltd.	463,739,864	RMB-denominated ordinary shares	463,739,864
Hong Kong Securities Clearing Company Limited	33,014,961	RMB-denominated ordinary shares	33,014,961
Central Huijin Asset Management Co., Ltd	22,557,100	RMB-denominated ordinary shares	22,557,100
China Merchants Bank Co., Ltd. - Ruiyuan growth value hybrid securities investment fund	18,231,485	RMB-denominated ordinary shares	18,231,485
Agricultural Bank of China Limited - harvest emerging industries equity securities investment fund	15,669,987	RMB-denominated ordinary shares	15,669,987
Qiu Jianping	15,221,075	RMB-denominated ordinary shares	15,221,075
Agricultural Bank of China Limited - harvest core growth hybrid securities investment fund	13,216,656	RMB-denominated ordinary shares	13,216,656
China Construction Bank Co., Ltd. - bocom Schroeder economic new power hybrid securities investment fund	13,108,040	RMB-denominated ordinary shares	13,108,040
China Merchants Bank Co., Ltd. - Ruiyuan balanced value three year holding period hybrid securities investment fund	11,111,465	RMB-denominated ordinary shares	11,111,465
China Merchants Bank Co., Ltd. - Bank of communications Schroeder innovation pilot hybrid securities investment fund	9,894,626	RMB-denominated ordinary shares	9,894,626
Explain any associated relationship and/or persons acting in concert between the top ten shareholders	Great Star Holding Group Co., Ltd., Qiu Jianping and Wang Lingling are affiliated, and they are the persons acting in concert as stipulated in the administrative measures for the acquisition of listed companies.		
Explain the top 10 common shareholders' participation in margin financing (if any)(refer to note 4)	N/A		

Did any of the top 10 common shareholder or the top 10 non-restricted common shareholders of the Company conduct any promissory repurchase during the reporting period?

Yes No

No such cases in the reporting period.

2. Details about the controlling shareholder

Nature of ultimate controlling shareholders: natural person

Type of controlling shareholders: natural person

Name of controlling shareholder	Nationality	Obtained the Right of Sanctuary in Other Countries or Regions?
Qiu Jianping	China	No
Major occupations and jobs	The chairman of the Company, the chairman of GreatStar Group	
Equity of other domestic and foreign listed companies holding shares or participating in shares during the reporting period	Hangcha Group Co., Ltd., stock code: 603298, stock abbreviation: Hangcha Group, which was listed on the Shanghai Stock Exchange on December 27, 2016, mainly engaged in forklift, intelligent vehicles and other industrial vehicle products and major components.	

Change of controlling shareholders during the reporting period

Applicable Not applicable

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

3. Details about the actual controlling persons acting in concert

Nature of the actual controller: domestic natural person

Type of the actual controller: natural person

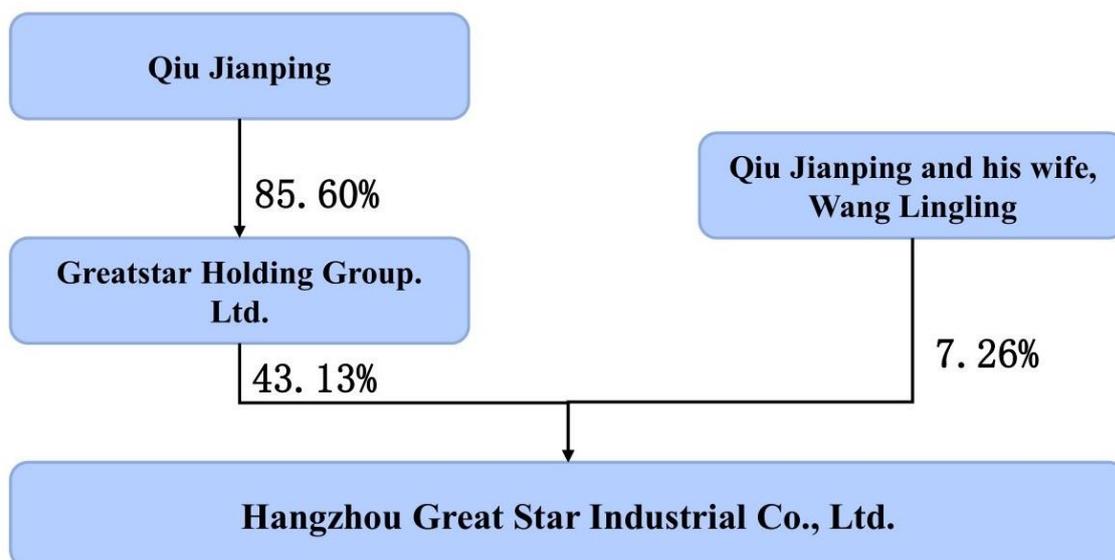
Name of actual controller	Relationship with the actual controller	Nationality	Obtained the Right of Sanctuary in Other Countries or Regions?
Qiu Jianping	Himself	China	No
Major occupations and jobs	The chairman of the Company, the chairman of GreatStar Group		
Domestic and foreign-listed companies with shares held by the actual controller in the past 10 years	Qiu Jianping is the actual controller of Hangcha Group Co., Ltd. (603298).		

Change of actual controller during the reporting period

Applicable Not applicable

The actual controller did not change during the reporting period.

The ownership and controlling relationship between the actual controller of the Company and the Company is detailed as follows:



The actual controller controlled the Company by trust or other asset management methods

Applicable Not applicable

4. Other institutional shareholders owning over 10% of shares

Applicable Not applicable

5. Details of restrictions on shareholdings of controlling shareholders, actual controllers, restructuring parties, and other commitment subjects

Applicable Not applicable

Section 7 Preferred Shares

Applicable Not applicable

No such cases in the reporting period.

Section 8 Convertible Corporate Bonds

✓ Applicable Not applicable

I. Previous Adjustments of Stock Conversion Price

The initial conversion price of the convertible bonds issued this time is RMB 12.28 / share. As of the end of the reporting period, the conversion price has not been adjusted.

II. Share Conversions (Cumulative)

Applicable ✓ Not applicable

III. Top 10 Holders of the Convertible Bond

Unit: shares

No.	Name of convertible bond holder	The nature of convertible bond holders	Number of convertible bonds held at the end of the reporting period	Amount of convertible bonds held at the end of the reporting period (RMB)	Proportion of convertible bonds held at the end of the reporting period
1	Shanghai Pudong Development Bank Co., Ltd. - EFund Yuxiang return bond securities investment fund	Other	544,669	54,466,900.00	5.60%
2	China Merchants Bank Co., Ltd. - Ruiyuan balanced value three year holding period hybrid securities investment fund	Other	543,502	54,350,200.00	5.59%
3	Industrial and Commercial Bank of China Co., Ltd. - Xingquan convertible bond hybrid securities investment fund	Other	345,732	34,573,200.00	3.55%
4	Industrial and Commercial Bank of China Limited huitianfu convertible bond securities investment fund	Other	338,510	33,851,000.00	3.48%
5	China Merchants Bank Co., Ltd. - Ruiyuan growth value hybrid securities investment fund	Other	278,426	27,842,600.00	2.86%
6	Guorong Securities Co., Ltd	State-owned legal person	272,999	27,299,900.00	2.81%

7	China Growth Securities Investment Fund	Other	243,809	24,380,900.00	2.51%
8	Agricultural Bank of China Co., Ltd. - Penghua convertible bond securities investment fund	Other	222,270	22,227,000.00	2.29%
9	Agricultural Bank of China Co., Ltd. - South Xiyuan convertible bond securities investment fund	Other	216,511	21,651,100.00	2.23%
10	Shanghai Pudong Development Bank Co., Ltd. - Efund richeng flexible allocation of mixed securities investment fund	Other	204,863	20,486,300.00	2.11%

IV. The Profitability, Asset and Credit Status of the Guarantor Have Changed Significantly

Applicable Not applicable

V. The Company's Liabilities at the End of the Reporting Period, Changes in Its Credit Standing, as well as the Cash Arrangements for Repayment of Debt in the Coming Years

1. By the end of the report period, the main financial indicators of company the Company in recent two years are as follows:

item	2020	2019	Range of change
Asset liability ratio	33.93%	31.58%	2.35%
Interest cover	23.37	22.47	4.01%
Loan repayment rate	100%	100%	-
Interest repayment rate	100%	100%	-

2. Credit rating of convertible bonds:

On May 22, 2020, Shanghai new century credit evaluation and Investment Service Co., Ltd. issued the credit rating report on the public issuance of convertible corporate bonds by Hangzhou Great Star Industrial Co., Ltd. [new century debt evaluation (010788)]. Shanghai new century credit evaluation and Investment Service Co., Ltd. rated the main credit rating of Hangzhou Great Star Industrial Co., Ltd. as AA, The rating outlook is stable. It thinks that the security of debt service is very high, and gives AA credit rating of "Hangzhou Great Star Industrial Co., Ltd. public offering convertible corporate bonds".

During the reporting period, the above ratings did not change.

3. Cash arrangement for debt repayment in future years

As of the disclosure date of this report, the Company has fully redeemed the "GreatStar convertible bonds" registered after the closing of the market as of the redemption registration date (February 23, 2021), and completed the payment of the redemption money.

There is no cash arrangement for repayment of principal and interest in future years.

Section 9 Directors, Supervisors, Senior Management and Employees

I. Changes in Shares Held by Directors, Supervisors and Senior Executives

Name	Title	Tenure status	gender	Age	Start date	End date	Shares held at the beginning of the period (share)	Quantity Of shares increased in the current period (share)	Quantity of shares decreased in the current period (share)	Other increase or decreased changes (share)	Quantity of shares held at the end of the period (share)
Qiu Jianping	Chairman	Current	Male	59	June 16, 2008	August 30,2023	60,884,300	0	0	0	60,884,300
Chi Xiaoheng	Deputy chairman, general manager	Current	Female	46	August 31,2020	August 30,2023	829,950	0	100,000	0	729,950
Wang Lingling	Director, Deputy chairman	Current	Female	60	June 16, 2008	August 30,2023	17,150,960	0	0	0	17,150,960
Li Zheng	Director, Deputy chairman	Current	Male	62	June 16,2008	August 30,2023	901,960	0	225,490	0	676,470
Xu Zheng	Director	Current	Female	37	June 16,2008	August 30,2023	0	0	0	0	0
Cen Zhengpin	Director	Current	Male	59	May 24,2019	August 30,2023	0	0	0	0	0
Wang Gang	Independent director	Current	Male	46	August 31,2020	August 30,2023	0	0	0	0	0
Chen Zhimin	Independent director	Current	Female	61	August 31,2020	August 30,2023	0	0	0	0	0
Shi Hong	Independent director	Current	Female	58	August 31,2020	August 30,2023	0	0	0	0	0

Jiang Saiping	Chairman of the Supervisory Committee	Current	Female	50	June 15, 2011	August 30,2023	0	0	0	0	0
Fu Yajuan	Supervisor	Current	Female	49	August 31,2020	August 30,2023	0	0	0	0	0
Chen Jun	Supervisor	Current	Male	41	June 15, 2011	August 30,2023	0	0	0	0	0
Ni Shuyi	financial head	Current	Female	45	June 16,2008	August 30,2023	0	0	0	0	0
Wang Weiyi	Deputy chairman	Current	Male	51	June 16,2008	August 30,2023	1,028,700	0	257,175	0	771,525
Wang Min	Deputy chairman	Current	Male	50	June 16,2008	August 30,2023	1,013,600	0	253,400	0	760,200
Li Feng	Deputy chairman	Current	Male	46	June 16,2008	August 30,2023	1,083,970	0	270,993	0	812,977
Zhou Siyuan	Secretary of the Board, Deputy chairman	Current	Male	36	January 31, 2018	August 30,2023	0	0	0	0	0
Zhang Ou	Deputy chairman	Current	Male	54	April 29, 2019	August 30,2023	0	0	0	0	0
Huang Aihua	Independent director	Resigned	Male	65	July 3, 2014	August 31,2020	0	0	0	0	0
Ye Xiaozhen	Independent director	Resigned	Female	55	July 3, 2014	August 31,2020	0	0	0	0	0
Zhu Yaer	Independent director	Resigned	Female	56	July 3, 2014	August 31,2020	0	0	0	0	0
Yu Wentian	Supervisor	Resigned	Male	56	June 16,2008	August 31,2020	548,610	0	0	0	548,610
Total	--	--	--	--	--	--	83,442,050	0	1,107,058		82,334,992

II. Changes of Directors, Supervisors, and Senior Executives

✓ Applicable Not applicable

Name	Position	Type	Date	Reason
Shi Hong	Independent director	Be selected	August 31, 2020	General meeting of shareholders elected
Chen Zhimin	Independent director	Be selected	August 31, 2020	General meeting of shareholders elected
Wang Gang	Independent director	Be selected	August 31, 2020	General meeting of shareholders elected
Fu Yajuan	Supervisor	Be selected	August 31, 2020	General meeting of shareholders elected
Yu Wentian	Supervisor	Leave office after expiration of the term	August 31, 2020	The term of office has expired
Huang Aihua	Independent director	Leave office after expiration of the term	August 31, 2020	The term of office has expired
Ye Xiaozhen	Independent director	Leave office after expiration of the term	August 31, 2020	The term of office has expired
Zhu Yaer	Independent director	Leave office after expiration of the term	August 31, 2020	The term of office has expired

III. Resumes of Key Personnel

The professional background, main working experience and their main duties in the Company of current directors, supervisors, and senior executives of the Company.

1. Directors

Mr. Qiu Jianping, Chairman. Chinese nationality, no permanent residence right outside China. Born in 1962, he graduated from Xi'an Jiaotong University in 1985, majoring in mechanical casting, and obtained a graduate degree and master of engineering degree. From June 2008 to January 2021, he served as the Company's chairman and CEO. From January 2021 to now, he has been the Company chairman.

Ms. Chi Xiaoheng, vice chairman and CEO of the Company. Chinese nationality, no permanent residence right outside China.

Born in 1975, she has a college degree. From June 2008 to August 2020, she was a director and vice CEO of the Company. From August 2020 to now, he has served as vice chairman and vice CEO of the Company. From January 2021 to now, he has served as vice chairman and CEO of the Company.

Mr. Li Zheng, director of the Company, vice CEO. Chinese nationality, no permanent residence right outside China. Born in 1959, he has a college degree. From 2008 to now, he has served as vice chairman and vice CEO of the Company.

Ms. Wang Lingling, director of the Company, vice CEO. Chinese nationality, no permanent residence right outside China. Born in 1961, bachelor degree. From 2008 to now, she has been a director and vice CEO of the Company.

Ms. Xu Zheng, director of the Company. Chinese nationality, no permanent residence right outside China. Born in 1984, bachelor degree. From 2008 to now, she has been Secretary of the chairman of Great Star Holding Group Co., Ltd. From 2011 to now, she has been a director of Hangcha Group Co., Ltd.

Mr. Cen Zhengping, director of the Company, Hong Kong, China, born in 1962, with a master's degree and professor level senior engineer. From May 2019 to now, he has been a director of the Company.

Mr. Wang Gang, independent director of the Company. Chinese nationality, no permanent residence right outside China. Born in October 1975, he has a master's degree, certified public accountant and senior economist. From August 2017 to now, he has been director, vice CEO and Secretary of the Board of Directors of Hangzhou Robam Appliances Co., Ltd. From August 2020 to now, he has been the independent director of the Company.

Ms. Shi Hong, independent director of the Company. Chinese nationality, no permanent residence right outside China. Born in July 1963, master degree, associate professor. From September 2005 to July 2018, she served as an associate professor of environmental engineering teaching and Research Department of Shanghai Maritime University Marine Science and Engineering College and director of environmental engineering laboratory. From August 2020 to now, she has been the independent director of the Company.

Ms. Chen Zhimin, independent director of the Company. Chinese nationality, no permanent residence right outside China. Born in April 1960, she has a master's degree. She is currently a director of Zhejiang CAITONG Capital Investment Co., Ltd., the supervisor of Hangzhou Tigermed Consulting Co., Ltd., Zhejiang Canaan Technology Co., Ltd., Zhejiang Weixing Industrial Development Co., Ltd., Hangzhou Honghua Digital Technology Co., Ltd., and independent director of Tongkun Group Co., Ltd. From August 2020 to now, she has been the independent director of the Company.

2. Supervisors

Ms. Jiang Saiping, director of the Company's supervisor. Chinese nationality, no permanent residence right outside China. Born

in November 1971, bachelor degree. From 2009 to December 2013, she served as the manager of the Company's foreign sales department, and has been the director of the Company's foreign sales since 2013.

Ms. Fu Yajuan, company supervisor. Chinese nationality, no permanent residence right outside China. Born in September 1972, she has a college degree and senior accountant. From July 2008 to now, she has served as the deputy director of finance of the Company.

Mr. Chen Jun, company supervisor. Chinese nationality, no permanent residence right outside China. Born in August 1980, he has a bachelor degree and intermediate engineer. From 2009 to now, he has served as the manager of industrial design department, Deputy Secretary General of the Company Enterprise Science and Technology Association and Secretary of R & D and Innovation branch of the GreatStar of the Communist Party of China.

3. Senior Executives

Mr. Zhou Siyuan, Secretary of the Board of Directors and vice CEO of the Company. Chinese nationality, no permanent residence right outside China. He was born in 1986, with a master degree. From January 2018 to now, he has been Secretary of the Board of Directors of the Company.

Ms. Ni Shuyi, Chief Financial Officer of the Company. Chinese nationality, no permanent residence right outside China. Born in 1976, bachelor degree. From 2008 to now, she has been the Chief Financial Officer the Company.

Mr. Wang Weiyi, the Company's vice CEO. Chinese nationality, no permanent residence right outside China. Born in 1970, graduated from Zhejiang University in mechanical manufacturing and technology, with bachelor degree. From 2008 to now, he has been the Company's vice CEO, responsible for product development and quality management of the Company, and is one of the main leaders of the National Laboratory of the Company.

Mr. Wang Min, the Company's vice CEO. Chinese nationality, no permanent residence right outside China. Born in 1971, he has a college degree. From 2008 to now, he has been the Company's vice CEO, responsible for the Company's product procurement business.

Mr. Li Feng, the Company's vice CEO. Chinese nationality, no permanent residence right outside China. Born in 1975, he has a college degree. From 2008 to now, he has been the Company's vice CEO, responsible for the foreign sales of products.

Mr. Zhang Ou, the Company vice CEO, Chinese nationality, no permanent residence abroad, was born in 1967, senior economist and professor. From April 2019 to now, he has been the Company's vice CEO and is responsible for the operation of the laser industry sector of the Company.

Positions held in shareholder entities

✓ Applicable Not applicable

Name	Name of the shareholder entity	Position in the shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Qiu Jianping	Great Star Holding Group Co., Ltd.	Chairman	August 10, 2009		No
Wang Lingling	Great Star Holding Group Co., Ltd.	Director	August 10, 2009		No
Li Zheng	Great Star Holding Group Co., Ltd.	Director	August 10, 2009		No
Chi Xiaoheng	Great Star Holding Group Co., Ltd.	Director	August 10, 2009		No
Xu Zheng	Great Star Holding Group Co., Ltd.	Manager	January 1, 2016		Yes
Fu Yajuan	Great Star Holding Group Co., Ltd.	Supervisor	January 20, 2020		No

Service status in other company

✓ Applicable Not applicable

Name of the staff member	Name of other company	Position held in other company	Start date of term	Term end date	Whether to receive remuneration or allowance in other company
Qiu Jianping	Zhejiang Hangcha Holding Co., Ltd	Chairman	February 2, 2011		No
Qiu Jianping	Hangcha Group Co., Ltd.,	Director	February 2, 2011		No
Qiu Jianping	Zhejiang Zhongtai Juxing Property Co.,Ltd.	Director	March 11, 2011		No
Qiu Jianping	Hangzhou Juxing Liansheng Trade Co., Ltd	Executive director	March 19, 2011		No
Qiu Jianping	Hangzhou GreatStar Machinery Co.,Ltd.	Chairman	September 20, 2011		No
Qiu Jianping	SMART SILVER LIMITED	Director	January 20, 2011		No
Qiu Jianping	HONG KONG GOLDEN DEER COMPANY LIMITED	Director	January 20, 2011		No
Qiu	BRIGHT WINNER LIMITED	Director	January 20, 2011		No

Jianping					
Qiu Jianping	BILLION GLORY LIMITED	Director	January 20, 2011		No
Qiu Jianping	Ruian Junye Co., Ltd	Director	January 20, 2011		No
Qiu Jianping	GREAT STAR INDUSTRY COMPANY LIMITED	Executive director	June 20, 2013		No
Qiu Jianping	Jindao Investment Limited	Director	January 20, 2011		No
Qiu Jianping	Hangzhou West Lake Land Real Estate Co.,Ltd.	Director	January 20, 2011		No
Qiu Jianping	Xinjiang United Investment Co., Ltd	Executive partner	January 10, 2012		No
Qiu Jianping	Taifeng Company Limited	Director	January 20, 2011		No
Qiu Jianping	Zhejiang Zheshang Wuzhou Investment Management Co., Ltd	Director	February 7, 2012		No
Qiu Jianping	Hangzhou Kunxia investment management partnership (limited partnership)	Executive partner	January 18, 2018		No
Qiu Jianping	Zhejiang equity Service Group Co., Ltd	Director	08 November 2017		No
Qiu Jianping	Zhejiang Guozi RoboticsCo., Ltd.	Director	September 26, 2014		No
Qiu Jianping	Zhejiang private enterprise joint investment Co., Ltd	Director	April 13, 2015		No
Qiu Jianping	Zhejiang asteroid Investment Management Co., Ltd	Director	June 23, 2016		No
Qiu Jianping	Hangzhou Lujing cultural creativity Co., Ltd	Executive director	November 26, 2015		No
Qiu Jianping	Hangzhou Xin'anjiang Hot Spring Resort Development Co., Ltd	Director	November 28, 2011		No
Qiu Jianping	Zhejiang Youbang small loan Co., Ltd	Director	December 25, 2009		No
Qiu Jianping	Hangzhou Haichao Enterprise Management Partnership (limited Partnership)	Executive partner	April 17, 2019		No
Qiu Jianping	Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	Chairman	April 17, 2019		No
Qiu	Zhejiang xinchai Co., Ltd	Director	December 26, 2019		No

Jianping					
Qiu Jianping	Zhongce Rubber Group Co., Ltd	Director	October 21, 2019		No
Qiu Jianping	Zhejiang Zhongtai Juxing Real Estate Co., Ltd	Director	May 10, 2005		No
Qiu Jianping	Hangzhou Xinying investment management partnership (limited partnership)	Executive partner	May 31, 2019		No
Wang Lingling	HangZhou GreatStar Machinery Co.,LTD	Director	September 20, 2011		No
Wang Lingling	Hangzhou Fuyang Chongsheng Trade Co., Ltd	Executive director, General manager	November 11, 2013		No
Wang Lingling	Zhejiang Zhongtai Juxing Real Estate Co., Ltd	Supervisor	March 11, 2011		No
Wang Lingling	Hangcha Group Co., Ltd.,	Director	January 27, 2012		No
Li Zheng	HangZhou GreatStar Machinery Co.,LTD	Director	September 20, 2011		No
Chi Xiaoheng	Hangzhou Kunxia juanyuan enterprise management partnership (limited partnership)	Executive partner	July 10, 2019		No
Chi Xiaoheng	Zhongyihe Technology Co., Ltd	Director	January 10, 2018		No
Xu Zheng	Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	Supervisor	April 21, 2019		No
Xu Zheng	Hangzhou Weiming Investment Management Co., Ltd	Chairman, General manager	September 1st, 2017		No
Xu Zheng	Hangzhou Xinglu Trading Co., Ltd	Chairman	02 December 2011		No
Xu Zheng	Hangcha Group Co., Ltd.,	Director	March 25, 2011		No
Xu Zheng	Zhejiang Guozi RoboticsCo., Ltd.	Director	September 21, 2017		No
Xu Zheng	Hangcha Group Co., Ltd.,	Supervisor	January 27, 2012		No
Xu Zheng	Zhongyihe Technology Co., Ltd	Chairman, General manager	January 10, 2018		No
Xu Zheng	Zhongce Rubber Group Co., Ltd	Chairman of the Supervisory Committee	October 21, 2019		No
Cen Zhengping	HANJIA DESIGN GROUP CO.,LTD	Chairman	March 18, 2007		No
Cen Zhengping	Zhejiang Urban Construction Group Co., Ltd	Chairman	February 15, 2006		No

Cen Zhengping	Shanghai Hanjia Investment Co., Ltd	Chairman, General manager	September 12, 2007		No
Cen Zhengping	Zhejiang Urban Construction Real Estate Group Co., Ltd	Chairman	September 21, 2010		Yes
Cen Zhengping	Zhejiang Hanjia Investment Co., Ltd	Executive director, General manager	October 20, 2010		No
Cen Zhengping	Zhejiang Dishang Investment Co., Ltd	Chairman	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	Executive Partner	August 28, 2014		No
Cen Zhengping	Zhejiang Jiahao Auction Co., Ltd	Director	February 19, 2014		No
Cen Zhengping	Zhejiang Guanyin Art Museum	Director general, Curator	September 4, 2012		No
Cen Zhengping	Hangzhou Zheda zinc power Co., Ltd	Director	June 21, 2017		No
Cen Zhengping	Zhejiang Kaiyin Holding Co., Ltd	Director	April 9, 2018		No
Wang Gang	Hangzhou Robam Appliances Co., Ltd.	Vice CEO, Secretary of the Board, Investment director, Director	June 1st, 2008		Yes
Wang Gang	Hangzhou Nuobang non woven Co., Ltd	Director	January 1, 2013		No
Wang Gang	De Dietrich Household Appliances Trading (Shanghai) Ltd.,Co	Director	July 1, 2012		No
Wang Gang	Hangzhou Fortune cryogenic equipment Co., Ltd	Director	January 1, 2018		No
Wang Gang	Detris Trading (Shanghai) Co., Ltd	Director	June 1st, 2016		No
Wang Gang	Hangzhou Guoguang Travel Products Co., Ltd	Director	October 1, 2017		No
Wang Gang	Shanghai MXCHIP Information Technology Co., Ltd.	Supervisor	November 1, 2017		No
Wang Gang	Ningbo Qingfeng Investment Co., Ltd	Director	December 1, 2017		No

Wang Gang	Hangzhou boss fuchuang Investment Management Co., Ltd	Supervisor	May 1st, 2018		No
Wang Gang	Shengzhou Jindi Intelligent Kitchen Electricity Co., Ltd.	Director	July 1st, 2018		No
Wang Gang	Hangzhou Bensong New Materials Technology CO.,LTD.	Independent director	August 1, 2020		Yes
Wang Gang	Hangzhou Xpower Technology Co., Ltd.	Independent director	September 1, 2020		Yes
Wang Gang	Hangzhou Wheeler General Machinery Co., Ltd.	Director	October 1, 2020		No
Wang Gang	Hangzhou Zhu Bingren Culture and Art Co., Ltd.	Director	October 1, 2020		No
Wang Gang	Tongling Kingkong Electronics Technology Co.,Ltd.	Independent director	December 15, 2020		Yes
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 Limited.	Independent director	April 22, 2016		Yes
Chen Zhimin	Zhejiang Weixing Industrial Development Co.,Ltd.	Independent director	June 8, 2016		Yes
Chen Zhimin	Hangzhou Honghua Digital Technology Co., Ltd.	Independent director	06 December 2019		Yes
Chen Zhimin	Tongkun Group Co., Ltd.	Independent director	June 23, 2020		Yes
Zhou Siyuan	Hangzhou Meiqi Technology Co., Ltd.	Supervisor	April 13, 2018		No
Zhou Siyuan	Zhejiang Guozi RoboticsCo., Ltd.	Director	September 14, 2017		No
Zhou Siyuan	Hangzhou Weiming Investment Management Co., Ltd	Director	September 1st, 2017		No
Zhou Siyuan	Hangzhou West Lake Land Real Estate Co.,Ltd.	Director	May 13, 2011		No
Zhou Siyuan	Hangzhou West Lake Land Management Co., Ltd.	Director	July 23, 2014		No
Zhou Siyuan	Hangcha Group Co., Ltd.,	Director	January 28, 2011		No

Zhou Siyuan	NINGBO DONGHAI BANK CO., LTD.	Director			No
Zhou Siyuan	Zhongce Rubber Group Co., Ltd	Director	October 21, 2019		No

Details on Company's current and dismissed directors, supervisors, and senior executives during the reporting period who got punishments from Securities Regulatory Institution in the past three years

Applicable Not applicable

IV. Remuneration for Directors, Supervisors, and Senior executives

Decision making process, determination basis and actual payment of remuneration for directors, supervisors and senior executives

1. Decision making process of remuneration for directors, supervisors and senior executives

The Remuneration Committee of the Company shall propose a remuneration plan for directors, which shall be deliberated and approved by the Board of Directors and the general meeting of shareholders; The salary plan of the Company's supervisor shall be put forward by the human resources department and approved by the Supervisory Committee and the general meeting of shareholders; The salary Committee of the Company's senior management personnel shall put forward part of the plan for post salary, which shall be deliberated and approved by the Board of Directors; The performance pay part is based on the Company's business performance, determines the annual reward principle, combines with the personal performance evaluation of senior executives, and authorizes the chairman to audit and pay.

2. The basis for determining the remuneration of directors, supervisors and senior executives

Directors, supervisors and senior executives in the Company receive their job salary according to their positions. At the same time, according to the Company's business performance, the annual reward principle is determined. Combined with personal performance appraisal, chairman is authorized to audit and pay performance salary.

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

Unit: RMB 10

thousands

Name	Position	Gender	Age	Tenure status	Total pretax remuneration received from the Company	Whether to get remuneration from related parties of the Company
Qiu Jianping	Chairman	Male	59	Current	92.87	No

Chi Xiaoheng	Vice Chairman、 CEO	Female	46	Current	78	No
Li Zheng	Director、Vice CEO	Male	62	Current	78	No
Wang Lingling	Director、Vice CEO	Female	60	Current	40.67	No
Cen Zhengping	Director	Male	59	Current	0	No
Xu Zheng	Director	Female	37	Current	0	Yes
Ye Xiaozhen	Independent director	Female	55	Resigned	5.33	No
Huang Aihua	Independent director	Male	65	Resigned	5.33	No
Zhu Yaer	Independent director	Female	56	Resigned	5.33	No
Shi Hong	Independent director	Female	46	Current	2.67	No
Chen Zhimin	Independent director	Female	58	Current	2.67	No
Wang Gang	Independent director	Male	59	Current	2.67	No
Jiang Saiping	Chairman of the Supervisory Committee	Female	50	Current	57	No
Fu Yajuan	Supervisor	Female	49	Current	34.2	No
Chen Jun	Supervisor	Male	41	Current	36.8	No
Zhou Siyuan	Secretary of the Board、Vice CEO	Male	36	Current	64.8	No
Ni Shuyi	CFO	Female	45	Current	44.4	No
Wang Weiyi	Vice CEO	Male	51	Current	65	No
Wang Min	Vice CEO	Male	50	Current	64	No
Li Feng	Vice CEO	Male	46	Current	77	No
Zhang Ou	Vice CEO	Male	54	Current	98.2	No
Yu Wentian	Supervisor	Male	56	Resigned	61.3	No
Total	--	--	--	--	916.24	--

Equity incentives awarded to directors and senior executives of the Company during the reporting period

Applicable Not applicable

V. Employees of the Company

1. Number of employees, role type, and educational background

Number employees of the parent company (person)	1,155
Number employees of major subsidiaries (person)	6,221
Total number of employees (person)	7,376
Total number of employees receiving a salary during the reporting period(person)	7,376
Number (person) of retired employees for whom the parent company and main subsidiaries need to bear expenses	14
Role type	
Category	Number (person)
Production personnel	4,584
Sales personnel	934
Technical personnel	701
Financial personnel	146
Administrative personnel	1,011
Total	7,376
Educational background	
Category	Number (person)
Doctorate	9
Master' degree	64
Bachelor' degree	1,375
Associate' degree	795
High school and	2,509
Other	2,624
Total	7,376

2. Remuneration policy

The Company carries out employee salary management in strict accordance with the relevant provisions of the national labor contract law, and pays employees in full and on time before the 20th of each month. The average wage of employees in 2020 is higher than the average wage standard of Zhejiang Province in 2020. The overtime wages of employees in weekdays and weekends are calculated in full according to the regulations, and the comprehensive working hour system is implemented for some positions. We completed one general salary adjustment for all employees, three quarterly salary adjustments and one external salary level survey.

There are two kinds of wage calculation schemes: the first-line employees are paid by overtime, and the hourly wage and overtime wage are calculated according to the national labor law; Management positions are calculated by the combination of fixed salary and performance salary.

3. Training plan

The training and development of employees is an important part of the Company. In 2020, the training management will continue to focus on three directions: new employee growth education, professional and technical training, and employee professionalism education. Affected by the pandemic situation, the Company organized 227 training sessions in the whole year, with a total of 5,097 people participating in the training, with a total of 14,397 hours; At the same time, continue to carry out the construction of talent echelon, and complete the selection of reserve talents at director level and manager level. In 2021, in order to support the long-term sustainable development of the Company, the Company will focus on the selection and training of reserved talents, strengthen the construction of internal trainer team, build a strong teaching team, and meet the growing training needs.

4. Labor outsourcing

Applicable Not applicable

Section 10 Corporate Governance

I. Corporate Governance Details

During the reporting period, the Company continuously improved the corporate governance structure, established and improved the internal management and control system of the Company, 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, the securities law, the governance standards of listed companies and the Listing Rules of Shenzhen Stock Exchange. As of the end of this report period, the actual situation of corporate governance basically meets the requirements of the relevant listed company governance documents issued by China Securities Regulatory Commission.

1. Shareholders and the Shareholders' General Meeting

In strict accordance with the requirements of the standard opinions of the general meeting of shareholders of listed companies, the articles of association and the rules of procedure of the general meeting of shareholders, the Company standardizes the convening, holding and voting procedures of the general meeting of shareholders, treats all shareholders equally, ensures that all shareholders have the right to know and participate in major matters of the Company, and ensures that all shareholders can fully exercise their rights.

2. Directors and the Board of Directors

The Company elects directors in strict accordance with the Company law and the articles of association. At present, the Company has nine directors, including three independent directors, accounting for one-third of all directors. The number and personnel composition of the Board of Directors of the Company meet the requirements of laws and regulations. The board of Directors consists of a Strategy and Development Committee, a Salary and Assessment Committee, a Nomination Committee, and a Management Committee. The audit committee has four special committees. The Board of Directors carries out its work in strict accordance with the articles of association, the rules of procedure of the Board of Directors, the working system of independent director, the working rules of the Secretary of the Board of Directors, and the guidelines for the standardized operation of listed companies of Shenzhen Stock Exchange, and exercises its functions and powers in accordance with the law. All directors of the Company attend the Board of Directors and the general meeting of shareholders on time and are honest and trustworthy perform the director's duties diligently.

3. Supervisors and Supervisory Committees

The Company's supervisor will be elected in strict accordance with the Company law, the articles of association and the rules of procedure of the Supervisory Committees. The Company's supervisor will be composed of three supervisors, one of whom is the employee supervisor. The number and personnel composition of the Company's Supervisory Committees meet the requirements of laws and regulations. The Company's supervisors conscientiously perform their duties. In the spirit of being responsible to all shareholders, they hold supervisors' meetings, attend shareholders' meetings and attend the Board of Directors in accordance with the rules of procedure of supervisors and other rules and regulations, and effectively supervise and express independent opinions on the Company's major issues, related party transactions, financial situation, performance of directors and president.

4. Controlling shareholders and the Company

The Company and the controlling shareholder are independent in personnel, assets, finance, organization and business, and the Board of Directors, Supervisory Committees and internal organization can operate independently. The behavior of the controlling shareholders of the Company is standardized. They exercise the rights of shareholders and undertake the corresponding obligations through the general meeting of shareholders. They do not directly or indirectly interfere in the decision-making and business activities of the Company beyond the general meeting of shareholders, and damage the legitimate rights and interests of the Company or other shareholders.

5. Performance appraisals and incentives

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

6. Interested parties

The Company fully respects and protects the legitimate rights and interests of stakeholders, achieves the balance of interests of shareholders, employees, society and other parties, attaches importance to social responsibility, and works with stakeholders to

promote the sustainable and healthy development of the Company.

7. Information disclosure and transparency

In strict accordance with the provisions of relevant laws and regulations and the Company's information disclosure management system, the Company has strengthened the management of information disclosure affairs, fulfilled the obligation of information disclosure, and designated China Securities Journal, Securities Times, Securities Daily and CNKI as the newspapers and websites of the Company's information disclosure to truly, accurately, timely and completely disclose information, Ensure that all investors have fair access to company information. The Company will continue to improve and perfect the internal rules and regulations of corporate governance, strengthen the standardized operation and promote the sustainable and stable development of the Company in accordance with the requirements of the standards for corporate governance of listed companies and the Listing Rules of Shenzhen Stock Exchange.

Are there any differences between the Company's actual governance status and the Company Law and relevant rules of CSRC?

Yes No

There is no material difference between the Company's governance status and the Company Law and relevant rules of CSRC.

II. Details of the Company's Separation from the Controlling Shareholder with Respect to Business, Personnel, Assets, Organization, and Financial Affairs

During the reporting period, the Company and the controlling shareholder have been completely separated in business, assets, personnel, organization, finance and other aspects. The Company has stable production and operation, perfect internal organization and independent and standardized operation

(1) Business Independence of the Company

The Company has an independent production, procurement and sales system, which is completely independent of the controlling shareholder in business. There is no horizontal competition between the controlling shareholder and its affiliated enterprises and the Company.

(2) Personnel independence of the Company

The personnel, personnel and salary of the Company are completely independent. The CEO, vice CEO, Secretary of the Board of Directors, Chief Financial Officer and other senior executives of the Company all work in the Company and receive remuneration. They do not hold any position or receive remuneration in the controlling shareholders and their subordinate enterprises except directors and supervisors.

(3) The Company's Asset Integrity

The property right relationship between the Company and the controlling shareholders is clear, and the Company's funds, assets and other resources are not illegally occupied or controlled by them. The Company's assets are complete, with production equipment, auxiliary production equipment, patents and other assets suitable for the production and business scope. The Company has complete control and control over all assets.

(4) Institutional independence

The Board of Directors, Supervisory Committees, the management and other internal organizations of the Company operate independently. All functional departments are completely separated from the controlling shareholders in terms of rights, responsibilities and personnel. There is no superior subordinate relationship between the controlling shareholders and their functional departments and the Company and its functional departments. There is no phenomenon that the controlling shareholders affect the independence of the Company's production, operation and management.

(5) Financial independence

The Company has set up an independent financial department, established a sound financial and accounting management system, independent accounting, and there is no case of controlling shareholders interfering in the Company's financial and accounting activities. The Company opens an account independently in a commercial bank and does not share a bank account with the controlling shareholder. The Company shall make tax declaration and fulfill tax obligations independently according to law.

III. Horizontal Competition

Applicable Not applicable

IV. Details about the Annual Shareholders' General Meeting and Extraordinary Shareholders' General Meetings Held during the Reporting Period**1. Details about the shareholders' general meeting during the reporting period**

Session	Meeting type	Investor participation ratio	Date of meeting	Date of disclosure	Disclosure index
2019 Annual General Meeting	Annual General Meeting	54.56%	May 14, 2020	May 15, 2020	China Securities Journal, Securities Daily, Securities Times, www.cninfo.com.cn , 2020-039: announcement of resolutions of the annual general meeting of shareholders in 2019
First	Extraord	54.44%	April 7, 2020	April 8, 2020	China Securities Journal, Securities Daily,

Extraordinary General Meeting of Shareholders of 2020	inary General Meeting				Securities Times, www.cninfo.com.cn , 2020-014: Announcement on the resolution of the first extraordinary general meeting of shareholders in 2020
Second Extraordinary General Meeting of Shareholders of 2020	Extraordinary General Meeting	55.26%	August 31, 2020	September 1, 2020	China Securities Journal, Securities Daily, Securities Times, www.cninfo.com.cn , 2020-075: Announcement on the resolution of the second extraordinary general meeting of shareholders in 2020

2. Extraordinary Shareholders' General Meeting requested by the preferred shareholder with restitution of voting right

Applicable Not applicable

V. Performance of Independent Directors

1. Details of independent director attendance at board sessions and shareholders' general meetings

Details of independent director attendance at board sessions and shareholders' general meetings							
Independent director	Sessions required to attend during the reporting period (times)	Attendance in person (times)	Attendance by way of telecommunication (times)	Entrusted presence (times)	Absence (times)	Nonattendance In person for two consecutive times	Attendance in shareholders' meeting
Shi Hong	3	3	0	0	0	No	0
Chen Zhimin	3	3	0	0	0	No	0
Wang Gang	3	3	0	0	0	No	0
Zhu Yaer	9	7	2	0	0	No	3
Huang Aihua	9	7	2	0	0	No	3
Ye Xiaozhen	9	7	2	0	0	No	3

Information about directors who do not attend in-person two or more board meetings in a row.

N/A

4. Details on independent directors objecting to relevant events

Did independent directors object to relevant events ?

Yes No

During the reporting period, no independent directors objected to relevant events of the Company.

3. Other details about the performance of independent directors

Was advice to the Company from independent directors adopted ?

Yes No

Explanation of advice of independent directors for the Company being adopted

During the reporting period, the independent director of the Company, in accordance with the articles of association, independent director working system and other laws and regulations, performed his duties in good faith, diligently and conscientiously, actively participated in the Board of Directors and the general meeting of shareholders of the Company, seriously deliberated various motions, and objectively expressed his own views and opinions. At the same time, he took the initiative to communicate with other directors, supervisors, senior executives, internal audit department personnel and external auditors of the Company, paid attention to the Company's operation and management, financial capital status and other matters, provided professional opinions on the Company's internal control, business decision-making, development strategy and other aspects, and expressed independent opinions on the Company's foreign investment and other major matters. We seriously participated in the Company's decision-making, relied on our own professional knowledge and ability to make objective, fair and independent judgments, gave full play to the role of independent director, and safeguarded the legitimate rights and interests of the Company and all shareholders, especially small and medium shareholders.

VI. Performance of Special Committee Affiliated to the Board during the Reporting Period

1. Performance of audit committee

During the reporting period, the audit committee of the Board of Directors, in accordance with the provisions of laws, regulations, articles of association and detailed rules for the implementation of the audit committee of the Company, guided the audit department of the Company to review the Company's internal control system and implementation, important accounting policies, financial status and operation, and the use and management of raised funds, supervise and urge the financial department to improve the financial management system. In this year, a total of five meetings were held to review the Company's regular financial statements and other matters, to understand the Company's financial situation and operation in detail, to strictly review the construction and implementation of the Company's internal control system, and to effectively guide and supervise the Company's financial situation and operation. In the process of audit work in 2020, the audit committee will negotiate with the audit institution to determine the time arrangement and key audit scope of the annual financial report audit work before the audit institution enters the site; Supervise the progress of the audit work of the accounting firm, maintain the communication with the annual audit certified public accountants, timely exchange opinions on the problems found in the audit process, and ensure that the audit work is completed on time and with high quality. At the same time, the audit report issued by the audit institution is reviewed, and the audit work of the audit institution in 2020 is evaluated and summarized.

2. Performance of remuneration and appraisal committee

During the reporting period, the remuneration and appraisal committee of the Board of Directors reviewed the remuneration of the Company's directors and senior executives in 2020 in accordance with laws, regulations, the articles of association and the detailed rules for the implementation of the remuneration and assessment committee.

3. Performance of strategy committee

During the reporting period, the strategy committee of the Board of Directors organized and carried out work in accordance with laws, regulations, the articles of association and the implementation rules of the Strategy and Development Committee of the Company, deliberated on the overall future development plan and strategic deployment of the Company, studied and put forward professional opinions on major issues such as major asset restructuring and convertible corporate bond issuance of the Company, to make suggestions for the implementation of major issues and subsequent planning.

4. Performance of Nomination Committee

During the reporting period, the Nomination Committee of the Board of Directors organized and carried out work in accordance with laws, regulations, the articles of association and the implementation rules of the Nomination Committee of the Company, reviewed the proposed directors and senior executives of the Company, put forward suggestions, and submitted relevant proposals to the Board of Directors for deliberation.

VII. Details on the Work of the Supervisory Committee

Were there risks in the Company according to the supervision of Supervisory Committees during the reporting period?

Yes No

Supervisory committees raised no objection to matters under supervision during the reporting period.

VIII. Assessment and Incentive Mechanisms for Senior Executives

The evaluation, incentive and restraint mechanism of the Company's senior executives is effective through the implementation rules of the Company's remuneration and appraisal committee, that is, through the establishment of the evaluation, incentive mechanism and compensation system, the Company's business objectives and development strategies are organically combined with the personal development objectives, and the Company's long-term interests are consistent with the personal economic interests, Fully mobilize the potential of senior executives to create a good talent competition environment for the development of the Company. The Board of Directors of the Company assesses the work performance of the Company's senior executives by taking the year as the unit and the annual target completion index as the main basis. The Board of Directors is responsible for evaluating the responsibilities, abilities and performance of the CEO. The CEO is responsible for the evaluation of other senior executives of the Company, and the evaluation is

conducted in the form of the combination of operation and management work and the completion of relevant tasks. During the reporting period, the senior executives of the Company were able to perform their duties in strict accordance with the Company law, articles of association and other laws and regulations.

IX. Internal Controls

1. Details on material weakness found in the Company's internal control during reporting period

Yes No

2. Self-appraisal report on internal controls

Disclosure date of the Management's Report on Internal Control	April 15, 2021	
Disclosure index of the Management's Report on Internal Control	http://www.cninfo.com.cn Self evaluation report on internal control in 2020	
Proportion of total assets included in evaluation scope	100.00%	
Proportion of operating revenue included in evaluation scope	100.00%	
Deficiency Standards		
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 executives; ② To correct the material errors in the announced financial statements; ③ The CPA finds that there is a material misstatement in the current financial report, but the internal control of the Company fails to find the misstatement in the operation process; ④ The supervision of internal control by audit committee and internal audit organization is invalid</p> <p>(2) Signs of important defects in financial reports include: ① failure to select and apply accounting policies in accordance with generally accepted accounting standards; ② No antifraud procedures and control measures have been established; ③ For the accounting treatment of unconventional or</p>	<p>In case of the following circumstances, it can be identified as major defects, and in other circumstances, it can be identified as major defects or general defects according to the degree of influence (1) The decision-making procedure is not scientific (2) Violation of national laws and regulations, such as environmental pollution (3) Managers or technicians are losing one after another (4) The results of internal control evaluation, especially the major or important defects, have not been rectified (5) Important business lacks system control or system failure.</p>

	special transactions, there is no corresponding control mechanism or compensatory control (3) It refers to defects other than major defects and important defects, which are general defects.	
Quantitative criteria	<p>If the loss that may be caused or caused by the defect of internal control is related to the profit, it shall be measured by the operating revenue index. If the amount of financial report misstatement caused by the defect alone or together with other defects is less than 1% of the operating revenue, it is considered as a general defect; If it is more than 1% but less than 3% of the operating revenue, it is considered as an important defect; If it exceeds 3% of the operating revenue, it is considered as a major defect.</p> <p>The loss that may be caused or caused by the defect of internal control is related to asset management, which shall be measured by the total assets index. If the amount of financial report misstatement caused by the defect alone or together with other defects is less than 1% of the total assets, it is considered as a general defect; If it is more than 1% of the total assets but less than 3%, it is considered as an important defect; If it exceeds 3% of the total assets, it is considered as a major defect.</p>	<p>(1) Major defects: causing direct property loss of more than RMB 10 million (2) Major defects: causing direct property loss of RMB 1 million to 10 million (inclusive) (3) General defects: causing direct property loss of less than RMB 1 million (inclusive).</p>
Number of material weaknesses in the financial report		0
Number of material weaknesses of the non financial report		0
Number of Significant deficiencies in the financial report		0
Number of Significant deficiencies of the non financial report		0

X. Audit Report or Authentication Report on Internal Controls

Audit Report on Internal Controls

Audit opinion in the Audit Report on Internal Controls

In our opinion, GreatStar has maintained effective internal control over financial reporting in all major aspects as of December 31, 2020 in accordance with the guidelines for the standardized operation of Listed Companies in Shenzhen Stock Exchange (revised in 2020).	
Particulars about Audit Report on Internal Controls	Disclosure
Disclosure date of the Audit Report on Internal Controls	April 15, 2021
Disclosure index of the Audit Report on Internal Controls	http://www.cninfo.com.cn Disclosed "assurance report on internal control of Shanghai great Star Industrial Co., Ltd." (Pan-China verified [2021] No. 2690)
Type of Audit Opinion	Unqualified Opinion
Is there a material weakness in the nonfinancial report	No

Did the auditor issue an Audit Report on Internal Controls with a non-standard opinion?

Yes No

Is the Audit Report on Internal Controls from the auditor consistent with the Self-assessment Report from the Board?

Yes No

Section 11 Corporate Bonds

Were there bonds publicly issued and listed on an exchange, either at or not at maturity, and are not fully paid on the approval report date of the annual report?

No

Section 12 Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified opinion
Date of signature	April 14, 2021
Auditor Institution	Pan-China Certified Public Accountants LLP
Number of audit reports	Pan-China 【2021】 2688
Authors	Chen Zhongjiang, Hu hujian

Auditor's Report

To the Shareholders of Hangzhou Great Star Industrial Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Hangzhou Great Star Industrial Co., Ltd. (the Company), which comprise the consolidated and parent company balance sheets as at December 31, 2020, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled 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 matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and

in forming our opinion thereon, and we do not express a separate opinion on these matters.

(I) Revenue recognition

1. Description

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

The Company's operating revenue mainly comes from sales of hand tools and power tools, laser measurement, storage, and personal protective equipment (PPE), etc. In 2020, the operating revenue amounted to RMB 8,544,440,154.30. As operating revenue is one of the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, we have identified revenue recognition as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

(1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;

(2) We checked sale contracts, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;

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

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

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

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

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

(II) Impairment of goodwill

1. Description

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

As of December 31, 2020, the book balance of goodwill amounted to 1,955,407,883.83RMB, with provision for impairment of 129,879,900.27RMB, and the carrying amount amounted to 1,825,527,983.56RMB.

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

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

2. Responsive audit procedures

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

(1) We obtained understandings of key internal controls related to impairment of goodwill, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of their operation;

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

(3) We obtained understandings of and assessed the competency, professional quality and objectivity of external appraisers engaged by the Management;

(4) We assessed the reasonableness and consistency of impairment test method adopted by the Management;

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

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

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

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

IV. Other Information

The Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. Financial Statements

The notes to financial statements expressed in Renminbi RMB

1、Consolidated Balance Sheet

By: Hangzhou Great Star Industrial Co., Ltd.

Consolidated balance sheet as at December 31, 2020

Currency: RMB

Items	December 31, 2020	December 31, 2019
Current assets:		
Cash and bank balances	3,750,506,068.39	2,456,926,805.33
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	63,751,278.55	71,998,431.87
Derivative financial assets		
Notes receivable	11,530,057.49	3,691,476.43
Accounts receivable	1,260,096,723.75	1,107,232,500.18
Receivables financing	378,066,065.73	103,629,298.04
Prepaid expenses	80,008,380.84	44,207,270.43
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	58,613,172.02	32,597,234.91
Including: Interest receivable		
Dividends receivable		
Financial assets under reverse repo		
Inventories	1,386,320,837.86	1,193,884,981.91
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year	90,583.31	2,279,390.88
Other current assets	146,623,787.19	127,977,910.59
Total current assets	7,135,606,955.13	5,144,425,300.57
Non-current assets:		
Loans and advances paid		
Debt investments		
Other debt investments		
Long-term receivables	2,866,819.08	19,123,250.45

Long-term equity investments	2,207,878,459.67	1,931,344,951.25
Other equity instrument investments	16,550,000.00	192,550,000.00
Other non-current financial assets		569,209.09
Investment property		
Fixed assets	1,348,034,595.31	1,058,454,179.69
Construction in progress	166,268,204.96	129,158,811.57
Productive biological assets		
Oil & gas assets		
Right-of-use assets	269,670,508.77	208,773,189.40
Intangible assets	607,716,594.78	507,806,230.99
Development expenditures		
Goodwill	1,825,527,983.56	1,873,718,797.75
Long-term prepayments	16,407,174.63	6,024,753.26
Deferred tax assets	41,813,418.61	27,134,708.74
Other non-current assets	39,438,331.18	33,415,400.66
Total non-current assets	6,542,172,090.55	5,988,073,482.85
Total assets	13,677,779,045.68	11,132,498,783.42
Current liabilities:		
Short-term borrowings	1,015,117,910.75	823,460,644.57
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		4,901,459.62
Derivative financial liabilities		
Notes payable	24,913,000.00	309,180,000.00
Accounts payable	1,168,327,985.88	893,633,852.13
Advances received		56,674,240.40
Contract liabilities	72,490,372.55	
Financial liabilities under repo		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security		

underwriting		
Employee benefits payable	195,907,997.48	151,171,243.00
Taxes and rates payable	185,995,732.67	82,866,611.51
Other payables	26,425,047.57	12,600,147.87
Including: Interest receivable		
Dividends receivable		
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	221,714,183.90	181,542,647.04
Other current liabilities		
Total current liabilities	2,910,892,230.80	2,516,030,846.14
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	509,555,882.91	689,385,008.46
Bonds payable	799,729,005.89	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	246,303,999.08	198,134,622.40
Long-term payables	1,499,174.07	2,475,860.36
Long-term employee benefits payable	77,924,731.15	39,397,630.54
Provisions	3,550,413.29	5,704,617.60
Deferred income	3,992,738.59	5,189,661.19
Deferred tax liabilities	86,920,686.60	59,746,738.53
Other non-current liabilities		
Total non-current liabilities	1,729,476,631.58	1,000,034,139.08
Total liabilities	4,640,368,862.38	3,516,064,985.22
Equity:		
Share capital	1,075,247,700.00	1,075,247,700.00
Other equity instruments	190,509,257.28	
Including: Preferred shares		

Perpetual bonds		
Capital reserve	2,095,044,541.15	2,036,394,272.83
Less: Treasury shares	105,492,690.23	105,492,690.23
Other comprehensive income	-105,837,346.87	145,005,399.56
Special reserve		
Surplus reserve	521,602,764.46	429,856,864.70
General risk reserve		
Undistributed profit	5,155,116,352.49	3,849,578,318.39
Total equity attributable to the parent company	8,826,190,578.28	7,430,589,865.25
Non-controlling interest	211,219,605.02	185,843,932.95
Total equity	9,037,410,183.30	7,616,433,798.20
Total liabilities & equity	13,677,779,045.68	11,132,498,783.42

Legal representative: Qiu Jianping

Officer in charge of accounting: Ni Shuyi

Head of accounting department: Ni Shuyi

2、Parent company balance sheet

Currency: RMB

Items	December 31, 2020	December 31, 2019
Current assets:		
Cash and bank balances	2,287,675,650.67	1,472,525,772.95
Held-for-trading financial assets	13,386,400.00	7,033,099.93
Derivative financial assets		
Notes receivable	8,314,207.49	3,691,476.43
Accounts receivable	1,275,860,264.50	948,196,301.97
Receivables financing	368,774,999.78	97,648,181.92
Prepaid expenses	39,010,545.50	15,153,995.43
Other receivables	883,363,518.44	666,322,858.19
Including: Interest receivable		
Dividends receivable		
Inventories	77,384,999.66	49,868,368.75
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		

Other current assets	65,377,083.73	56,483,305.15
Total current assets	5,019,147,669.77	3,316,923,360.72
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	5,155,164,634.30	4,643,499,980.57
Other equity instrument investments	16,550,000.00	192,550,000.00
Other non-current financial assets		
Investment property		
Fixed assets	142,635,599.93	156,195,102.79
Construction in progress	5,723,398.50	1,949,216.31
Productive biological assets		
Oil & gas assets		
Right-of-use assets		
Intangible assets	17,746,992.84	20,662,730.86
Development expenditures		
Goodwill		
Long-term prepayments		
Deferred tax assets	15,288,010.17	11,825,974.87
Other non-current assets	1,957,642.06	6,189,776.24
Total non-current assets	5,355,066,277.80	5,032,872,781.64
Total assets	10,374,213,947.57	8,349,796,142.36
Current liabilities:		
Short-term borrowings	960,645,447.14	811,442,302.07
Held-for-trading financial liabilities		4,901,459.62
Derivative financial liabilities		
Notes payable		300,000,000.00
Accounts payable	738,095,592.36	511,205,844.52
Advances received		34,610,450.57
Contract liabilities	39,453,211.46	
Employee benefits payable	45,611,342.23	37,398,109.40
Taxes and rates payable	103,261,356.89	31,676,274.40

Other payables	23,933,506.71	19,266,579.31
Including: Interest payable		
Dividends payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	73,585,483.86	73,585,483.85
Other current liabilities		
Total current liabilities	1,984,585,940.65	1,824,086,503.74
Non-current liabilities:		
Long-term borrowings	220,836,522.82	294,422,006.68
Bonds payable	799,729,005.89	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	2,377,073.64	3,197,295.96
Deferred tax liabilities	6,363,085.38	12,627,681.09
Other non-current liabilities		
Total non-current liabilities	1,029,305,687.73	310,246,983.73
Total liabilities	3,013,891,628.38	2,134,333,487.47
Equity:		
Share capital	1,075,247,700.00	1,075,247,700.00
Other equity instruments	190,509,257.28	
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,103,492,365.12	2,042,882,286.04
Less: Treasury shares	105,492,690.23	105,492,690.23
Other comprehensive income	-27,385,736.04	43,484,350.56
Special reserve		
Surplus reserve	517,854,467.55	426,108,567.79
Undistributed profit	3,606,096,955.51	2,733,232,440.73

Total equity	7,360,322,319.19	6,215,462,654.89
Total liabilities & equity	10,374,213,947.57	8,349,796,142.36

3、Consolidated income statement

Currency: RMB

Items	Year 2020	Year 2019
I. Total operating revenue	8,544,440,154.30	6,625,464,121.34
Including: Operating revenue	8,544,440,154.30	6,625,464,121.34
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	7,272,261,104.74	5,721,804,312.91
Including: Operating cost	5,926,765,895.76	4,466,409,082.38
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	27,268,787.92	26,006,715.95
Selling expenses	458,274,408.65	586,968,060.26
Administrative expenses	500,999,938.00	477,705,229.09
R&D expenses	245,372,069.36	203,772,736.84
Financial expenses	113,580,005.05	-39,057,511.61
Including: Interest expenses	69,915,383.28	48,674,516.53
Interest income	58,134,194.43	50,223,558.70
Add: Other income	33,486,910.24	75,925,211.69
Investment income (or less: losses)	296,551,290.93	75,394,212.97

Including: Investment income from associates and joint ventures	260,530,217.44	65,458,417.14
Gains from derecognition of financial assets at amortized cost		
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	31,920,861.95	8,154,053.98
Credit impairment loss	-28,131,844.44	-570,324.76
Assets impairment loss	-93,484,567.00	-16,109,144.02
Gains on asset disposal (or less: losses)	-300,665.75	-996,941.48
III. Operating profit (or less: losses)	1,512,221,035.49	1,045,456,876.81
Add: Non-operating revenue	54,877,063.15	2,897,883.92
Less: Non-operating expenditures	2,823,350.71	3,195,314.90
IV. Profit before tax (or less: total loss)	1,564,274,747.93	1,045,159,445.83
Less: Income tax	199,780,159.49	141,506,404.74
V. Net profit (or less: net loss)	1,364,494,588.44	903,653,041.09
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	1,364,494,588.44	903,653,041.09
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company (or less: net loss)	1,350,132,516.91	895,030,139.78
2. Net profit attributable to non-controlling shareholders (or less: net loss)	14,362,071.53	8,622,901.31
VI. Other comprehensive income after tax	-250,850,396.50	67,658,998.92
Items attributable to the owners of the parent company	-250,842,746.43	67,030,052.25
(I) Not to be reclassified subsequently to profit or loss	-81,601,512.40	30,192,806.10

1. Changes in remeasurement on the net defined benefit plan	-35,338,213.90	-16,070,492.40
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments	888,118.45	46,263,298.50
4. Changes in fair value of own credit risk		
5. Others	-47,151,416.95	
(II) To be reclassified subsequently to profit or loss	-169,241,234.03	36,837,246.15
1. Items under equity method that may be reclassified to profit or loss	-24,606,788.10	-5,997,625.46
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	-144,634,445.93	42,834,871.61
7. Others		
Items attributable to non-controlling shareholders	-7,650.07	628,946.67
VII. Total comprehensive income	1,113,644,191.94	971,312,040.01
Items attributable to the owners of the parent company	1,099,289,770.48	962,060,192.03
Items attributable to non-controlling shareholders	14,354,421.46	9,251,847.98
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	1.27	0.84
(II) Diluted EPS (yuan per share)	1.25	0.84

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

Legal representative: Qiu Jianping

Officer in charge of accounting: Ni Shuyi

Head of accounting department: Ni Shuyi

4、 Parent company income statement

Currency: RMB

Item	Year 2020	Year 2019
I. Operating revenue	5,365,589,947.72	4,000,541,624.61
Less: Operating cost	4,064,180,496.50	3,067,900,474.14
Taxes and surcharges	4,142,069.22	2,968,423.90
Selling expenses	138,139,974.93	217,185,618.82
Administrative expenses	121,245,790.31	129,054,642.42
R&D expenses	178,566,920.53	149,073,140.05
Financial expenses	172,866,787.25	-39,124,303.20
Including: Interest expenses	58,234,894.08	24,995,444.05
Interest income	48,047,881.09	50,757,690.20
Add: Other income	11,142,990.59	52,471,190.50
Investment income (or less: losses)	356,483,772.96	69,013,520.02
Including: Investment income from associates and joint ventures	260,562,082.75	65,084,654.93
Gains from derecognition of financial assets at amortized cost (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	11,254,759.69	-893,359.69
Credit impairment loss	-43,237,697.59	-12,029,289.83
Assets impairment loss	-73,695.67	-3,194,329.81
Gains on asset disposal (or less: losses)		61,509.73
II. Operating profit (or less: losses)	1,022,018,038.96	578,912,869.40
Add: Non-operating revenue	380,675.34	2,338,677.08
Less: Non-operating expenditures	1,334,925.87	963,643.04
III. Profit before tax (or less: total loss)	1,021,063,788.43	580,287,903.44
Less: Income tax	103,604,790.84	83,490,490.04

IV. Net profit (or less: net loss)	917,458,997.59	496,797,413.40
(I) Net profit from continuing operations (or less: net loss)	917,458,997.59	496,797,413.40
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax	-70,870,086.60	40,265,673.04
(I) Not to be reclassified subsequently to profit or loss	-46,263,298.50	46,263,298.50
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments	888,118.45	46,263,298.50
4. Changes in fair value of own credit risk		
5. Others	-47,151,416.95	
(II) To be reclassified subsequently to profit or loss	-24,606,788.10	-5,997,625.46
1. Items under equity method that may be reclassified to profit or loss	-24,606,788.10	-5,997,625.46
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	846,588,910.99	537,063,086.44
VII. Earnings per share (EPS):		

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

5、Consolidated cash flow statement

Currency: RMB

Items	Year 2020	Year 2019
I. Cash flows from operating activities:		
Cash receipts from sales of goods or rendering of services	8,062,725,580.89	6,451,045,254.62
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	561,244,609.68	482,993,490.06
Other cash receipts related to operating activities	109,278,105.56	143,155,879.01
Subtotal of cash inflows from operating activities	8,733,248,296.13	7,077,194,623.69
Cash payments for goods purchased and services received	5,804,488,157.96	4,091,633,152.86
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance		

indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to employees or payments on behalf of employees	1,260,836,147.62	1,249,322,423.05
Cash payments for taxes and rates	250,159,571.54	324,387,618.39
Other cash payments related to operating activities	646,613,793.77	601,964,305.79
Subtotal of cash outflows from operating activities	7,962,097,670.89	6,267,307,500.09
Net cash flows from operating activities	771,150,625.24	809,887,123.60
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	289,698,875.26	66,926,106.92
Cash receipts from investment income	55,754,289.66	11,703,886.26
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	3,231,084.97	2,146,746.87
Net cash receipts from the disposal of subsidiaries & other business entities		
Other cash receipts related to investing activities	22,822,339.65	50,409,101.11
Subtotal of cash inflows from investing activities	371,506,589.54	131,185,841.16
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	624,730,486.29	328,143,427.60
Cash payments for investments	80,000,000.00	1,005,356,647.12
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business entities	39,098,825.84	163,501,381.00
Other cash payments related to	26,271,291.33	29,075,689.45

investing activities		
Subtotal of cash outflows from investing activities	770,100,603.46	1,526,077,145.17
Net cash flows from investing activities	-398,594,013.92	-1,394,891,304.01
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings	3,574,198,154.01	1,171,309,980.00
Other cash receipts related to financing activities	315,512,811.43	312,000,744.60
Subtotal of cash inflows from financing activities	3,889,710,965.44	1,483,310,724.60
Cash payments for the repayment of borrowings	2,639,719,781.54	638,734,636.39
Cash payments for distribution of dividends or profits and for interest expenses	44,740,777.99	233,465,936.09
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	1,471,395.20	
Other cash payments related to financing activities	46,125,271.70	345,656,817.15
Subtotal of cash outflows from financing activities	2,730,585,831.23	1,217,857,389.63
Net cash flows from financing activities	1,159,125,134.21	265,453,334.97
IV. Effect of foreign exchange rate changes on cash & cash equivalents	71,124,025.21	5,312,049.04
V. Net increase in cash and cash equivalents	1,602,805,770.74	-314,238,796.40
Add: Opening balance of cash and cash equivalents	2,127,457,447.34	2,441,696,243.74
VI. Closing balance of cash and cash equivalents	3,730,263,218.08	2,127,457,447.34

6、Parent company cash flow statement

Currency: RMB

Items	Year 2020	Year 2019
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	4,634,619,462.59	3,918,872,688.96
Receipts of tax refund	500,601,208.07	432,238,217.82
Other cash receipts related to operating activities	353,529,045.37	86,132,712.36
Subtotal of cash inflows from operating activities	5,488,749,716.03	4,437,243,619.14
Cash payments for goods purchased and services received	4,576,674,238.66	3,288,242,461.81
Cash paid to employees or payments on behalf of employees	234,331,254.73	225,408,278.43
Cash payments for taxes and rates	97,173,133.15	117,800,459.40
Other cash payments related to operating activities	274,792,875.73	550,582,341.79
Subtotal of cash outflows from operating activities	5,182,971,502.27	4,182,033,541.43
Net cash flows from operating activities	305,778,213.76	255,210,077.71
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	177,154,902.28	
Cash receipts from investment income	115,654,906.38	3,928,865.09
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	18,031.00	127,286.22
Net cash receipts from the disposal of subsidiaries & other business entities		
Other cash receipts related to investing activities	208,061,898.99	107,173,296.88
Subtotal of cash inflows from investing activities	500,889,738.65	111,229,448.19
Cash payments for the acquisition of fixed assets, intangible assets and	13,598,543.48	14,654,175.53

other long-term assets		
Cash payments for investments	230,099,280.00	985,645,415.14
Net cash payments for the acquisition of subsidiaries & other business entities		
Other cash payments related to investing activities	458,358,211.73	126,700,000.00
Subtotal of cash outflows from investing activities	702,056,035.21	1,126,999,590.67
Net cash flows from investing activities	-201,166,296.56	-1,015,770,142.48
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	3,471,565,788.00	1,143,678,980.00
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities	3,471,565,788.00	1,143,678,980.00
Cash payments for the repayment of borrowings	2,453,724,990.00	485,935,283.39
Cash payments for distribution of dividends or profits and for interest expenses	33,751,970.50	221,926,356.74
Other cash payments related to financing activities	14,277,150.48	14,848,319.55
Subtotal of cash outflows from financing activities	2,501,754,110.98	722,709,959.68
Net cash flows from financing activities	969,811,677.02	420,969,020.32
IV. Effect of foreign exchange rate changes on cash and cash equivalents	40,696,283.50	34,545,158.07
V. Net increase in cash and cash equivalents	1,115,119,877.72	-305,045,886.38
Add: Opening balance of cash and cash equivalents	1,172,525,772.95	1,477,571,659.33
VI. Closing balance of cash and cash equivalents	2,287,645,650.67	1,172,525,772.95

7、 Consolidated statement of changes in equity

Current Period

Currency: RMB

Items	Year 2020														
	Equity attributable to parent company												Non-control ling interes t	Total equity	
	Share Capital	Other equity instruments			Capital reserve	Less: Treasu ry shares	Other compr ehensi ve incom e	Specia l reserve	Surplu s reserve	Genera l risk reserve	Undist ributed profit	Others			Subtot al
	Preferr ed shares	Perp etual bond s	Ot her s												
I. Balance at the end of prior year	1,075,247,700.00				2,036,394,272.83	105,492,690.23	145,005,399.56		429,856,864.70		3,849,578,318.39		7,430,589,865.25	185,843,932.95	7,616,433,798.20
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	1,075,247,700.00				2,036,394,272.83	105,492,690.23	145,005,399.56		429,856,864.70		3,849,578,318.39		7,430,589,865.25	185,843,932.95	7,616,433,798.20
III. Current period increase (or less: decrease)				19,050,092.25	58,650,268.32		-250,842,746.43		91,745,899.76		1,305,538,034.10		1,395,600,713.03	25,375,672.07	1,420,976,385.10
(I) Total comprehensive							-203,69				1,350,132,51		1,146,441,18	14,354,421.4	1,160,795,60

income							1,329.48				6.91		7.43	6	8.89
(II) Capital contributed or withdrawn by owners				19,092,572.8									190,509,257.28		190,509,257.28
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments				19,092,572.8									190,509,257.28		190,509,257.28
3. Amount of share-based payment included in equity															
4. Others															
(III) Profit distribution								91,745,899.76		-	91,745,899.76			-	-
1. Appropriation of surplus reserve								91,745,899.76		-	91,745,899.76				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners														-	-
4. Others														1,471,395.20	1,471,395.20
(IV) Internal carry-over							-	47,151,416.9		47,151,416.9					

within equity							,416.95				5			
1. Transfer of capital reserve to capital														
2. Transfer of surplus reserve to capital														
3. Surplus reserve to cover losses														
4. Changes in defined benefit plan carried over to retained earnings														
5. Other comprehensive income carried over to retained earnings							47,151,416.95				47,151,416.95			
6. others														
(V) Special reserve														
1. Appropriation of current period														
2. Application of current period														
(VI) others					58,650,268.32							58,650,268.32	12,492,645.81	71,142,914.13
IV. Balance at the end of current period	1,075,247,700.00			19,050,092.25	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

Preceding period

Currency: RMB

Items	Year 2019														
	Equity attributable to parent company												Non-controlling interest	Total equity	
	Share Capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
		Preferred shares	Perpetual bonds	Others											
I. Balance at the end of prior year	1,075,247,700.00				2,004,946,882.11	99,992,601.00	77,975,347.31		380,177,123.36		3,206,473,049.26		6,644,827,501.04	176,592,084.97	6,821,419,586.01
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	1,075,247,700.00				2,004,946,882.11	99,992,601.00	77,975,347.31		380,177,123.36		3,206,473,049.26		6,644,827,501.04	176,592,084.97	6,821,419,586.01
III. Current period increase (or less: decrease)					31,447,390.72	5,500,089.23	67,030,052.25		49,679,741.34		643,105,269.13		785,762,364.21	9,251,847.98	795,014,212.19
(I) Total comprehensive income							67,030,052.25				895,030,139.78		962,060,192.03	9,251,847.98	971,312,040.01
(II) Capital contributed or withdrawn by															

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

(III) Profit distribution									91,745,899.76	-	91,745,899.76		
1. Appropriation of surplus reserve									91,745,899.76	-	91,745,899.76		
2. Appropriation of profit to owners													
3. Others													
(IV) Internal carry-over within equity								-	47,151,416.95		47,151,416.95		
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings								-	47,151,416.95		47,151,416.95		
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													

(VI) Others					60,610,079.08							60,610,079.08
IV. Balance at the end of current period	1,075,247,700.00			190,509,257.28	2,103,492,365.12	105,492,690.23	-27,385,736.04		517,854,467.55	3,606,096,955.51		7,360,322,319.19

Preceding Period

Currency: RMB

Items	Year 2019											
	Share Capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferr ed Shares	Perpet ual bonds	Others								
I. Balance at the end of prior year	1,075,247,700.00				2,011,434,895.32	99,992,601.00	3,218,677.52		376,428,826.45	2,488,359,897.98		5,854,697,396.27
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	1,075,247,700.00				2,011,434,895.32	99,992,601.00	3,218,677.52		376,428,826.45	2,488,359,897.98		5,854,697,396.27
III. Current period increase (or less: decrease)					31,447,390.72	5,500,089.23	40,265,673.04		49,679,741.34	244,872,542.75		360,765,258.62
(I) Total comprehensive income							40,265,673.04			496,797,413.40		537,063,086.44
(II) Capital contributed or withdrawn by owners												

over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					31,447,390.72	5,500,089.23						25,947,301.49
IV. Balance at the end of current period	1,075,247.70	0.00			2,042,882,286.04	105,492,690.23	43,484,350.56		426,108,567.79	2,733,232,440.73		6,215,462,654.89

III. Company profile

Hangzhou Great Star Industrial Co., Ltd. (the “Company”), a limited liability company by shares, was transformed from a limited liability company. It was jointly invested by natural persons 仇建平 (Qiu Jianping), 王玲玲 (Wang Lingling), 李政 (Li Zheng), 王伟毅 (Wang Weiyi) and 王睿 (Wang Min). It was registered at Hangzhou Administration for Industry and Commerce on August 9, 2001. After several equity changes, taking March 31, 2008 as benchmark date, the Company was transformed into a limited liability by shares on an integral basis and was registered at Hangzhou Administration for Industry and Commerce on July 2, 2008. Headquartered in Hangzhou, Zhejiang Province, the Company currently holds a business license with unified social credit code of 91330000731506099D. As of December 31, 2020, the Company had registered capital of RMB 1,075,247,700.00, with total share of 1,075,247,700 shares (each with par value of oneRMB), of which, 62,718,689 shares are restricted outstanding A shares, and 1,012,529,011 shares are unrestricted outstanding A shares. The Company’s shares were listed at Shenzhen Stock Exchange on July 13, 2010.

The Company belongs to the tool hardware industry. The main business activities are R&D, production and sales of hand tools and power tools, laser measurement, storage and PPE. The Company’s main products are hand tools and power tools, laser measurement, storage and PPE.

The financial statements were approved and authorized for issue by the eighth meeting of the fifth session of the Board of Directors dated April 14, 2021.

The Company has brought 63 subsidiaries including 杭州联和电气制造有限公司 (Hangzhou United Electric Manufacture Co., Ltd.), 常州华达科捷光电仪器有限公司 (Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.), 杭州联和工具制造有限公司 (Hangzhou United Tools Co., Ltd.), 浙江巨星工具有限公司 (Zhejiang Great Star Tools Co., Ltd.), Prim’ Tools Limited, 香港

巨星国际有限公司 (Hong Kong Great Star International Co., Ltd.), Great Star Tools USA, Inc, GreatStar Europe AG, 海宁巨星智能设备有限公司 (Haining Great Star Intelligent Equipment Co., Ltd.) into the consolidation scope. Please refer to section XII (IX) Interest in other entities of notes to financial statements for details.

IV. Preparation basis of the financial statements

1、 Preparation basis

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

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

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

V. Significant accounting policies and estimates

Detailed significant accounting policies and estimates notes:

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

1、 Statement of compliance

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

2、 Accounting period

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

3、 Operating cycle

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

4、 Functional currency

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

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

1. Accounting treatment of business combination under common control

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

2. Accounting treatment of business combination not under common control

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

6、 Compilation method of consolidated financial statements

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

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

1. Joint arrangements include joint operations and joint ventures.

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

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;

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

8、 Recognition criteria of cash and cash equivalents

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

9、 Foreign currency translation

1. Translation of transactions denominated in foreign currency

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

2. Translation of financial statements measured in foreign currency

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

10、 Financial instruments

1. Classification of financial assets and financial liabilities

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

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when

the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

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

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

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

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

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

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

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

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

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

4) Financial assets at fair value through profit or loss

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

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

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

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

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

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

a. the contractual rights to the cash flows from the financial assets expire; or
b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with "CASBE 23 – Transfer of Financial Assets".

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

3. Recognition criteria and measurement method of financial assets transfer

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

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

4. Fair value determination method of financial assets and liabilities

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

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

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

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

(1) Measurement and accounting treatment

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

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

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

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

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

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

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

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

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

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

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

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

1) Specific portfolios and method for measuring expected credit loss

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

		credit loss rate of accounts receivable, so as to calculate expected credit loss.
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2) Accounts receivable – comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

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

6. Offsetting financial assets and financial liabilities

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

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

11、 Notes Receivable

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

12、 Accounts Receivable

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

13、 Receivables Financing

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

14、 Other Receivables

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

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

15、 Inventories

1. Classification of inventories

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

2. Accounting method for dispatching inventories:

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

3. Basis for determining net realizable value

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

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

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

(2) Packages

Packages are amortized with one-off method.

16、 Contract assets

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

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

17、 Contract costs

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

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

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;
2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and
3. The costs are expected to be recovered.

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

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

18、 Non-current assets or disposal groups classified as held for sale

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

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

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

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

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

(1) Initial measurement and subsequent measurement

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

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

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

No provision for depreciation or amortization shall be made on non-current assets as held for sale or non-current assets in disposal

groups as held for sale, while interest and other expenses attributable to the liabilities of a disposal group as held for sale shall continue to be recognized.

(2) Reversal of assets impairment loss

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

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

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

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

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

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

19、 Debt investments

20、 Other debt investments

21、 Long-term receivables

22、 Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant

activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

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

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

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

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

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

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

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

3. Subsequent measurement and recognition method of profit or loss

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

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

(1) Stand-alone financial statements

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

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as “bundled transaction” resulting in the Company’s loss of control

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

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

2) Disposal of a subsidiary in stages qualified as “bundled transaction” resulting in the Company’s loss of control

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

23、 Investment property

Investment property measurement model

Measurement by cost model

The depreciation or amortization method

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

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

24、 Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

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

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

Finance lease is determined when one or a combination of the following conditions are satisfied: (1) the ownership has been transferred to the lessee when the leasing term is due; (2) the lessee has the option to purchase the leasing asset at a price that is much lower than its fair value, so it can be reasonably determined that the lessee will take the option at the very beginning of the lease; (3) the leasing term accounts for most time of the useful life (ordinarily accounting for 75% or higher) even if the ownership does not

transfer to the lessee; (4) the present value of the minimum amount of rent that the lessee has to pay at the first day of the lease amounts to 90% or higher of its fair value at the same date; or the present value of the minimum amount of rent that the lessor collects at the first day of the lease amounts to 90% or higher of its fair value at the same date; and/or (5) the leased assets are of such a specialized nature that only the lessee can use them without major modifications. Fixed assets rented-in under finance lease are recorded at the lower of fair value and the present value of the minimum lease payment at the inception of the lease, and are depreciated following the depreciation policy for self-owned fixed assets.

25、 Construction in progress

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

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

26、 Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

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

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

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

3. Capitalization rate and capitalized amount of borrowing costs

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

27、 Productive biological assets

28、 Oil & gas assets

29、 Right-of-use assets

1. Recognition principles of right-of-use asset

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

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

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

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

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

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

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

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

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

30、Intangible assets

(1) Measurement method, useful life and impairment test

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

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

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

Intangible assets with indefinite useful lives are not amortized, but their useful life is reviewed annually. "Indefinite useful life" is determined when it is impossible to estimate the period of future economic benefits brought by the intangible asset to the Company. In the Company, intangible asset with indefinite useful life refers to land ownership.

(2) Accounting policy of expenditures on the research phase of an internal project

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

31、 Impairment of part of long-term assets

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

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

32、 Long-term prepayments

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

33、 Contract liabilities

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

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

34、Employee benefits

(1) Accounting treatment for short-term employee benefits

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

(2) Accounting treatment for post-employment benefits

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

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

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

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

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

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

(3) Accounting treatment for termination benefits

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

(4) Accounting treatment for Other long-term employee benefits

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

35、 Lease liabilities

36、 Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

37、 Share-based payment

1. Types of share-based payment

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

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

(1) Equity-settled share-based payment

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

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

(2) Cash-settled share-based payment

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

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

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

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

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

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

39、 Revenue

Revenue recognition and measurement principle

1. Revenue recognition principles

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

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

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

2. Revenue measurement principle

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

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

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

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

3. Revenue recognition method

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

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

40、 Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received

or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

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

3. Government grants related to income

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

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

41、Deferred tax assets/Deferred tax liabilities

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

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

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

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

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

42、Leases

(1) Accounting treatment for operating lease

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

Notes: it is applicable to other companies apart from Lista Holding AG and its subsidiaries

(2) Accounting treatment for finance lease

When the Company is the lessee, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their balance sheets at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize the minimum lease payments as the entering value of long-term payable, and treat the difference of the two as unrecognized finance expense. Any initial direct costs of the lessee are added to the amount recognized as an asset. The effective interest method is used to recognize finance expense of the period during the lease term.

When the Company is the lessor, at the commencement of the lease, lessor recognizes the aggregate of minimum lease receipts and initial direct costs, each determined at the inception of the lease, as the entering value of finance lease receivables, and recognize the unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct

costs and the unguaranteed residual value, and the sum of their present values is recognized as unrealized finance income. The effective interest method is used to recognize finance income of the period during the lease term.

Notes: it is applicable to other companies apart from Lista Holding AG and its subsidiaries

(3) Lista Holding AG and its subsidiaries

Lista Holding AG and its subsidiaries adopt IFRS to prepare financial statements and have implemented IFRS 16 Lease. Details of accounting policies on leases of Lista Holding AG and its subsidiaries are as follows:

(1) Identification of a lease

At inception of a contract, the entity assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the entity assesses whether, throughout the period of use, the customer has both the rights to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(2) Identification of separate leases

For a contract that contains more than one lease component, the entity separates the components and accounts for each lease component separately. The right to use an underlying asset is a separate lease component if both: a) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; and b) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(3) The entity as the lessee

At the commencement date, the entity recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the entity recognizes a lease as a lease of a low-value asset if the underlying asset is lower than CHF 10,000.00 when it is new. If the entity subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the entity recognizes right-of-use assets and lease liabilities at the commencement date.

At the commencement date, the entity measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the entity's incremental

borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: (a) actual fixed payments; (b) amounts expected to be payable under residual value guarantees; (c) an index or a rate used to determine lease payments; (d) assessment result or exercise of purchase option, extension option or termination option., the entity remeasures the lease liability based on the present value of lease payments after changes.

(4) The entity as the lessor

At the commencement date, the entity classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

If an operating lease is changed, the entity will treat it as a new lease for accounting treatment from the effective date of the change, and the amount of advance receipts or lease receivables related to the lease before the change shall be regarded as the amount of the new lease.

2) Finance lease

At the commencement date, the entity recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The entity calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

(5) Lease modification

a. A lease modification as a separate lease

The entity accounts for a lease modification as a separate lease if both: (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (b) the consideration for the lease increases by an amount commensurate

with the stand-alone price for the increase in scope.

b. A lease modification not as a separate lease

1) The entity as the lessee

At the effective date of the lease modification, the entity redetermines the lease term of the modified lease and remeasures the lease liability by discounting the revised lease payment using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term; if the interest rate implicit in the lease cannot be readily determined, the revised discount rate is determined as the entity's incremental borrowing rate at the effective date of the modification.

The entity accounts for the remeasurement of the lease liability by:

a. decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The entity recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

b. making a corresponding adjustment to carrying amount of the right-of-use asset for all other lease modifications.

2) The entity as the lessor

If the lease would have been classified as an operating lease had the modification been in effect at the inception date, the entity accounts for the lease modification as a new lease from the effective date of the modification, and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification. Otherwise, the entity applies regulations in the "CASBE 22 – Financial Instruments: Recognition and Measurement" regarding the modification or renegotiation of contracts.

43、 Other significant accounting policies and estimates

44、 Significant changes in accounting policies and estimates

(1) Significant changes in accounting policies

applicable not applicable

content and reason for changes in accounting policies	Approval procedure	Notes
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1. The Company has adopted "CASBE 14 - Revenues" (the "revised revenue standard") revised by Ministry of Finance of PRC since January 1, 2020. Pursuant to regulations on convergence between original and revised standards, no adjustment shall be made on comparable information, and the difference arising from adoption on the adopting date shall be retrospectively adjusted into retained earnings or other comprehensive income at the beginning of the reporting period.

Main effects on the financial statements as of January 1, 2020 due to adoption of revised revenue standard are as follows:

Items	Balance sheet		
	Dec. 31, 2019	Effect due to revised standard	Jan. 1, 2020
Advances received	56,674,240.40	-56,674,240.40	
Contract liabilities		56,674,240.40	56,674,240.40

2. The Company has adopted the “Interpretation of China Accounting Standards for Business Enterprises No. 13” issued by the Ministry of Finance in 2019 since January 1, 2020, and the prospective application method is applicable to changes in accounting policies.

(2) Significant changes in accounting estimates

applicable not applicable

(3) Adjustments of the related financial statement items at the beginning of the years since 2020 preliminary use new revenue principles and new lease standards

Applicable

Need to adjust opening balance of balance sheet accounts or not

Yes No

Consolidated balance sheet

Currency: RMB

Items	Dec. 31, 2019	Jan. 1, 2020	Adjustments
Current assets:			
Cash and bank balances	2,456,926,805.33	2,456,926,805.33	
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	71,998,431.87	71,998,431.87	
Derivative financial assets			
Notes receivable	3,691,476.43	3,691,476.43	
Accounts receivable	1,107,232,500.18	1,107,232,500.18	
Receivables financing	103,629,298.04	103,629,298.04	
Prepaid expenses	44,207,270.43	44,207,270.43	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve			

receivable			
Other receivables	32,597,234.91	32,597,234.91	
Including: interest receivable			
dividends receivable			
Financial assets under reverse repo			
Inventories	1,193,884,981.91	1,193,884,981.91	
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year	2,279,390.88	2,279,390.88	
Other current assets	127,977,910.59	127,977,910.59	
Total current assets	5,144,425,300.57	5,144,425,300.57	
Non-current assets:			
Loans and advances paid			
Debt investments			
Other debt investments			
Long-term receivables	19,123,250.45	19,123,250.45	
Long-term equity investments	1,931,344,951.25	1,931,344,951.25	
Other equity instrument investments	192,550,000.00	192,550,000.00	
Other non-current financial assets	569,209.09	569,209.09	
Investment property			
Fixed assets	1,058,454,179.69	1,058,454,179.69	
Construction in progress	129,158,811.57	129,158,811.57	
Productive biological assets			
Oil & gas assets			
Right-of-use assets	208,773,189.40	208,773,189.40	
Intangible assets	507,806,230.99	507,806,230.99	
Development			

expenditures			
Goodwill	1,873,718,797.75	1,873,718,797.75	
Long-term prepayments	6,024,753.26	6,024,753.26	
Deferred tax assets	27,134,708.74	27,134,708.74	
Other non-current assets	33,415,400.66	33,415,400.66	
Total non-current assets	5,988,073,482.85	5,988,073,482.85	
Total assets	11,132,498,783.42	11,132,498,783.42	
Current liabilities:			
Short-term borrowings	823,460,644.57	823,460,644.57	
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities	4,901,459.62	4,901,459.62	
Derivative financial liabilities			
Notes payable	309,180,000.00	309,180,000.00	
Accounts payable	893,633,852.13	893,633,852.13	
Advances received	56,674,240.40		-56,674,240.40
Contract liabilities		56,674,240.40	56,674,240.40
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	151,171,243.00	151,171,243.00	
Taxes and rates payable	82,866,611.51	82,866,611.51	
Other payables	12,600,147.87	12,600,147.87	
Including: interest payable			
dividends payable			
Handling fee and commission payable			

Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	181,542,647.04	181,542,647.04	
Other current liabilities			
Total current liabilities	2,516,030,846.14	2,516,030,846.14	
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	689,385,008.46	689,385,008.46	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	198,134,622.40	198,134,622.40	
Long-term payables	2,475,860.36	2,475,860.36	
Long-term employee benefits payable	39,397,630.54	39,397,630.54	
Provisions	5,704,617.60	5,704,617.60	
Deferred income	5,189,661.19	5,189,661.19	
Deferred tax liabilities	59,746,738.53	59,746,738.53	
Other non-current liabilities			
Total non-current liabilities	1,000,034,139.08	1,000,034,139.08	
Total liabilities	3,516,064,985.22	3,516,064,985.22	
Equity:			
Share capital	1,075,247,700.00	1,075,247,700.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	2,036,394,272.83	2,036,394,272.83	
Less: Treasury shares	105,492,690.23	105,492,690.23	

Other comprehensive income	145,005,399.56	145,005,399.56	
Special reserve			
Surplus reserve	429,856,864.70	429,856,864.70	
General risk reserve			
Undistributed profit	3,849,578,318.39	3,849,578,318.39	
Total equity attributable to the parent company	7,430,589,865.25	7,430,589,865.25	
Non-controlling interest	185,843,932.95	185,843,932.95	
Total equity	7,616,433,798.20	7,616,433,798.20	
Total liabilities & equity	11,132,498,783.42	11,132,498,783.42	

Instruction for adjustments

Parent company balance sheet

Currency: RMB

Items	Dec. 31, 2019	Jan. 1, 2020	Adjustments
Current assets:			
Cash and bank balances	1,472,525,772.95	1,472,525,772.95	
Held-for-trading financial assets	7,033,099.93	7,033,099.93	
Derivative financial assets			
Notes receivable	3,691,476.43	3,691,476.43	
Accounts receivable	948,196,301.97	948,196,301.97	
Receivables financing	97,648,181.92	97,648,181.92	
Prepaid expenses	15,153,995.43	15,153,995.43	
Other receivables	666,322,858.19	666,322,858.19	
Including: Interest receivable			
Dividends receivable			
Inventories	49,868,368.75	49,868,368.75	
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			

Other current assets	56,483,305.15	56,483,305.15	
Total current assets	3,316,923,360.72	3,316,923,360.72	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	4,643,499,980.57	4,643,499,980.57	
Other equity instrument investments	192,550,000.00	192,550,000.00	
Other non-current financial assets			
Investment property			
Fixed assets	156,195,102.79	156,195,102.79	
Construction in progress	1,949,216.31	1,949,216.31	
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	20,662,730.86	20,662,730.86	
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets	11,825,974.87	11,825,974.87	
Other non-current assets	6,189,776.24	6,189,776.24	
Total non-current assets	5,032,872,781.64	5,032,872,781.64	
Total assets	8,349,796,142.36	8,349,796,142.36	
Current liabilities:			
Short-term borrowings	811,442,302.07	811,442,302.07	
Held-for-trading financial liabilities	4,901,459.62	4,901,459.62	
Derivative financial liabilities			
Notes payable	300,000,000.00	300,000,000.00	
Accounts payable	511,205,844.52	511,205,844.52	

Advances received	34,610,450.57		-34,610,450.57
Contract liabilities		34,610,450.57	34,610,450.57
Employee benefits payable	37,398,109.40	37,398,109.40	
Taxes and rates payable	31,676,274.40	31,676,274.40	
Other payables	19,266,579.31	19,266,579.31	
Including: interest payable			
dividends payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	73,585,483.85	73,585,483.85	
Other current liabilities			
Total current liabilities	1,824,086,503.74	1,824,086,503.74	
Non-current liabilities:			
Long-term borrowings	294,422,006.68	294,422,006.68	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	3,197,295.96	3,197,295.96	
Deferred tax liabilities	12,627,681.09	12,627,681.09	
Other non-current liabilities			
Total non-current liabilities	310,246,983.73	310,246,983.73	
Total liabilities	2,134,333,487.47	2,134,333,487.47	
Equity:			
Share capital	1,075,247,700.00	1,075,247,700.00	

Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	2,042,882,286.04	2,042,882,286.04	
Less: Treasury shares	105,492,690.23	105,492,690.23	
Other comprehensive income	43,484,350.56	43,484,350.56	
Special reserve			
Surplus reserve	426,108,567.79	426,108,567.79	
Undistributed profit	2,733,232,440.73	2,733,232,440.73	
Total equity	6,215,462,654.89	6,215,462,654.89	
Total liabilities & equity	8,349,796,142.36	8,349,796,142.36	

Instruction for adjustments

(4) Instructions of retrospectively adjusted comparative data since 2020 preliminary adopt to new revenue principles and new lease standards

applicable not applicable

45、Others

VI. Taxes

1、Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period, the difference shall be the value-added tax payable	13%
Urban maintenance and construction tax	Turnover tax actually paid	7%、5%
Enterprise income tax	Taxable income	33.33%、32.45%、27.90%、25.16%、25%、21%、20%、19%、16.5%、15%、13.66%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of	1.2%、12%

	the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	15%
Hong Kong Great Star International Co., Ltd.	16.5%
Prim' Tools Limited	16.5%
HongKong Goldblatt Industrial Co.,Ltd	16.5%
Eudura Holding Limited	16.5%
香港国际华达科捷光电仪器有限公司 (Hong Kong International Huada Kejie Opto-Electro Instrument Co., Ltd.)	16.5%
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	15%
Hangzhou United Electric Manufacture Co., Ltd.	15%
东莞欧达电子有限公司 (Dongguan Ouda Electronics Ltd.)	15%
杭州巨星智能科技有限公司 (Hangzhou GreatStar Intelligent Technology Co., Ltd.)	15%
Hangzhou United Tools Co., Ltd.	15%
杭州联盛量具制造有限公司 (Hangzhou United Precision Tool Company)	15%
浙江亿洋工具制造有限公司 (Zhe Jiang Yiyang Tool Manufacture Co., Ltd.)	15%
苏州市新大地五金制品有限公司 (Suzhou Xindadi Hardware Product Co., Ltd.)	15%
GreatStar Europe AG	13.66%
Prexiso AG	13.66%
Lista Holding AG	13.66%
Lista AG	13.66%
Thur Metall AG	13.66%
Lista (UK) Ltd.	19.00%
Lista GmbH	32.45%
Lista Italia s.r.l.	27.90%
Lista France S.A.	33.33%

Huni Italiana Spa	27.90%
Lista Austria GmbH, Vienna, Austria	25%
Lista Sistemas de Almacenaje S.A.	20%
Great Star Vietnam Co.,Ltd	20%
Vietnam United Co.,Ltd	20%
TGH(Cambodia)Industrial Co.,LTD	20%
Newland XDD(Thailand) Co.,Ltd	20%
XDD Products (USA) LLC	21%
Newland.LLC	21%
Great Star Tools USA,Inc	25.16%
4900 Highlands Parkway,LLC	[Note1]
Hangzhou Equipment Holdings, LLC	[Note1]
Great Star Industrial USA,LLC	[Note1]
Arrow Fastener Co., LLC	[Note1]
Prime-Line Products,LLC	[Note1]
Great Star Japan Co.,Ltd	[Note2]
GreatStar International Holdings Limited	[Note3]
Taxpayers other than the above-mentioned	25%
[Note 1]:Note 1: According to the US Internal Revenue Code, Great Star Industrial USA, LLC, Arrow Fastener Co., LLC, Prime-Line Products, LLC, 4900 Highlands Parkway, LLC and Hangzhou Equipment Holdings, LLC are not required to declare and pay enterprise income tax as LLCs. The subject of tax liability is Great Star Tools USA, Inc.	
[Note 2]:Great Star Japan Co., Ltd. applies progressive tax rate to pay enterprise income tax.	
[Note 3]:GreatStar International Holdings Limited is a company registered in the British Virgin Islands. According to the British Virgin Islands tax system, no enterprise income tax is required.	

2、Tax preferential policies

1. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the Company was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of

GR201933003334 for a valid period of 3 years (from Year 2019 to Year 2021), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

2. According to the “List of the First Batch of High-tech Enterprises to be Recognized in Jiangsu Province in 2020” by the National High-tech Enterprise Certification Management Leading Group Office, the subsidiary Changzhou Huada Kejie Opto-electro Instrument Co., Ltd. was recognized as a high-tech enterprise and obtained the “High-tech Enterprise Certificate” with the number of GR202032002996 for a valid period of 3 years (from Year 2020 to Year 2022), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

3. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the sub-subsidiary Dongguan Ouda Electronics Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR201844004499 for a valid period of 3 years (from Year 2018 to Year 2020), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

4. According to the “Response to Zhejiang Province’s 2020 High-tech Enterprise Registration” (Guo Ke Huo Zi [2020] No. 251) by the National High-tech Enterprise Certification Management Leading Group Office, the subsidiary Hangzhou GreatStar Intelligent Technology Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR202033007432 for a valid period of 3 years (from Year 2020 to Year 2022), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

5. According to the “Notice on Publicizing the List of High-tech Enterprises to be Recognized in Zhejiang Province in 2018” by the National High-tech Enterprise Certification Management Leading Group Office, the subsidiary Hangzhou United Precision Tool Company was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR201833003235 for a valid period of 3 years (from Year 2018 to Year 2020), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

6. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the subsidiary Hangzhou United Tools Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR201833003962 for a valid period of 3 years (from Year 2018 to Year 2020), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

7. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the subsidiary Hangzhou United Electric Manufacture Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-

tech Enterprise Certificate” with the number of GR201933005763 for a valid period of 3 years (from Year 2019 to Year 2021), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

8. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the sub-subsidiary Zhe Jiang Yiyang Tool Manufacture Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR201933001929 for a valid period of 3 years (from Year 2019 to Year 2021), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

9. According to the relevant provisions of the “Administrative Measures for the Recognition of High-tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) and the “Guidelines for the Management of High-tech Enterprise Recognition” (Guo Ke Fa Huo [2016] No. 195), the subsidiary Suzhou Xindadi Hardware Product Co., Ltd. was recognized as a high-tech enterprise, and obtained the “High-tech Enterprise Certificate” with the number of GR201832000874 for a valid period of 3 years (from Year 2018 to Year 2020), and the enterprise income tax is calculated and levied at a tax rate of 15% in 2020.

10. In accordance with the “Notice on Issuing the Administrative Measures for VAT Preferential Policies for Promoting Employment of the Disabled” by Ministry of Finance and State Taxation Administration (Cai Shui [2016] No. 52), the subsidiary 龙游沪工锻三工具有限公司 (Longyou Hugong Forging Three Tools Co., Ltd.) arranges employment for the disabled. After filing with the competent tax authority, it enjoys the preferential policy of limited VAT refund upon collection in 2020.

3、Others

VII. Notes to items of consolidated financial statements

1、Cash and bank balances

Currency: RMB

Items	Closing balance	Opening balance
Cash on hand	2,874,834.15	682,285.42
Cash in bank	3,722,569,979.24	2,126,269,850.32
Other cash and bank balances	25,061,255.00	329,974,669.59
Total	3,750,506,068.39	2,456,926,805.33
Including: Deposited overseas	692,993,182.89	473,430,042.14
Restricted funds caused by mortgage, pledge or blocked, etc.	20,242,850.31	329,469,357.99

Other remarks:

Other cash and bank balances at the end of the period included deposit for bank acceptance in amount of RMB 14,267,400.00,

deposited investments in amount of RMB2,154,766.92, deposit for forward foreign exchange settlement in amount of 3,295,074.50, project performance bond in amount of RMB 495,608.89, deposit for ETC in amount of RMB 30,000.00 and deposits in Alipay in amount of RMB4,818,404.69. Other cash and bank balances at the beginning of the period included deposit for bank acceptance in amount of RMB 304,626,677.30, deposited investments in amount of RMB 22,822,339.65, deposit for L/C in amount of RMB 1,720,341.04, deposit for L/G in amount of RMB 300,000.00 and deposit in Alipay in amount of RMB 505,311.60.

2、Held-for-trading financial assets

Currency: RMB

Items	Closing balance	Opening balance
Including:		
Financial assets classified as at fair value through profit or loss	63,751,278.55	71,998,431.87
Including:		
Debt instrument investments	27,191,411.52	61,208,550.94
Derivative financial assets	36,027,480.86	10,789,880.93
Banking products		
Equity instrument investments	532,386.17	
Total	63,751,278.55	71,998,431.87

Other remarks:

3、Derivative financial assets

Currency: RMB

Items	Closing balance	Opening balance

Other illustration:

4、Notes receivable

(1) Details on categories

Currency: RMB

Items	Closing balance	Opening balance
Bank acceptance	9,706,191.40	1,667,031.04
Trade acceptance	1,823,866.09	2,024,445.39
Total	11,530,057.49	3,691,476.43

Currency: RMB

Categories	Closing balance			Opening balance		
	Book balance	Provision for bad	Carrying	Book balance	Provision for bad	Carrying

			debts		amount			debts		amount
	Amount	% to total	Amount	Provision proportion (%)		Amount	% to total	Amount	Provision proportion (%)	
Including:										
Receivables with provision for bad debts made on a collective basis	11,530,057.49	100.00%			11,530,057.49	3,691,476.43	100.00%			3,691,476.43
Including:										
Bank acceptance	9,706,191.40	84.18%			9,706,191.40	1,667,031.04	45.16%			1,667,031.04
Trade acceptance	1,823,866.09	15.82%			1,823,866.09	2,024,445.39	54.84%			2,024,445.39
Total	11,530,057.49	100.00%			11,530,057.49	3,691,476.43	100.00%			3,691,476.43

Bad debts provision made on an individual basis

Currency: RMB

Items	Closing balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Provision Reason

Notes receivable with provision for bad debts made on a collective basis:0

Currency: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Bank acceptance portfolio	9,706,191.40		
Trade acceptance portfolio	1,823,866.09		
Subtotal	11,530,057.49		--

Instructions of this portfolio recognition basis

Bad debts provision made on a collective basis:

Currency: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)

Instructions of this portfolio recognition basis

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

applicable not applicable

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

Changes in provision for bad debts in current period

Currency: RMB

Categories	Opening balance	Increase/Decrease				Closing balance
		Provision	Reversal	Write-off	Others	

The major provision for bad debts reversal in current period:

 applicable not applicable**(3) Pledged notes receivable at end of the account period**

Currency: RMB

Items	Closing balance of pledged
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(4) Notes receivable by the Company endorsed or discounted and not due on the balance sheet date

Currency: RMB

Items	Closing balance derecognized	Closing balance unrecognized
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(5) Notes receivable transfer to accounts receivable due to the failure to performance at end of the period.

Currency: RMB

Items	Closing balance of accounts receivable transferred
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Other instructions

The Company has derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

(6) Notes receivable actually written off in current period

Currency: RMB

Items	Written off amount
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Including the major written off of the notes receivables

Currency: RMB

Company name	Notes receivable categorized by nature	Written off amount	Written off reason	Written off procedure	Related to related party or not
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Instructions for written off the notes receivables:

5、Accounts receivable

(1) Details on categories

Currency: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)		Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis						700,438.56	0.06%	700,438.56	100.00%	
Including:										
Receivables with provision made on a collective basis	1,331,711,858.42	100.00%	71,615,134.67	5.38%	1,260,096,723.75	1,170,861,787.41	99.94%	63,629,287.23	5.43%	1,107,232,500.18
Including:										
Subtotal	1,331,711,858.42	100.00%	71,615,134.67	5.38%	1,260,096,723.75	1,171,562,225.97	100.00%	64,329,725.79	5.49%	1,107,232,500.18

Bad debts provision made on an individual basis:

Currency: RMB

Items	Closing balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Provision reason

Bad debts provision made on a collective basis: 10,758,871.39

Currency: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with age	1,331,711,858.42	71,615,134.67	5.38%
Subtotal	1,331,711,858.42	71,615,134.67	--

Instructions of this portfolio recognition basis

Bad debts provision made on an individual basis:

Currency: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)

Instructions of this portfolio recognition basis

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit loss, please

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

applicable not applicable

Disclosure as account receivable aging

Currency: RMB

Ages	Book balance
Within 1 year(including 1 year)	1,309,391,102.82
1-2 years	11,941,649.62
2-3 years	3,471,135.71
Over 3 years	6,907,970.27
3-4 years	1,947,057.19
4-5 years	2,575,685.55
Over 5 years	2,385,227.53
Subtotal	1,331,711,858.42

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

Changes in provision for bad debts in current period

Currency: RMB

Items	Opening balance	Changes in provision for bad debts in current period				Closing balance
		Provision	Reversal	Write-off	Others	
provision made on an individual basis	700,438.56			700,438.56		
provision made on a collective basis	63,629,287.23	10,758,871.39		3,439,315.60	666,291.65	71,615,134.67
Subtotal	64,329,725.79	10,758,871.39		4,139,754.16	666,291.65	71,615,134.67

The major provision for bad debts reversal in current period

Currency: RMB

Company name	Reversal amount	Reversal Method

(3) Accounts receivable actually written off in current period

Currency: RMB

Items	Written off amount
Payment for goods	4,139,754.16

Including the major written off of the account receivables

Currency: RMB

Company name	Account Receivable categorized by nature	Write-off amount	Write-off reason	Write-off procedure	Related party or not
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Instructions for Written off the account receivables

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

Currency: RMB

Debtors	Closing balance of Account Receivable	%of the total closing balance	Closing balance of provision for bad debts
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(5) Accounts receivable derecognized due to financial assets transfer

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

Other instructions:

Closing balance of top 5 debtors totaled RMB480,849,910.16, accounting for 36.10% of the total closing balance of accounts receivable, and provision for bad debts made thereon totaled RMB24,042,550.65.

6、Receivables financing

Currency: RMB

Items	Closing balance	Opening balance
Notes receivable	9,291,065.95	5,981,116.12
Accounts receivable	368,774,999.78	97,648,181.92
Total	378,066,065.73	103,629,298.04

increase/decrease of Receivables financing and Changes in fair value in current period

✓ applicable □ not applicable

1) Details on categories

Items	Closing balance					
	Initial cost	Interest adjustment	Interest accrued	Changes in fair value	Carrying amount	Provision for impairment
Notes receivable	9,291,065.95				9,291,065.95	
Including: Bank acceptance	9,291,065.95				9,291,065.95	
Accounts receivable	388,184,210.30				368,774,999.78	19,409,210.52
Total	397,475,276.25				378,066,065.73	19,409,210.52

(Continued)

Items	Opening balance					
	Initial cost	Interest adjustment	Interest accrued	Changes in fair value	Carrying amount	Provision for impairment

	cost	interest adjustment	interest accrued	fair value	amount	for impairment
Notes receivable	5,981,116.12				5,981,116.12	
Including: Bank acceptance	5,981,116.12				5,981,116.12	
Accounts receivable	102,787,559.92				97,648,181.92	5,139,378.00
Total	108,768,676.04				103,629,298.04	5,139,378.00

2) Receivables financing with provision for impairment made on a collective basis

Items	Closing balance		
	Book balance	Provision for impairment	Provision proportion (%)
Bank acceptance portfolio	9,291,065.95		
Accounts receivable portfolio	388,184,210.30	19,409,210.52	5.00
Subtotal	397,475,276.25	19,409,210.52	4.88

(2) Provision for impairment of receivables financing

Items	Opening balance	Increase		Decrease			Closing balance
		Accrual	Others	Reversal	Write-off	Others	
Provision made on an individual basis							
Provision made on a collective basis	5,139,378.00	14,269,832.52					19,409,210.52
Subtotal	5,139,378.00	14,269,832.52					19,409,210.52

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

Items	Closing balance derecognized
Bank acceptance	5,892,372.58
Subtotal	5,892,372.58

The Company has derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

(4) Receivables financing derecognized due to financial assets transfer

Items	Amount derecognized	Gains or losses related to derecognition	Ways of financial assets transfer
Payment for goods	792,875,526.72 [Note]		Receivables financing transfer without recourse
Subtotal	792,875,526.72		

Note: Of which, the USD amount and the RMB amount of the receivables financing transfer without recourse were USD 119,975,202.71 and RMB 10,049,326.56 respectively. The USD amount of financing transfer without recourse was translated into RMB equivalent of RMB782,826,200.16 at the closing exchange rate.

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

applicable not applicable

Other instructions:

7、Prepaid expenses

(1) Age analysis

Currency: RMB

Ages	Closing balance		Opening balance	
	Carrying amount	% to total	Carrying amount	% to total
Within 1 year	75,669,455.91	94.58%	38,807,162.56	87.79%
1-2 years	2,779,725.40	3.47%	2,961,117.66	6.70%
2-3 years	1,260,526.85	1.58%	606,725.31	1.37%
Over 3 years	298,672.68	0.37%	1,832,264.90	4.14%
Total	80,008,380.84	--	44,207,270.43	--

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

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

Debtors	Book balance	Proportion to the total balance of Prepaid expenses (%)
Rico Tools Co.,Ltd	9,134,860.00	10.33
Old Republic National Title Insurance Company	6,779,716.92	7.67
常州市科华电子有限公司 (Changzhou Kehua Electronics Co., Ltd.)	4,459,985.06	5.04
Thanh Phone Production And Trade Limited Company	3,526,389.58	3.99
常州摩美电子科技有限公司(Changzhou Momei Electronic Technology Co., Ltd.)	1,197,332.00	1.35
Subtotal	25,098,283.56	28.38

Other instructions:

(1) Provision for bad debts made in the current period amounted to RMB789,748.35. Provision for bad debts increased by RMB -171,548.08 due to exchange rate fluctuations, and increased by RMB 1,843,287.67 due to business combination not under common control. No provision for bad debts was recovered or reversed in the current period.

(2) Prepaid expenses actually written off in current period amounted to RMB 45,688.79.

8、Other receivables

Currency: RMB

Items	Closing balance	Opening balance
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other receivables	58,613,172.02	32,597,234.91
Total	58,613,172.02	32,597,234.91

(1) Interest receivables**1) Interest receivables on categories**

Currency: RMB

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

Currency: RMB

Debtors	Closing balance	Overdue date	Overdue reason	Impaired or not and basis
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Other instructions:

3) Changes in provision for bad debts applicable not applicable**(2) Dividends receivable****1) Dividends receivable on categories**

Currency: RMB

Items(Invested entity)	Closing balance	Opening balance
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2) Material dividends receivable aged over 1 year

Currency: RMB

Items(Invested entity)	Closing balance	ages	Reason for not recovered	Impaired or not and basis
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3) Changes in provision for bad debts applicable not applicable

Other instructions:

(3) Other receivables**1) Other receivables categorized by nature**

Currency: RMB

Nature of receivables	Closing balance	Opening balance
Export tax rebates	28,999,815.42	18,896,453.45
Security deposits	29,411,823.59	11,402,437.53
Temporary advance payment receivable	2,110,757.40	1,658,742.02
Employee petty cash	673,044.45	420,947.92
Others	1,721,743.22	4,179,990.68
Total	62,917,184.08	36,558,571.60

2) Changes in provision for bad debts

Currency: RMB

Items	Phase I	Phase II	Phase III	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	1,314,370.33	201,863.27	2,445,103.09	3,961,336.69
Opening balance in the current period	—	—	—	—
Provision made in the current period	3,182,196.64	-78,994.09	-789,810.37	2,313,392.18
Provision written off in current period			420,841.60	420,841.60
Other changes	-1,549,875.21			-1,549,875.21
Closing balance	2,946,691.76	122,869.18	1,234,451.12	4,304,012.06

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

applicable not applicable

Disclosure as account receivable aging

Currency: RMB

ages	Booking balance
Within 1 Year	58,933,868.29
1-2years	1,228,691.76
2-3ears	364,970.50
Over 3years	2,389,653.53
3-4years	261,164.76
4-5years	2,090,762.37
Over 5years	37,726.40
Subtotal	62,917,184.08

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

Changes in provision for bad debts in current period:

Currency: RMB

Categories	Opening balance	Changes in provision for bad debts in current period				Closing balance
		Provision	Reversal	Write-off	Others	
Within 1 Year	1,314,370.32	3,182,196.65			-1,549,875.21	2,946,691.76
1-2years	201,863.27	-78,994.09				122,869.18
2-3ears	1,060,986.73	-987,992.63				72,994.10
3-4years	633,164.19	-554,814.76				78,349.43
4-5years	99,084.50	946,296.69				1,045,381.19
Over 5years	651,867.68	-193,299.68		420,841.60		37,726.40
Subtotal	3,961,336.69	2,313,392.18		420,841.60	-1,549,875.21	4,304,012.06

Of which, major recovered or reversed amount in current period

Currency: RMB

Debtors	recovered or reversed amount	Way to recover

4) Other Accounts receivable actually written off in current period

Currency: RMB

Items	written off amount

Including major written off of other Accounts receivable

Currency: RMB

Debtors	Nature of receivables	written off amount	written off reason	written off procedure	Related party or not

Instructions for written off other Accounts receivable

5) Details of the top 5 debtors with largest balances

Currency: RMB

Debtors	Nature of receivables	Closing balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Export tax rebates	Export tax rebates	28,999,815.42	Within 1 Year	46.09%	1,449,990.77
Cong ty Co phan Shinec	Security deposits	10,500,495.47	Within 1 Year	16.69%	525,024.77
Cong ty Co phan Tuong Vien Grand	Security deposits	9,825,345.55	Within 1 Year	15.62%	491,267.28

Park					
Hangzhou Qiantang Intellectual City Management Committee	Security deposits	1,007,000.00	Within 1 Year	1.60%	50,350.00
Hangzhou Qiantang Intellectual City Management Committee	Security deposits	1,908,000.00	4-5years	3.03%	954,000.00
Social insurance premiums paid on behalf of employees	Temporary advance payment receivable	1,413,772.67	Within 1 Year	2.25%	70,688.63
Subtotal	--	53,654,429.11	--	85.28%	3,541,321.45

6) Other Accounts receivable related to government grants

Currency: RMB

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

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

Other instructions:

9、Inventories

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

No

(1) Details on categories

Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	366,335,310.08		366,335,310.08	308,211,274.15		308,211,274.15
Work in process	182,992,575.26		182,992,575.26	112,391,277.26		112,391,277.26
Goods on hand	861,447,538.76	32,384,531.09	829,063,007.67	808,125,084.72	39,360,433.56	768,764,651.16
Materials on	6,553,816.35		6,553,816.35	4,098,774.10		4,098,774.10

consignment for further processing						
Low-value consumables	1,376,128.50		1,376,128.50	419,005.24		419,005.24
Total	1,418,705,368.95	32,384,531.09	1,386,320,837.86	1,233,245,415.47	39,360,433.56	1,193,884,981.91

(2) Provision for inventory write-down

Currency: RMB

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Write-off	Others	
Goods on hand	39,360,433.56	22,641,151.52	-904,440.93	28,712,613.06		32,384,531.09
Subtotal	39,360,433.56	22,641,151.52	-904,440.93	28,712,613.06		32,384,531.09

Items	Determination basis of net realizable value	Reasons for reversal of provision for inventory write-down	Reasons for write-off of provision for inventory write-down
Goods on hand	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges		Part of inventories with provision for inventory write-down made in preceding period were sold or scrapped in the current period and write-off this part provision for inventory

(3) Instructions of inventory closing balance with borrowing expenses capitalization amount**(4) Instructions for the costs to fulfil a contract amortized in current period****10、Contract assets**

Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

The amount and reason for the material change of the contract assets book balance :

Currency: RMB

Items	Increase/Decrease	Increase/Decrease reason
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provision for bad debts of contract assets is made in accordance with the general model of expected credit loss, please refer to the disclosure of other receivables to disclose the relevant information on the provision for bad debts::

applicable not applicable

Contract assets impairment in current period

Currency: RMB

Items	Provision	Reavesal	written off	Reason for written off
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Other instructions:

11、Assets held for sale

Currency: RMB

Items	Closing balance	Provision for impairment	Carrying amount	Fair value	Estimated disposal costs	Estimated disposal date
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Other instructions:

12、Non-current assets due within one year

Currency: RMB

Items	Closing balance	Opening balance
Finance lease receivable	90,583.31	2,279,390.88
Total	90,583.31	2,279,390.88

Major debt investments/ Other debt investments

Currency: RMB

debt investments items	Closing balance				Opening balance			
	par value	Par value interest	effective interest rate	maturity	par value	Par value interest	effective interest rate	maturity

Other instructions:

13、Other current assets

Currency: RMB

Items	Closing balance	Opening balance
VAT to be credited	97,366,157.47	87,876,733.41
Prepaid expenses	14,940,527.03	12,358,640.95
Prepaid enterprise income tax	13,455,322.72	15,968,601.60
Interest on time deposit	20,692,542.33	10,901,182.92
Interest on bond investments	169,237.64	872,751.71
Total	146,623,787.19	127,977,910.59

Other instructions:

14、Debt investments

Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Major debt investments

Currency: RMB

Items	Closing balance				Opening balance			
	par value	Par value interest	effective interest rate	maturity	par value	Par value interest	effective interest rate	maturity

Provision for impairment

Currency: RMB

Items	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance in the current period	—	—	—	—

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

 applicable not applicable

Other instructions:

15、Other debt investments

Currency: RMB

Items	Opening balance	Accrued interest	Changes in fair value in current period	Closing balance	Cost	Accumulative changes in fair value	Accumulated provision recognized in other comprehensive income	Notes
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Material other debt investments

Currency: RMB

Items	Closing balance				Opening balance			
	par value	Par value interest	effective interest rate	maturity	par value	Par value interest	effective interest rate	maturity

Provision for impairment

Currency: RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
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	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance in the current period	—	—	—	—

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

applicable not applicable

Other instructions:

16. Long-term receivables

(1) Details

Currency: RMB

Items	Closing balance			Opening balance			Discount rate range
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Finance lease payment	576,205.61		576,205.61	16,292,063.74		16,292,063.74	0.75%
Including: Unrealized finance income	-17,021.38		-17,021.38	-720,280.00		-720,280.00	
Deposit for land lease	2,290,613.47		2,290,613.47	2,831,186.71		2,831,186.71	
Total	2,866,819.08		2,866,819.08	19,123,250.45		19,123,250.45	--

Impairment for bad debt provision

Currency: RMB

Items	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance in the current period	—	—	—	—

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

applicable not applicable

(2) Long-term receivables derecognized due to financial assets transfer

(3) Transfer of Long-term receivables and continued involvement in formed assets and liabilities

Other instructions

17、Long-term equity investments

Currency: RMB

Investees	Opening balance	Increase/Decrease								Closing balance	Closing balance of provision for impairment	
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others			
I. joint ventures												
II. Associates												
Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	996,969,390.74			175,692,233.49	-22,084,251.05	19,355,033.13					1,169,932,406.31	
Zhejiang Hangcha Holding Co., Ltd.	572,215,254.96			79,306,058.52	-2,129,229.65	1,224,640.08	20,000,000.00				630,616,723.91	
Hangzhou Weiming Investment Management Co., Ltd.	55,838,362.71			2,199,270.14							58,037,632.85	
Zhejiang Guozi Robotics Co., Ltd.	51,459,603.66			-1,946,855.30	1,369.57	40,030,405.87					89,544,523.80	
Ningbo Donghai Bank Co., Ltd.	177,447,885.49			3,871,861.00							181,319,746.49	
Changzhou Stabilia	2,504,323.60			-31,865.31							2,472,458.29	

Laser Instrument Company Limited											
Hangzhou Weina Technologies Co., Ltd.	74,910,130.09			1,439,514.90	394,676.97	-				75,954,968.02	
Hangzhou Meiqi Technology Co., Ltd.[Note]											
Subtotal	1,931,344,951.25			260,530,217.44	24,606,788.10	60,610,079.08	20,000,000.00			2,207,878,459.67	
Total	1,931,344,951.25			260,530,217.44	24,606,788.10	60,610,079.08	20,000,000.00			2,207,878,459.67	

Other instructions

Note: At the end of 2019, cost of the Company's long-term equity investment in Hangzhou Meiqi Technology Co., Ltd. under equity method was 2,977,272.88RMB, with provision for impairment of 2,977,272.88RMB. Hangzhou Meiqi Technology Co., Ltd. was cancelled on August 31, 2020.

18、 Other equity instrument investments

Currency: RMB

Items	Closing balance	Opening balance
Hangzhou Haibang Xinhua Talent Venture Capital Investment Partnership (LP)	16,550,000.00	16,550,000.00
Zhejiang SUPCON Information Technology Co., Ltd.		176,000,000.00
Subtotal	16,550,000.00	192,550,000.00

Itemized disclosure of non-trading equity instrument investments in current period

Currency: RMB

Items	Dividends income	Accumulative gain	Accumulative loss	other comprehensive income	Reason for appointed as financial assets at	Reason for other comprehensive income

				transferred to retained earnings	fair value through other comprehensive income	transferred to retained earnings
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Other instructions:

Other equity instrument investments derecognized in current period

Items	Fair value when derecognized	Accumulated gains or losses when derecognized	Reasons for disposal
Zhejiang SUPCON Information Technology Co., Ltd.	176,888,118.45	47,151,416.95	Sale
Subtotal	176,888,118.45	47,151,416.95	

Pursuant to the resolution deliberated and passed by the 32nd meeting of the fourth session of the Board of Directors dated April 8, 2020, the Company transferred its 11.05% equity in Zhejiang Supcon Information Technology Co., Ltd. to 浙江正泰电器股份有限公司 (Zhejiang Chint Electrics Co., Ltd.) at the consideration of RMB 176,888,118.45. As of the end of the current period, the above equity transfer has been completed.

19、Other non-current financial assets

Currency: RMB

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss		569,209.09
Total		569,209.09

Other instructions:

20、Investment property

(1) Investment property measured with cost model

applicable not applicable

(2) Investment property measured with fair value model

applicable not applicable

(3) Investment property with certificate of titles being unsettled

Currency: RMB

Items	Book balance	Reasons for unsettlement
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Other instructions

21、Fixed assets

Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	1,348,034,595.31	1,058,454,179.69
Total	1,348,034,595.31	1,058,454,179.69

(1) Details

Currency: RMB

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
Cost:					
Opening balance	930,022,227.99	89,682,598.10	835,046,811.57	30,907,225.44	1,885,658,863.10
Increase	261,710,437.14	36,407,844.84	143,303,459.11	4,053,810.06	445,475,551.15
1) Acquisition	94,304,231.15	28,993,231.24	104,002,042.11	1,112,239.51	228,411,744.01
2) Transferred in from construction in progress	172,403,786.40	2,606,282.71	10,941,232.60		185,951,301.71
3) Business combination	6,964,459.80	5,609,920.17	31,398,000.98	3,168,456.56	47,140,837.51
4) Effect of exchange rate fluctuations	-11,962,040.21	-801,589.28	-3,037,816.58	-226,886.01	-16,028,332.08
Decrease		1,334,993.26	12,118,216.71	3,015,970.67	16,469,180.64
1) Disposal/Scrapping		1,334,993.26	12,118,216.71	3,015,970.67	16,469,180.64
Closing balance	1,191,732,665.13	124,755,449.68	966,232,053.97	31,945,064.83	2,314,665,233.61
Accumulated depreciation					
Opening balance	261,527,814.92	59,106,393.82	481,484,153.35	25,086,321.32	827,204,683.41
Increase	48,381,046.25	19,313,887.77	78,394,138.21	5,726,917.29	151,815,989.52
1) Accrual	47,206,755.32	16,021,599.89	62,324,553.87	2,827,139.03	128,380,048.11
2) Business combination	835,576.61	3,159,042.30	15,780,292.86	2,752,108.90	22,527,020.67
3) Effect of exchange rate fluctuations	338,714.32	133,245.58	289,291.48	147,669.36	908,920.74

Decrease		986,808.21	8,629,878.05	2,773,348.37	12,390,034.63
1) Disposal/Scrapping		986,808.21	8,629,878.05	2,773,348.37	12,390,034.63
Closing balance	309,908,861.17	77,433,473.38	551,248,413.51	28,039,890.24	966,630,638.30
Provision for impairment					
Opening balance					
Increase					
1) Accrual					
Decrease					
1) Disposal/Scrapping					
Closing balance					
Carrying amount					
Closing balance	881,823,803.96	47,321,976.30	414,983,640.46	3,905,174.59	1,348,034,595.31
Opening balance	668,494,413.07	30,576,204.28	353,562,658.22	5,820,904.12	1,058,454,179.69

(2) Temporarily idle fixed assets

Currency: RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Notes
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(3) Fixed assets leased in under finance leases

Currency: RMB

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Special equipment	883,369.74	441,684.84		441,684.90
Transport facilities	2,267,829.15	407,937.20		1,859,891.95
Subtotal	3,151,198.89	849,622.04		2,301,576.85

(4) Fixed assets leased out through operating leases

Currency: RMB

Items	Closing balance
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(5) Fixed assets with certificate of titles being unsettled

Currency: RMB

Items	Carrying amount	Reasons for unsettlement
Industrial plant of 杭州联和机械有限公司 (Hangzhou Lianhe Machinery Co., Ltd.)	135,395,254.21	Documents required for certificate of titles have not yet been collected.
Subtotal	135,395,254.21	

Other instructions

(6) Fixed assets liquidation

Currency: RMB

Items	Closing balance	Opening balance
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Other instructions

22、Construction in progress

Currency: RMB

Items	Closing balance	Opening balance
Construction in progress	166,268,204.96	129,158,811.57
Total	166,268,204.96	129,158,811.57

(1) Details

Currency: RMB

Projects	Closing balance			Closing balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Thailand toolbox production base construction project	98,361,339.68		98,361,339.68			
Vietnam joint factory equipment installation	11,725,996.39		11,725,996.39			
Vietnam joint factory construction	8,565,450.70		8,565,450.70			

project						
Plant project of Hangzhou Lianhe Machinery Co., Ltd.				91,934,244.91		91,934,244.91
Reconstruction and expansion project of Haining Great Star Intelligent Equipment Co., Ltd.				10,660,511.34		10,660,511.34
Automated warehousing system	20,409,451.31		20,409,451.31	12,649,247.79		12,649,247.79
Sporadic projects	27,205,966.88		27,205,966.88	13,914,807.53		13,914,807.53
Total	166,268,204.96		166,268,204.96	129,158,811.57		129,158,811.57

(2) Changes in significant projects

Currency: RMB

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated input to budget	Completion percentage (%)	Accumulated amount of interest capitalization	Amount of interest capitalization in current period	Annual capitalization rate (%)	Fund source
Thailand toolbox production base construction project	116,785,800.00		99,528,903.50		1,167,563.82	98,361,339.68	84.22%	83.00	2,802,352.65	2,802,352.65	6.48%	Others
Vietnam joint factory construction project	10,875,300.00		9,045,227.99		479,777.29	8,565,450.70	78.76%	81.00				Others

Plant project of Hangzhou Lianhe Machinery Co., Ltd.	120,000,000.00	91,934,244.91	44,915,972.54	136,850,217.45			114.04%	100.00				Others
Reconstruction and expansion project of Haining Great Star Intelligent Equipment Co., Ltd.	27,000,000.00	10,660,511.34	19,703,950.49	30,364,461.83			112.46%	100.00	812,420.02	812,420.02	6.48%	Others
Automated warehousing system	34,008,800.00	12,649,247.79	12,248,779.17	4,488,575.65	20,409,451.31		73.21%	70.00	1,815,040.14	1,815,040.14	6.48%	Others
Subtotal	308,669,900.00	115,244,004.04	185,442,833.69	171,703,254.93	1,647,341.11	127,336,241.69	--	--	5,429,812.81	5,429,812.81		--

(3) Provision for impairment of Construction in progress in current period

Currency: RMB

Items	Provision for impairment	Provision Reason
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Other instructions

(4) Construction materials

Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Other instructions:

23、Productive biological assets

(1) Productive biological assets measured with Cost Model

applicable not applicable

(2) Productive biological assets measured with fair value model

applicable not applicable

24、Oil & gas assets

applicable not applicable

25、Right-of-use assets

Currency: RMB

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
Opening balance	227,889,389.20	1,851,119.60	842,727.60	5,018,621.92	235,601,858.32
Increase	103,058,550.77	1,383,052.42	23,142.60	2,737,520.97	107,202,266.76
(1) New leases	96,852,160.77	1,332,217.82		2,599,701.86	100,784,080.45
(2) Effect of exchange rate fluctuations	6,206,390.00	50,834.60	23,142.60	137,819.11	6,418,186.31
Decrease	42,990,085.40	229,418.60	865,870.20	3,359,872.40	47,445,246.60
(1) Expiration of leases	42,990,085.40	229,418.60	865,870.20	3,359,872.40	47,445,246.60
Closing balance	287,957,854.57	3,004,753.42		4,396,270.49	295,358,878.48
Opening balance	24,813,646.00	259,300.80	172,867.20	1,582,854.92	26,828,668.92
Increase	25,688,048.40	1,006,201.80	100,955.00	2,174,840.44	28,970,045.64
(1) New leases	24,921,012.90	995,071.50	95,821.70	2,122,819.20	28,134,725.30
(2) Effect of exchange rate fluctuations	767,035.50	11,130.30	5,133.30	52,021.24	835,320.34
Decrease	26,901,040.61	708,930.56	273,822.20	2,226,551.48	30,110,344.85
(1) Expiration of leases	26,901,040.61	708,930.56	273,822.20	2,226,551.48	30,110,344.85
Closing balance	23,600,653.79	556,572.04		1,531,143.88	25,688,369.71
Closing balance	264,357,200.78	2,448,181.38		2,865,126.61	269,670,508.77

Opening balance	203,075,743.20	1,591,818.80	669,860.40	3,435,767.00	208,773,189.40
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Other instructions:

26、Intangible assets

(1) Details

Currency: RMB

Items	Land use right	Patent right	Non-Proprietary technology	Land ownership	Trademark right	Proprietary technology	Management software	Sewage disposal right	Total
Cost									
Opening balance	213,674,408.42	3,205,142.01		59,992,719.31	227,168,662.73	18,478,820.35	96,563,124.42	2,648,543.69	621,731,420.93
Increase	24,068,745.90	1,213,047.38		38,207,885.67	48,290,095.81		7,336,395.03		119,116,169.79
(1) Acquisition	24,799,322.82	1,213,047.38		36,587,298.83	48,179,302.03		6,756,472.01		117,535,443.07
(2) internal R&D									
(3) Business combination				2,699,789.40			215,016.23		2,914,805.63
(4) Effect of exchange rate fluctuations	-730,576.92			1,079,202.56	110,793.78		364,906.79		1,334,078.91
Decrease							204,740.35		204,740.35
1) Disposal							204,740.35		204,740.35
Closing balance	237,743,154.32	4,418,189.39		98,200,604.98	275,458,758.54	18,478,820.35	103,694,779.10	2,648,543.69	740,642,850.37
Accumulate									

d amortization									
Opening balance	29,922,995. 71	1,452,800.5 8			761,779.69	7,753,405.0 3	73,879,710. 53	154,498.40	113,925,189 .94
Increase	5,066,033.9 6	687,358.97			740,645.03	1,755,487.9 3	10,691,425. 71	264,854.40	19,205,806. 00
1) Accrual	5,068,063.3 4	687,358.97			828,775.92	1,755,487.9 3	10,032,603. 59	264,854.40	18,637,144. 15
2) Effect of exchange rate fluctuations	-2,029.38				-88,130.89		572,331.32		482,171.05
3) Business combination							86,490.80		86,490.80
Decrease							204,740.35		204,740.35
1) Disposal							204,740.35		204,740.35
Closing balance	34,989,029. 67	2,140,159.5 5			1,502,424.7 2	9,508,892.9 6	84,366,395. 89	419,352.80	132,926,255 .59
Provision for impairment									
Opening balance									
Increase									
1) Accrual									
Decrease									
1) Disposal									

Closing balance									
Carrying amount									
Closing balance	202,754,124.65	2,278,029.84		98,200,604.98	273,956,333.82	8,969,927.39	19,328,383.21	2,229,190.89	607,716,594.78
Opening balance	183,751,412.71	1,752,341.43		59,992,719.31	226,406,883.04	10,725,415.32	22,683,413.89	2,494,045.29	507,806,230.99

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

(2) Land use right with certificate of titles being unsettled

Currency: RMB

Items	Carrying amount	Reasons for unsettlement
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Other instructions:

27、Development expenditures

Currency: RMB

Items	Opening balance	Increase			Decrease			Closing balance
		Internal Development expenditures	others		Recognized as intangible assets	Transferred into current profit and loss		
Total								

Other instructions

28、Goodwill

(1) Cost

Currency: RMB

Investee or events resulting in	Opening balance	Increase		Decrease		Closing balance
		Due to business	Effect of	Disposal		

goodwill		combination in current period	exchange rate fluctuations			
Lista Holding AG	1,017,633,670.59		27,945,790.54			1,045,579,461.13
Arrow Fastener Co., LLC	650,446,935.60		-42,078,309.40			608,368,626.20
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	118,076,677.01					118,076,677.01
Prim' Tools Limited	68,906,020.26		-4,457,625.49			64,448,394.77
Suzhou Xindadi Hardware Product Co., Ltd.		42,288,608.30				42,288,608.30
Prexiso AG	32,581,102.30		894,727.34			33,475,829.64
Prime-Line Products, LLC	29,997,660.00		-1,940,590.00			28,057,070.00
Longyou Hugong Forging Three Tools Co., Ltd.	8,072,738.29					8,072,738.29
Eudura Holding Limited	5,677,361.84					5,677,361.84
海宁十倍得刀具有限公司 (Haining Sheffield Cutting Tools Co., Ltd.)	884,415.32					884,415.32
浙江国新工具有限公司 (Zhejiang Guoxin Tools Co., Ltd.)	308,667.41					308,667.41
龙游亿洋锻造有限公司 (Longyou Yiyang Forging Co., Ltd.)	170,033.92					170,033.92
Total	1,932,755,282.54	42,288,608.30	-19,636,007.01			1,955,407,883.83

(2) Provision for impairment

Currency: RMB

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Provision made	Others	Disposal		
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	58,591,956.96					58,591,956.96
Lista Holding AG		70,398,887.67				70,398,887.67
Longyou Hugong Forging Three Tools Co., Ltd.	444,527.83	444,527.81				889,055.64
Subtotal	59,036,484.79	70,843,415.48				129,879,900.27

Related information of asset group or asset group portfolios which include goodwill

Note: Provision for impairment of goodwill arising from recognition of deferred tax liabilities of relevant asset group of Longyou Hugong Forging Three Tools Co., Ltd. was made in the same amount due to reversal of deferred tax liabilities in the current period.

Goodwill impairment test process, key parameters (such as the growth rate of the forecast period when the present value of future cash flows are expected, the growth rate of the stable period, the profit rate, the discount rate, the forecast period, etc.) and the confirmation method of goodwill impairment loss

(3) Impairment test process

1) Lista Holding AG

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Lista Holding AG
Carrying amount of asset group or asset group portfolios	625,849,426.54
Carrying amount of goodwill allocated to the asset group or asset group portfolios	1,045,579,461.13
Carrying amount of asset group or asset group portfolios that include goodwill	1,671,428,887.67
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 10.12%,

and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2021] 55 issued by 万邦资产评估有限公司 (Wanbang Asset Appraisal Co., Ltd.), which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB 1,601,030,000.00, and the carrying amount totaled RMB 1,671,428,887.67. RMB70,398,887.67 is recognized as goodwill impairment loss, RMB70,398,887.67 of which is attributable to goodwill impairment loss to be recognized.

2) Arrow Fastener Co., LLC

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Arrow Fastener Co., LLC
Carrying amount of asset group or asset group portfolios	316,470,718.16
Carrying amount of goodwill allocated to the asset group or asset group portfolios	608,368,626.20
Carrying amount of asset group or asset group portfolios that include goodwill	924,839,344.36
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 11.01%, and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2021] 56 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB928,100,000.00, and the carrying amount totaled RMB924,839,344.36, which suggests that the Company's goodwill is not impaired.

3) Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.
Carrying amount of asset group or asset group portfolios	250,881,158.22

Carrying amount of goodwill allocated to the asset group or asset group portfolios [Note]	91,514,953.92
Carrying amount of asset group or asset group portfolios that include goodwill	342,396,112.14
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

Note: It includes goodwill attributable to non-controlling shareholders

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 13.59%, and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2021] 57 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB348,500,000.00, and the carrying amount totaled RMB342,396,112.14, which suggests that the Company's goodwill is not impaired.

4) Prim' Tools Limited

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Prim' Tools Limited
Carrying amount of asset group or asset group portfolios	78,074,764.54
Carrying amount of goodwill allocated to the asset group or asset group portfolios	64,448,394.77
Carrying amount of asset group or asset group portfolios that include goodwill	142,523,159.31
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

2. Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 13.92%, and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The

discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2021] 58 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB166,720,000.00, and the carrying amount totaled RMB 142,523,159.31, which suggests that the Company's goodwill is not impaired.

5) Prime-Line Products, LLC

① Related information of asset group or asset group portfolios which include goodwill

Composition of asset group or asset group portfolios	Relevant asset group of Prime-Line Products, LLC
Carrying amount of asset group or asset group portfolios	249,492,392.84
Carrying amount of goodwill allocated to the asset group or asset group portfolios and the allocation method	28,057,070.00
Carrying amount of asset group or asset group portfolios that include goodwill	277,549,462.84
Whether asset group or asset group portfolios are consistent with those at acquisition date or goodwill impairment test in previous years	Yes

② Impairment test process, method and conclusion of goodwill impairment loss

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 11.01%, and the cash flows subsequent to the estimated period are expected to be stable.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the Evaluation Report numbered Wan Bang Ping Bao [2021] 59 issued by Wanbang Asset Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB285,990,000.00, and the carrying amount totaled RMB277,549,462.84, which suggests that the Company's goodwill is not impaired.

6) Other companies

The Company performed impairment test on relevant asset groups of Suzhou Xindadi Hardware Product Co., Ltd., Prexiso AG, Longyou Hugong Forging Three Tools Co., Ltd., Eudura Holding Limited, Haining Sheffield Cutting Tools Co., Ltd., Zhejiang Guoxin Tools Co., Ltd., and Longyou Yiyang Forging Co., Ltd. The recoverable amount of asset groups or asset group portfolios that include goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The cash flows subsequent to the estimated period are expected to be stable. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group. Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. Such estimations on recoverable amount suggest that the Company's goodwill is not impaired.

The impact of goodwill impairment testing

Other instructions

29、 Long-term prepayments

Currency: RMB

Items	Opening balance	Increase	Amortization	Other decrease	Closing balance
Renovation expenditures of leased-in fixed assets	4,194,216.15	3,991,270.43	3,444,301.36	187,378.46	4,553,806.76
Renovation costs	1,752,759.47	3,707,413.08	1,335,252.65	103,510.08	4,021,409.82
Mold fee		7,199,198.88	318,656.99		6,880,541.89
Others	77,777.64	1,212,272.07	276,069.54	62,564.01	951,416.16
Total	6,024,753.26	16,110,154.46	5,374,280.54	353,452.55	16,407,174.63

Other instructions

30、 Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

Currency: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for bad debts	100,617,084.64	18,425,274.76	53,172,174.21	8,369,173.79
Provision for inventory write-down	14,637,463.50	3,493,823.04		
Mold expenses	761,879.36	129,530.29	1,437,300.90	246,267.75
Changes in fair value of held-for-trading financial assets			4,901,459.62	735,218.94
Amortization of intangible assets	3,218,349.29	823,629.59		
Accrued expenses	69,962,139.59	18,147,982.88	65,238,262.38	16,857,862.94
Provision for impairment of long-term equity investments	2,910,780.00	436,617.00	2,977,272.88	446,590.93
Deferred income	2,377,073.64	356,561.05	3,197,295.96	479,594.39
Total	194,484,770.02	41,813,418.61	130,923,765.95	27,134,708.74

(2) Deferred tax liabilities before offset

Currency: RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets appraisal appreciation due to business combination not under common control	96,948,432.28	23,125,437.83	43,255,993.77	10,813,998.44
Changes in fair value of other equity investments			54,427,410.00	8,164,111.50
Changes in fair value of held-for-trading financial assets	15,998,041.01	2,437,850.39	12,824,559.79	2,010,555.87
Interest receivable	20,692,542.33	3,103,881.35	10,901,182.92	1,635,177.44
Depreciation of fixed assets	133,958,906.16	33,686,297.20	111,877,032.56	22,898,478.93
Provision for inventory write-down	17,806,826.55	2,434,886.06	6,189,389.65	617,230.51
Amortization of intangible assets	11,125,082.94	1,519,686.35	5,700,225.60	968,461.50
Accrued expenses	67,723,008.58	15,002,925.88	34,747,351.61	5,891,242.15
Others	54,633,302.70	5,609,721.54	39,818,748.60	6,747,482.19
Total	418,886,142.55	86,920,686.60	319,741,894.50	59,746,738.53

(3) Deferred tax assets or liabilities after offset

Currency: RMB

Items	Deferred tax assets and liabilities offset at the end of the period	closing balance of deferred tax assets or liabilities after offset	Deferred tax assets and liabilities offset at the beginning of the period	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets		41,813,418.61		27,134,708.74
Deferred tax liabilities		86,920,686.60		59,746,738.53

(4) Details of unrecognized deferred tax assets

Currency: RMB

Items	Closing balance	Opening balance
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Deductible losses	170,355,993.72	182,150,262.60
Subtotal	170,355,993.72	182,150,262.60

(5) Maturity years of deductible losses of unrecognized deferred tax assets.

Currency: RMB

Maturity years	Closing balance	Opening balance	Notes
Year 2020	6,122,957.91	25,423,005.22	
Year 2021	5,367,819.70	31,131,336.70	
Year 2022	10,546,843.54	22,764,184.59	
Year 2023	14,557,139.03	45,599,586.67	
Year 2024	34,787,819.71	57,232,149.42	
Year 2025	38,209,711.39		
Year 2026	2,493,654.05		
Year 2027	7,204,355.21		
Year 2028	30,073,191.20		
Year 2029	7,438,617.58		
Year 2030	13,553,884.40		
Subtotal	170,355,993.72	182,150,262.60	--

Other instructions:

31、 Other non-current assets

Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayment for equipment	23,212,306.28		23,212,306.28	26,688,943.57		26,688,943.57
Prepayment for intangible assets	15,505,452.23		15,505,452.23	989,310.02		989,310.02
Land lease expenses	720,572.67		720,572.67	737,147.07		737,147.07
Prepaid earnest money for equity purchase				5,000,000.00		5,000,000.00
Total	39,438,331.18		39,438,331.18	33,415,400.66		33,415,400.66

Other instructions:

32、Short-term borrowings

(1) Details on categories Short-term loan classification

Currency: RMB

Items	Closing balance	Opening balance
Pledged borrowings	104,398,400.00	
Mortgaged borrowings	10,000,000.00	12,000,000.00
Credit borrowings	854,263,538.00	808,890,390.00
Undue interest accrued	2,055,972.75	2,570,254.57
Mortgaged and guaranteed borrowings	44,400,000.00	
Total	1,015,117,910.75	823,460,644.57

Instructions for Short-term loan classification:

(2) Short-term loans that have been overdue but not repaid

The total amount of short-term loans that have been overdue and not repaid at the end of the period is RMB, of which the major short-term loans overdue unpaid are as follows:

Currency: RMB

Debtors	Closing balance	Interest rate	Overdue days	Interest rate during overdue

Other instructions:

33、Held-for-trading financial liabilities

Currency: RMB

Items	Closing balance	Opening balance
Held-for-trading financial liabilities		4,901,459.62
Including:		
Derivative financial liabilities		4,901,459.62
Including:		
Total		4,901,459.62

Other instructions:

34、Derivative financial liabilities

Currency: RMB

Items	Closing balance	Opening balance

Other instructions:

35、Notes payable

Currency: RMB

Items	Closing balance	Opening balance
Bank acceptance	24,913,000.00	309,180,000.00
Total	24,913,000.00	309,180,000.00

The total amount of notes payable due and not paid at the end of the period is RMB.

36、Accounts payable**(1) Details**

Currency: RMB

Items	Closing balance	Opening balance
Payment for materials	973,019,822.37	793,310,475.37
Payment for engineering equipment	60,602,036.33	43,743,792.32
Expenses	134,706,127.18	56,579,584.44
Total	1,168,327,985.88	893,633,852.13

(2) Major accounts payable aged over 1 year

Currency: RMB

Items	Closing balance	Reason for unpaid or not carried forward
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Other instructions:

37、Prepaid expenses**(1) Details**

Currency: RMB

Items	Closing balance	Opening balance
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(2) Major prepaid expenses aged over 1 year

Currency: RMB

Items	Closing balance	Reason for unpaid or not carried forward
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38、Contract liabilities

Currency: RMB

Items	Closing balance	Opening balance
Payment for goods	72,490,372.55	56,674,240.40
Total	72,490,372.55	56,674,240.40

The amount and reason for the material change in the book balance during the reporting period

Currency: RMB

Items	Increase/Decrease	Reason for change
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39、Employee benefits payable

(1) Details of employee benefits payable

Currency: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	144,948,543.14	1,251,570,057.49	1,202,388,697.20	194,129,903.43
Post-employment benefits - defined contribution plan	6,222,699.86	48,793,274.53	53,237,880.34	1,778,094.05
Total	151,171,243.00	1,300,363,332.02	1,255,626,577.54	195,907,997.48

(2) Details of short-term employee benefits

Currency: RMB

Items	Opening balance	Increase	Decrease	Closing balance
1、Wage, bonus, allowance and subsidy	136,791,916.89	1,119,197,482.27	1,065,401,515.52	190,587,883.64
2、Employee welfare fund		55,705,766.91	60,360,992.13	-4,655,225.22
3、Social insurance premium	3,521,305.42	49,979,432.09	50,168,539.66	3,332,197.85
Including: Medicare premium	3,055,252.09	45,784,468.36	45,575,929.42	3,263,791.03
Occupational injuries premium	185,414.82	3,472,478.25	3,613,342.22	44,550.85
Maternity premium	280,638.51	722,485.48	979,268.02	23,855.97
4、Housing provident fund	156,274.00	21,118,210.64	21,153,240.64	121,244.00
5、Trade union fund and	4,479,046.83	5,569,165.58	5,304,409.25	4,743,803.16

employee education fund				
Subtotal	144,948,543.14	1,251,570,057.49	1,202,388,697.20	194,129,903.43

(3) Details of defined contribution plan

Currency: RMB

Items	Opening balance	Increase	Decrease	Closing balance
1、Basic endowment insurance premium	6,084,764.29	48,170,527.66	52,538,134.04	1,717,157.91
2、Unemployment insurance premium	137,935.57	622,746.87	699,746.30	60,936.14
Subtotal	6,222,699.86	48,793,274.53	53,237,880.34	1,778,094.05

Other instructions:

40、Taxes and rates payable

Currency: RMB

Items	Closing balance	Opening balance
VAT	6,485,281.06	6,964,841.10
Enterprise income tax	158,280,518.60	65,200,721.36
Individual income tax withheld for tax authorities	8,497,838.70	1,698,755.78
Urban maintenance and construction tax	842,381.53	497,031.19
Housing property tax	5,290,714.69	3,765,036.09
Consumption tax withheld for tax authorities	3,069,169.41	2,445,137.08
Land use tax	1,819,423.84	1,121,481.58
Stamp duty	1,040,706.33	602,715.34
Education surcharge	384,823.00	255,664.88
Local education surcharge	256,548.64	165,601.83
Security fund for the disabled	26,892.81	148,061.28
Environmental protection tax	1,434.06	1,564.00
Total	185,995,732.67	82,866,611.51

Other instructions:

41、Other payables

Currency: RMB

Items	Closing balance	Opening balance
Other payables	26,425,047.57	12,600,147.87
Total	26,425,047.57	12,600,147.87

(1) Interest payable

Currency: RMB

Items	Closing balance	Opening balance
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Significant interest overdue but not been paid

Currency: RMB

Debtors	Overdue amount	Overdue reason
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Other instructions:

(2) Dividends payable

Currency: RMB

Items	Closing balance	Opening balance
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Other instructions, including material dividends payable aged over 1 year, should disclose the reason unpaid:

(3) Other payable**1) Other payable categorized by nature**

Currency: RMB

Items	Closing balance	Opening balance
Security deposits	221,768.95	325,026.47
Guarantee fee payable		4,299,910.32
accrued expenses	3,666,627.54	3,495,534.08
Fund borrowing	16,850,810.54	
prepayments payable	2,895,356.49	2,605,202.95
Others	2,790,484.05	1,874,474.05
Total	26,425,047.57	12,600,147.87

2) Major other payables aged over 1 year

Currency: RMB

Items	Closing balance	Reason for unpaid or not carried forward
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Other instructions

42、 Liabilities held for sale

Currency: RMB

Items	Closing balance	Opening balance
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Other instructions:

43、 Non-current liabilities due within one year

Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within one year	196,000,160.14	151,675,000.00
Lease liabilities due within one year	25,546,871.20	29,661,130.40
Accrued interest payable on undue long-term borrowings	167,152.56	206,516.64
Total	221,714,183.90	181,542,647.04

other instructions:

Lenders	Commencement date	Maturity date	Currency	Annual interest rate (%)	Closing balance	
					Original currency	RMB equivalent
Export-Import Bank of China	9/29/2017	3/29/2021	RMB	2.915%	36,760,000.00	36,760,000.00
		9/29/2021			36,760,000.00	36,760,000.00
Industrial and Commercial Bank of China	8/31/2018	2/26/2021	EUR	3-month Euribor+	7,250,000.00	58,181,250.00
		8/31/2021		1.05%	7,250,000.00	58,181,250.00
Credit Suisse	12/18/2020	2/18/2021	EUR	libor+0.80%	762,325.25	6,117,660.14
Subtotal	9/29/2017					196,000,160.14

44、 Other current liabilities

Currency: RMB

Items	Closing balance	Opening balance
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Current period movements for the short-term bonds payable

Currency: RMB

Bonds	Par value	Issuing date	Maturity	Amount outstanding	Opening balance	Current period issuance	Par value interest	Amortization of premium discount	repayments	Closing balance
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Other instructions:

45、Long-term borrowings

(1) Details on categories

Currency: RMB

Items	Closing balance	Opening balance
Pledged borrowings	220,640,000.00	294,160,000.00
Guaranteed borrowings	272,850,000.00	394,682,750.00
Credit borrowings	15,630,964.56	
Accrued interest payable on undue long-term borrowings	434,918.35	542,258.46
Total	509,555,882.91	689,385,008.46

Details on long-term borrowings:

Lenders	Commencement date	Maturity date	Currency	Annual interest rate (%)	Closing balance	
					Original currency	RMB equivalent
Export-Import Bank of China	9/29/2017	3/29/2022	RMB	2.915%	36,760,000.00	36,760,000.00
		9/29/2022			36,760,000.00	36,760,000.00
		3/29/2023			36,760,000.00	36,760,000.00
		9/29/2023			36,760,000.00	36,760,000.00
		3/29/2024			36,760,000.00	36,760,000.00
		9/29/2024			36,840,000.00	36,840,000.00
Industrial and Commercial Bank of China	8/31/2018	2/28/2022	EUR	3-month Euribor+ 1.05%	8,000,000.00	64,200,000.00
		8/31/2022			8,000,000.00	64,200,000.00
		2/28/2023			9,000,000.00	72,225,000.00
		6/26/2023			9,000,000.00	72,225,000.00
Credit Suisse	12/18/2020	2/18/2022	EUR	Libor+ 0.80%	777,216.40	6,237,161.64
		2/18/2023			777,216.40	6,237,161.64
		2/18/2024			183,241.94	1,470,516.58
Kanagawa Credit Guarantee Association	7/31/2020	7/31/2023	JPY	1.40%	26,664,000.00	1,686,124.70
Subtotal						509,120,964.56

Other instructions, contain interest period:

46、Bonds payable

(1) Details for bonds payable

Currency: RMB

Items	Closing balance	Opening balance
Convertible corporate bonds	799,729,005.89	
Total	799,729,005.89	

(2) Current period movements

Currency: RMB

Bonds	Par value	Issuing date	Maturity	Amount outstanding	Opening balance	Current period issuance	Par value interest	Amortization of premium discount	repayments	Interest adjustment	Issuing expenses	Equity split	Closing balance
Great Star convertible bonds	972,600,000.00	6/24/2020	6/24/2020 - 6/23/2026	972,600,000.00		972,600,000.00	1,945,200.00			23,171,610.34	7,478,547.17	190,509,257.28	799,729,005.89
Subtotal	--	--	--	972,600,000.00		972,600,000.00	1,945,200.00			23,171,610.34	7,478,547.17	190,509,257.28	799,729,005.89

(3) Converting conditions and time of convertible bonds

Pursuant to the approval numbered Zheng Jian Xu Ke [2019] 2656 issued by China Securities Regulatory Commission, the Company publicly issued 9.726 million convertible corporate bonds, each with par value of RMB100, with total amount of RMB972.60 million and term of 6 years. RMB 972,600,000 convertible corporate bonds of the Company have been listed for trading at Shenzhen Stock Exchange since July 16, 2020. The abbreviation of the bonds is "Great Star convertible bonds" with code number of "128115".

The conversion period of the convertible corporate bonds runs from the first trading day after six months following the completion of the issuance to the maturity date of the bonds. The initial conversion price of the convertible bonds was RMB 12.28/share, which was not lower than the average transaction price of the Company's A shares on the preceding 20 trading days prior to the announcement of the prospectus (in the case of stock price adjustment caused by ex-right or ex-dividend, the closing price on the trading days before the adjustment shall be subject to the corresponding ex-right or ex-dividend adjustment) and the average transaction price of the Company's A shares on the previous trading day

(4) Instructions of other financial instruments classified as financial liabilities

Information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Movements of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Currency: RMB

Financial instruments issued	Beginning of the period		Increase		Decrease		End of the period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Instructions for the basis of other financial instruments transferred to financial liabilities

Other instructions:

47、Lease liabilities

Currency: RMB

Items	Closing balance	Opening balance
Unpaid lease payments	247,806,320.88	203,788,820.40
Less: Unrecognized financing expenses	-1,502,321.80	-5,654,198.00
Total	246,303,999.08	198,134,622.40

Other instructions:

48、Long-term payables

Currency: RMB

Items	Closing balance	Opening balance
Long-term payables	1,499,174.07	2,475,860.36
Total	1,499,174.07	2,475,860.36

(1) Long-term payables categorized by nature

Currency: RMB

Items	Closing balance	Opening balance
Finance lease payable	1,499,174.07	2,475,860.36

Other instructions:

(2) Special payables

Currency: RMB

Items	Opening balance	Increase	Decrease	Closing balance	形成原因 reason
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Other instructions:

49、Long-term employee benefits payable

(1) Details for Long-term employee benefits payable

Currency: RMB

Items	Closing balance	Opening balance
Post-employment benefits - net defined benefit liability	71,206,293.82	34,139,053.54
Termination benefits	6,718,437.33	5,258,577.00

Total	77,924,731.15	39,397,630.54
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(2) Movements in defined benefit plan

Present value of obligations in defined benefit plan:

Currency: RMB

Items	Year 2020	Year 2019
I、 Opening balance	505,405,191.66	434,226,309.60
II、 Components of defined benefit costs recognized in profit or loss	10,179,212.90	-6,668,095.55
a. Current service cost	8,867,192.70	6,862,495.77
b. Past service cost		-17,012,621.55
c. Net interest expense or income	1,312,020.20	3,482,030.23
III、 Components of defined benefit costs recognized in other comprehensive income	39,367,976.90	51,961,071.41
a. Actuarial gains and losses	39,367,976.90	51,961,071.41
IV、 Other movements	7,995,556.47	25,885,906.20
a. Benefit paid	-16,835,135.60	-782,208.32
b. Paid by employees	10,849,964.80	10,236,903.66
c. Translation reserves	13,980,727.27	16,431,210.86
V、 Closing balance	562,947,937.93	505,405,191.66

Plan assets:

Currency: RMB

Items	Year 2020	Year 2019
I、 Opening balance	471,266,138.12	399,083,193.80
II、 Components of defined benefit costs recognized in profit or loss	619,155.60	2,702,611.34
a. Net interest expense or income	1,208,827.60	3,195,273.24
b. Management costs	-589,672.00	-492,661.90
III、 Components of defined benefit costs recognized in other comprehensive income	884,508.00	32,308,295.56
3、 a. Actuarial gains and losses	884,508.00	32,308,295.56
IV、 Other movements	18,971,842.39	37,172,037.42
a. Paid by employees	10,849,964.80	10,236,903.66
b. Paid by the Company	10,849,964.80	10,236,903.66
c. Benefit paid	-15,700,017.00	46,990.23

d. Translation reserves	12,971,929.79	16,651,239.87
V、Closing balance	491,741,644.11	471,266,138.12

Net defined benefit liability

Currency: RMB

Items	Year 2020	Year 2019
Opening balance	34,139,053.54	35,143,115.80
Components of defined benefit costs recognized in profit or loss	9,560,057.30	-9,370,706.89
Components of defined benefit costs recognized in other comprehensive income	38,483,468.90	19,652,775.85
Other movements	-10,976,285.92	-11,286,131.22
Closing balance	71,206,293.82	34,139,053.54

Contents and risks of defined benefit plan, and effect on amount, timing and uncertainty of future cash flows:

The Company's defined benefit plan consists of two parts, namely the Swiss pension plan and the German pension plan.

1) The Swiss pension plan is operated by Pensionskasse, a foundation stipulated by the Swiss law, as well as other companies of economy and finance relevance. The plan is applicable to retired employees, disabled employees and their family members. Pursuant to the Swiss pension law, the plan is managed by a pension trust committee, which is responsible for investment strategies related to fund assets. The goal of the investment strategies is to possess 28.00% equity, 39.00% debt, 27.00% assets and 6.00% other financial instruments and cash portfolio. The plan generally exposes the Company to actuarial risks such as inflation, interest rate risk, lifespan risk and wages risk.

2) The German pension plan lasted until 1991 and was terminated in 1991 in accordance with the German law. The plan no longer applies to new employees and other accruals after 1991, but the remaining obligations remain on the balance sheet.

The above-mentioned defined benefit plan has no significant impact on amount, timing and uncertainty of future cash flows.

Significant actuarial assumption, reasonableness of the assumption and sensitive analysis on defined benefit plan:

Defined benefit plan liability and cost are determined through actuarial valuation. The significant actuarial assumptions for determining the defined benefit obligation are the discount rate and mortality rate.

The sensitive analysis of the Swiss pension plan is determined based on the potential reasonable changes in actuarial assumptions at the end of the reporting period.

1) If all other actuarial assumptions remain unchanged and the discount rate is higher (or lowered) by 0.5%, the defined benefit obligation of the Swiss pension plan will decrease by CHF 5,524,000.00 (or increase by CHF 6,291,000.00).

2) If all other actuarial assumptions remain unchanged and the life expectancy of men and women increases (or decreases) by one year, the defined benefit obligation of the Swiss pension plan will increase by CHF 726,000.00 (or decrease by CHF 642,000.00).

Other instructions:

50、Provisions

Currency: RMB

Items	Closing balance	Opening balance	Reasons for balance
Product Quality Assurance	2,329,934.90	2,564,196.80	

Soil restoration expenses	1,220,478.39	3,140,420.80	
Total	3,550,413.29	5,704,617.60	--

Other instructions, including relevant important assumptions and description of important estimated liabilities:

51、Deferred income

Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance	Reasons for balance
Government grants	5,189,661.19		1,196,922.60	3,992,738.59	Special subsidy
Total	5,189,661.19		1,196,922.60	3,992,738.59	--

Projects involving government grants:

Currency: RMB

Liability items	Opening balance	New grant amount in current period	Amount included in non-operating income in the current period	Amount included in other income in the current period	Write down cost amount in current period	Other adjustments	Closing balance	Asset related / income related
Special subsidy for construction of foreign trade public service platform	1,521,888.82			442,666.68			1,079,222.14	Asset related
Special subsidy for "machine replacement" technical transformation project	1,632,365.07			276,700.32			1,355,664.75	Asset related
Special subsidy for equipment manufacturing projects in strategic emerging	1,149,999.80			230,000.04			919,999.76	Asset related

industries								
Financial subsidy for capacity expansion project of new hand tool series products	360,000.16			99,999.96			260,000.20	Asset related
Special subsidy for innovation capability building project of provincial enterprise technology center	157,407.38			55,555.56			101,851.82	Asset related
Special funds for pilot and base construction of strategic emerging industries	367,999.96			92,000.04			275,999.92	Asset related
Subtotal	5,189,661.19			1,196,922.60			3,992,738.59	
[note] the amount of government subsidies included in the current profit and loss is detailed in section 12 (7) 84 Explanation of government subsidy								

Other instructions:

52、 Other non-current liabilities

Currency: RMB

Items	Closing balance	Opening balance
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Other instructions:

53、 Equity

Currency: RMB

	Opening balance	Increase and decrease of this change (+, -)					Closing balance
		Bonus New share issue	Bonus share	Conversion of provident fund into shares	Other	Subtotal	
Total number of shares	1,075,247,700.00						1,075,247,700.00

Other instructions:

54、 Other equity instruments

(1) Basic information of preferred shares, perpetual bonds and other financial instruments issued outstanding at the end of the period

(2) Statement of changes in preferred shares, perpetual bonds and other financial instruments issued outstanding at the end of the period

Currency: RMB

Financial instruments issued outstanding	beginning of the period		Increase in current period		Decrease in current period		end of the period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value
GreatStar convertible bond			9,726,000	190,509,257.28			9,726,000	190,509,257.28
Total			9,726,000	190,509,257.28			9,726,000	190,509,257.28

Changes of other equity instruments in the current period, reasons for changes, and basis for relevant accounting treatment:

The increasing of other equity instruments in current period was due to the equity parts for convertible corporate bonds issued by the Company, details refer to the description of Section XII (VII) 46, Bonds payable.

Other instructions:

The increase in other equity instruments in the current period is the equity component of convertible corporate bonds issued by the Company. See section 12 (7) 46 notes on bonds payable for details.

Other explanation:

55、Capital reserve

Currency: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Share premium	1,901,160,742.34		1,959,810.76	1,899,200,931.58
Other capital reserve	135,233,530.49	60,610,079.08		195,843,609.57
Total	2,036,394,272.83	60,610,079.08	1,959,810.76	2,095,044,541.15

Other instructions, including the increase and decrease of the current period and the reasons for the change:

1) Remarks on changes in capital reserve – share premium

In the current period, the Company acquired 25.20% equity of 杭州巨星工匠工具有限公司 (Hangzhou Great Star Craftsman Tools Co., Ltd.) from the non-controlling shareholders at the consideration of RMB 0. When the Company prepares the consolidated financial statements, the difference of RMB 1,959,810.76 between the newly acquired long-term equity investments arising from purchase of non-controlling equity and proportionate share in net assets of Hangzhou GreatStar Craftsman Tools Co., Ltd. was to offset capital reserve.

2) Capital reserve-Description of changes in other capital reserves

Long-term equity investments and capital reserve were adjusted by RMB 40,030,405.87, RMB 1,224,640.08 and RMB 19,355,033.13 respectively due to the Company's share in changes in equity, other than net profit or loss, other comprehensive income and profit distribution, in Zhejiang Guozi Robotics Co., Ltd., Zhejiang Hangcha Holdings Co., Ltd., and Hangzhou Zhongce Haichao Enterprise Management Co., Ltd. based on shareholding proportion.

56、Treasury stock

Currency: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Treasury stock	105,492,690.23			105,492,690.23
Total	105,492,690.23			105,492,690.23

Other instructions, including the increase and decrease of the current period and the reasons for the change:

Pursuant to the resolution of the 17th meeting of the fourth session of the Board of Directors, the Company agreed to use its own

funds, not less than RMB 100 million (inclusive) and not more than RMB 200 million (inclusive), to repurchase part of the Company's shares through centralized bidding transaction. The repurchase price shall not exceed RMB17.5 per share, and the repurchase period shall not exceed 12 months following the date of approval. As of the end of the period, the repurchase period has expired. The special account for share repurchase has accumulatively repurchased 10,799,651 shares, and the accumulative payment totaled RMB 105,492,690.23 .

57、 Other comprehensive income

Currency: RMB

Items	Opening balance	Amount incurred in the current period						Closing balance
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: Income tax	Attributable to parent company	Attributable to non-controlling shareholders	
I、 Items not to be reclassified subsequently to profit or loss	- 21,798,278.68	- 37,595,350.45		47,151,416.95	- 3,145,255.00	- 81,601,512.40		- 103,399,791.08
Including: Changes in remeasurement of the defined benefit plan	- 68,061,577.18	- 38,483,468.90			- 3,145,255.00	- 35,338,213.90		- 103,399,791.08
Changes in fair value of other equity instrument investments	46,263,298.50	888,118.45		47,151,416.95		- 46,263,298.50		
II、 Items to be reclassified subsequently to profit or loss	166,803,678.24	- 169,241,234.03				- 169,241,234.03	- -7,650.07	- 2,437,555.79
Including: Other comprehensive income to be transferred to profit or loss under equity method	- 2,778,947.94	- 24,606,788.10				- 24,606,788.10		- 27,385,736.04
Translation reserves	169,582,626.18	- 144,634,445.93				- 144,634,445.93	- -7,650.07	24,948,180.25
Total	145,005,399	-		47,151,416.95	-	-	-7,650.07	-

	.56	206,836,584.48		6.95	3,145,255.00	250,842,746.43		105,837,346.87
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Other instructions, including the adjustment of the effective part of the profit and loss of cash flow hedging converted into the initial recognition amount of the hedged item:

58、Special reserve

Currency: RMB

Items	Opening balance	Increase	Decrease	Closing balance
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Other instructions, including the increase and decrease of the current period and the reasons for the change:

59、Surplus reserve

Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Legal reserve	429,856,864.70	91,745,899.76		521,602,764.46
Total	429,856,864.70	91,745,899.76		521,602,764.46

Description of surplus reserve, including changes in the current period and reasons for changes:

Pursuant to the Company's Articles of Association, statutory surplus reserve was appropriated at 10% of the net profit generated by parent company in the current period.

60、Undistributed profit

Currency: RMB

Items	Year 2020	Year 2019
Closing balance of the preceding period	3,849,578,318.39	3,206,473,049.26
Undistributed profit at the beginning of the period after adjustment	3,849,578,318.39	3,206,473,049.26
Add: Net profit attributable to owners of the parent company	1,350,132,516.91	895,030,139.78
Less: Appropriation of statutory surplus reserve	91,745,899.76	49,679,741.34
Dividend payable on ordinary shares		202,245,129.31
Add: Other comprehensive income carried forward to retained earnings	47,151,416.95	
Closing balance	5,155,116,352.49	3,849,578,318.39

Details of undistributed profit at the beginning of adjustment period:

- 1)、Due to the retroactive adjustment of the accounting standards for business enterprises and its related new regulations, the undistributed profits at the beginning of the period are affected.
- 2)、Due to the change of accounting policy, the undistributed profit at the beginning of the period is affected.

- 3)、Due to the correction of major accounting errors, the undistributed profits at the beginning of the period are affected.
- 4)、The change of consolidation scope caused by the same control affects the opening undistributed profit.
- 5)、The other adjustments affects the opening undistributed profit.

61、Operating revenue and operating costs

Currency: RMB

Items	Year 2020		Year 2019	
	Revenue	Cost	Revenue	Cost
Main business	8,502,327,129.89	5,906,839,891.29	6,593,396,615.03	4,444,550,727.80
Other business	42,113,024.41	19,926,004.47	32,067,506.31	21,858,354.58
Total	8,544,440,154.30	5,926,765,895.76	6,625,464,121.34	4,466,409,082.38

The lower of the audited net profit before and after deduction of non-recurring gains and losses is negative or not

Yes No

Related information of revenue:

Whether the lower of net profit before and after the audit deduction of non-current profit and loss is negative

Yes No

Income related information:

Currency: RMB

Contract classification	Division 1	Division 2		Total
Including:				

Information relating to performance obligations:

Performance obligations of sales of hand tools and power tools, laser measurement, storage, PPE and other products are generally fulfilled within one year. The Company collects advances or provides term of credit based on different customers. The Company acts as the main responsible person for direct sales. The Company obtains the unconditional right to collect payments when the following conditions are all met: 1) for domestic sales: a. the Company delivers the product to the customer in accordance with the contract; and b. the customer has accepted the product; 2) for overseas sales: a. the Company has declared the product in accordance with the contract; b. the Company has obtained the bill of lading or, the Company has shipped the product to the designated destination and the goods are delivered to the customer; and c. the control of the goods is transferred to the customer.

Information relating to the transaction price allocated to the remaining performance obligation:

At the end of this report period, the amount of income corresponding to the performance obligations that have been signed but not yet fulfilled or not fulfilled is RMB 72,490,372.55 , of which RMB72,490,372.55 is expected to be recognized in 2021, RMBXXX is expected to be recognized in XX year, and RMBXXX is expected to be recognized in XX year.

Other instructions:

62、 Taxes and surcharges

Currency: RMB

Items	Year 2020	Year 2019
Urban maintenance and construction tax	4,786,192.59	5,282,355.41
Education surcharge	2,328,932.48	3,060,211.28
Housing property tax	9,890,480.39	8,648,352.52
Land use tax	2,147,547.54	1,878,108.28
Vehicle and vessel use tax	76,767.27	63,373.44
stamp duty	6,480,368.19	5,070,990.89
Environmental protection tax	5,877.90	9,038.89
Local education surcharge	1,552,621.56	1,994,285.24
Total	27,268,787.92	26,006,715.95

Other instructions:

63、 Selling expenses

Currency: RMB

Items	Year 2020	Year 2019
Freight		196,231,527.72
Salary expenses	231,285,600.62	180,957,999.36
Advertising and promotion expenses	158,061,292.72	145,525,153.82
Commodity inspection expenses	8,444,517.79	11,144,670.48
Consulting expenses	12,398,145.37	13,964,331.69
Business travelling expenses	5,765,621.94	11,132,208.73
Office expenses	15,027,354.08	11,413,428.55
Depreciation and amortization	18,604,834.71	4,360,224.30
House rents	2,114,137.78	3,416,279.94
Insurance premium	4,367,937.54	6,840,190.46
Others	2,204,966.10	1,982,045.21

Total	458,274,408.65	586,968,060.26
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Other instructions:

64、Administrative expenses

Currency: RMB

Items	Year 2020	Year 2019
Salary expenses	317,985,417.88	296,207,553.44
Consulting expenses	51,273,959.59	45,605,468.63
Depreciation and amortization	47,961,742.13	33,366,040.94
Office expenses	52,019,821.23	64,135,981.39
Business travelling expenses	9,814,116.43	17,179,389.50
Business entertainment expenses	2,865,337.49	4,299,127.71
Taxes and rates	2,714,181.92	2,324,271.22
Afforestation expenses	2,989,803.38	2,313,624.36
Others	13,375,557.95	12,273,771.90
Total	500,999,938.00	477,705,229.09

Other instructions:

65、R&D expenses

Currency: RMB

Items	Year 2020	Year 2019
Salary expenses	129,218,589.63	110,819,842.28
Direct input	87,654,200.47	70,233,182.98
Depreciation and amortization	13,190,352.70	9,866,890.56
Others	15,308,926.56	12,852,821.02
Total	245,372,069.36	203,772,736.84

Other instructions:

66、Financial expenses

Currency: RMB

Items	Year 2020	Year 2019
Interest expenditures	69,915,383.28	48,674,516.53
Interest income	-58,134,194.43	-50,223,558.70
Gains on foreign exchange	94,969,455.21	-50,865,687.86

Bank handling charges	6,829,360.99	13,357,218.42
Total	113,580,005.05	-39,057,511.61

Other instructions:

67、 Other income

Currency: RMB

Items	Year 2020	Year 2019
Government grants related to assets	1,196,922.60	1,196,922.54
Government grants related to income	32,022,952.51	74,700,248.24
Refund of handling fees for withholding individual income tax	267,035.13	28,040.91
Total	33,486,910.24	75,925,211.69
[note] for the government subsidies included in other income in the current period, please refer to section XII (7) 84, government grants		

68、 Investment income

Currency: RMB

Items	Year 2020	Year 2019
Investment income from long-term equity investments under equity method	260,530,217.44	65,458,417.14
Gains on disposal of long-term equity investments	266,783.83	
Investment income from financial instruments	1,792,735.16	4,763,145.26
Gains on disposal of financial assets	30,314,376.80	5,172,650.57
Other equity instrument investments	3,647,177.70	
Total	296,551,290.93	75,394,212.97

Other instructions:

69、 Net exposure hedging income

Currency: RMB

Items	Year 2020	Year 2019
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Other instructions:

70、Gains on changes in fair value

Currency: RMB

Items	Year 2020	Year 2019
Held-for-trading financial assets	31,920,861.95	8,154,053.98
Including: Gains on changes in fair value arising from derivative financial instruments	31,510,730.07	5,918,543.91
Transaction financial liabilities		
Total	31,920,861.95	8,154,053.98

Other instructions:

71、Credit impairment loss

Currency: RMB

Items	Year 2020	Year 2019
Bad debt loss of other receivables	-2,272,889.16	-154,012.46
Bad debt loss of receivables financing	-14,269,832.52	-2,003,619.78
Bad debt loss of accounts receivable	-10,705,040.96	1,124,713.50
Bad debt loss of prepayment	-884,081.80	462,593.98
Total	-28,131,844.44	-570,324.76

Other instructions

72、Assets impairment loss

Currency: RMB

Items	Year 2020	Year 2019
Inventory write-down loss	-22,641,151.52	-12,687,343.31
Impairment loss of long-term equity investments		-2,977,272.88
Impairment loss of goodwill	-70,843,415.48	-444,527.83
Total	-93,484,567.00	-16,109,144.02

Other instructions

73、Gains on asset disposal

Currency: RMB

Items	Year 2020	Year 2019
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Gains on disposal of fixed assets	-300,665.75	-996,941.48
Total	-300,665.75	-996,941.48

74、Non-operating revenue

Currency: RMB

Items	Year 2020	Year 2019	Amount included in non-recurring profit or loss
Gains on donations	221,786.41		221,786.41
Fund unable to pay	615,523.56	495,643.79	615,523.56
Indemnity income	529,703.60	1,501,350.01	529,703.60
Others	85,532.84	900,890.12	85,532.84
Gains on damage or retirement of non-current assets	83,056.95		83,056.95
Negative goodwill arising from business combination	53,341,459.79		53,341,459.79
Total	54,877,063.15	2,897,883.92	54,877,063.15

Government grants included in current profits and losses:

Currency: RMB

Items	Entity	Reason	nature	Grants affected current net profit or not	Special grants or not	Current amount	Previous period amount	Related to assets/Related to profit or loss
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Other instructions:

Pursuant to the resolution deliberated and passed by the third meeting of the third session of the Board of Directors and the general manager meeting, the Company purchased relevant operating assets of Shop-Vac Corporation and its domestic subsidiaries through the Company's subsidiaries Great Star Tools USA, Inc and 广东狮万克电器有限公司 (Guangdong ShopVac Electrical Appliances Co., Ltd.). The relevant assets acquired by the Company constitute a business as they have the capabilities of input, processing and output, and their cost expenses or revenues can be independently calculated. Therefore, relevant provisions of CASBE 20 - Business Combination apply to the acquisition. The consideration for acquisition of the above-mentioned operating assets and business was RMB326.36 million, with fair value of RMB379.70 million, and the excess of fair value over the consideration in amount of RMB53.34 million was included in non-operating income.

75、Non-operating expenditures

Currency: RMB

Items	Year 2020	Year 2019	Amount included in non-recurring profit or loss
Donation expenditures	709,875.68	1,793,606.43	709,875.68
Penalty expenditures	1,076,247.57	233,559.56	1,076,247.57
Losses on damage or retirement of non-current assets	738,005.09	1,124,360.64	738,005.09
Others	299,222.37	43,788.27	299,222.37
Total	2,823,350.71	3,195,314.90	2,823,350.71

Other instructions

76、Income tax expenses

(1) Details

Currency: RMB

Items	Year 2020	Year 2019
Current period income tax expenses	187,284,921.29	140,238,835.60
Deferred income tax expenses	12,495,238.20	1,267,569.14
Total	199,780,159.49	141,506,404.74

(2) Reconciliation of accounting profit to income tax expenses

Currency: RMB

Items	Year 2020
Profit before tax	1,564,274,747.93
Income tax expenses based on tax rate applicable to the parent company	234,641,212.19
Effect of different tax rate applicable to subsidiaries	20,897,131.68
Effect of prior income tax reconciliation	1,383,125.41
Effect of non-taxable income	-25,118,386.73
Effect of non-deductible costs, expenses and losses	22,904,340.64
Utilization of deductible losses not previously recognized as deferred tax assets	-14,552,095.64
Effect of investment from long-term equity investments under equity method	-39,084,312.41
Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets	29,157,244.95
Effect of additional deduction of technology development fees and	-30,448,100.60

wages for disabled employees	
Income tax expenses	199,780,159.49

Other instructions:

77、 Other comprehensive income, net of income tax

See note VII- 57, other comprehensive income for details.

78、 Notes to items of the consolidated cash flow statement

(1) Other cash receipts related to operating activities

Currency: RMB

Items	Year 2020	Year 2019
Redemption of deposit for bank acceptance	10,786,677.30	14,512,250.00
Interest income	49,046,349.09	40,477,552.57
Government grants	28,810,242.20	71,361,429.25
Operating leases revenue	15,020,862.01	13,313,715.14
Redemption of deposit for L/G	300,000.00	200,000.00
Others	5,313,974.96	3,290,932.05
Total	109,278,105.56	

Instructions of other cash received related to operating activities:

(2) Other cash payments related to operating activities

Currency: RMB

Items	Year 2020	Year 2019
Operating period expenses	624,751,673.57	589,096,752.65
Deposit for bank acceptance	14,267,400.00	4,626,677.30
Other security deposits		4,851,527.75
Others	7,594,720.20	3,389,348.09
Total	646,613,793.77	

Instructions of other cash paid related to operating activities:

(3) Other cash receipts related to investing activities

Currency: RMB

Items	Year 2020	Year 2019
Redemption of deposit for forward foreign		47,484,154.96

exchange settlement		
Redemption of deposited investments	22,822,339.65	2,924,946.15
Total	22,822,339.65	50,409,101.11

Instructions of other cash received related to investment activities:

(4) Other cash payments related to investing activities

Currency: RMB

Items	Year 2020	Year 2019
Deposited investments	2,154,766.92	22,822,339.65
Deposit for purchase of forward foreign exchange settlement	3,295,074.50	
Payment of deposit for land purchase	20,325,841.02	
Payment of project performance bond	495,608.89	
Investment losses on forward foreign exchange settlement		1,253,349.80
Payment of deposit for equity purchase		5,000,000.00
Total	26,271,291.33	

Instructions of other cash paid related to investment activities:

(5) Other cash receipts related to financing activities

Currency: RMB

Items	Year 2020	Year 2019
Receipt of notes receivable discounting		289,290,000.00
Redemption of pledged deposit for borrowings		20,910,744.60
Redemption of deposit for L/C		1,800,000.00
Redemption of deposit for notes	300,000,000.00	
Receipt of call loans	15,512,811.43	
Total	315,512,811.43	312,000,744.60

Other cash received related to financing activities

[Note] Suzhou Xindadi Pipe Industry Co., Ltd. is a company controlled by Cao Guozhen, a minority shareholder of Suzhou Xindadi Hardware Products Co., Ltd.

(6) Other cash payments related to financing activities

Currency: RMB

Items	Year 2020	Year 2019
Payment of deposit for notes payable for discounting		300,000,000.00
Repayment of Lista Holding AG for lease liabilities and interest	30,545,009.60	29,413,997.10
Repayment of Prime-Line Products, LLC for finance lease payable	976,686.29	1,310,763.00
Payment for share repurchase		5,500,089.23
Payment for handling charges of financing L/G and transfer of receivables financing	7,997,070.51	8,873,702.03
Repayment of call loans and interest		83,737.50
Expenses for the issuance of convertible bonds	6,606,505.30	474,528.29
Total	46,125,271.70	

Instructions of other cash paid related to financing activities:

79、Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Currency: RMB

Supplement information	Year 2020	Year 2019
1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,364,494,588.44	903,653,041.09
Add: Provision for assets impairment loss	121,616,411.44	16,679,468.78
Depreciation of fixed assets, oil and gas assets, productive biological assets	156,514,773.41	142,551,218.08
Amortization of intangible assets	18,637,144.15	16,740,404.35
Amortization of long-term prepayments	5,374,280.54	2,301,359.85
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	300,665.75	996,941.48
Fixed assets retirement loss (Less: gains)	654,948.14	1,124,360.64
Losses on changes in fair value (Less: gains)	-31,920,861.95	-8,154,053.98
Supplement information	Year 2020	Year 2019
Financial expenses (Less: gains)	166,307,558.92	-2,191,171.33
Investment losses (Less: gains)	-296,551,290.93	-75,394,212.97

Decrease of deferred tax assets (Less: increase)	-21,676,277.78	-19,423,337.86
Increase of deferred tax liabilities (Less: decrease)	35,300,639.39	29,157,665.24
Decrease of inventories (Less: increase)	-174,121,514.47	-119,500,913.26
Decrease of operating receivables (Less: increase)	-408,964,409.46	-302,637,230.59
Increase of operating payables (Less: decrease)	-126,332,561.45	240,054,076.48
Others	-38,483,468.90	-16,070,492.40
Net cash flows from operating activities	771,150,625.24	809,887,123.60
2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
3) Net changes in cash and cash equivalents:		
Cash at the end of the period	3,730,263,218.08	2,127,457,447.34
Less: Cash at the beginning of the period	2,127,457,447.34	2,441,696,243.74
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	1,602,805,770.74	-314,238,796.40

(2) Net cash payment for acquisition of subsidiaries in current period

Currency: RMB

Items	Year 2020
Cash and cash equivalents paid in current period as consideration for business combination in current period	55,000,000.00
Including:	--
Suzhou Xindadi Hardware Product Co., Ltd. and its subsidiaries	55,000,000.00
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	15,901,174.16
Including:	--
Suzhou Xindadi Hardware Product Co., Ltd. and its subsidiaries	15,901,174.16

Including:	--
Net cash payment for acquisition of subsidiaries in current period	39,098,825.84

Other instructions

(3) Net cash received for disposal of subsidiaries in the current period

Currency: RMB

	Amount
Including:	--
Including:	--
Including:	--

Other instructions

(4) Composition of cash and cash equivalents

Currency: RMB

Items	Closing balance	Opening balance
1) Cash	3,730,263,218.08	2,127,457,447.34
Including: Cash on hand	2,874,834.15	682,285.42
Cash in bank on demand for payment	3,722,569,979.24	2,126,269,850.32
Other cash and bank balances on demand for payment	4,818,404.69	505,311.60
3) Cash and cash equivalents at the end of the period	3,730,263,218.08	2,127,457,447.34

Other instructions:

Due to restrictions on liquidity, the Company recognized deposit for bank acceptance, project performance bond, deposit for forward foreign exchange settlement, deposit for L/G, deposit for L/C, deposit for ETC, and deposited investments as cash and bank balances that are not cash and cash equivalents. Opening balance of the above deposits was RMB 329,469,357.99 and closing balance was RMB 20,242,850.31 .

(5) Amount of endorsed commercial acceptance not involving cash receipts and payments

Items	Year 2020	Year 2019
Amount of endorsed commercial acceptance	17,737,253.70	18,847,233.26
Including: Payment for goods	17,737,253.70	18,847,233.26

80、Notes to items in statement of changes in owner's equity

Explain the name of "other" items and the amount of adjustment for the balance at the end of last year

81、Assets with title or use right restrictions

Currency: RMB

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	14,267,400.00	Deposit for bank acceptance
Cash and bank balances	2,154,766.92	Deposited investments
Cash and bank balances	3,295,074.50	Deposit for forward foreign exchange settlement
Cash and bank balances	495,608.89	Project performance bond
Cash and bank balances	30,000.00	Deposit for ETC
Accounts receivable	18,342,218.60	Pledged for bank borrowings
Fixed assets	11,803,478.08	Mortgaged for bank borrowings
Fixed assets	31,664,662.87	Mortgaged for bank acceptance
Intangible assets	3,075,032.85	Mortgaged for bank borrowings
Intangible assets	2,174,573.65	Mortgaged for bank acceptance
100% equity of Arrow Fastener Co., LLC [Note]	443,085,633.62	Pledged for bank borrowings
Total	530,388,449.98	

Other instructions:

Note: It refers to net assets of Arrow Fastener Co., LLC at the end of the current period.

82、Monetary items in foreign currencies**(1) Monetary items in foreign currencies**

Currency: RMB

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			1,101,880,409.83
Including: VND	19,015,250,200.00	0.0002815	5,352,792.93
USD	141,131,886.04	6.5249	920,871,443.22
JPY	102,066,536.00	0.0632360	6,454,279.47
EUR	2,243,515.73	8.0250	18,004,213.73
HKD	4,832,402.72	0.8416	4,066,950.13

CHF	12,668,819.66	7.4006	93,756,866.78
CAD	6,047,819.03	5.1161	30,941,246.94
KHR	4,058,000.00	0.0016198	6,573.15
THB	102,926,574.57	0.2178839	22,426,043.48
Accounts receivable			1,169,139,502.15
Including: USD	166,128,111.84	6.5249	1,083,969,316.94
EUR	172,325.78	8.0250	1,382,914.38
HKD			
VND	11,109,555,000.00	0.0002815	3,127,339.73
JPY	32,711,614.97	0.0632360	2,068,551.68
CHF	10,619,595.63	7.4006	78,591,379.42
Receivables financing			385,734,943.17
Including: USD	59,117,372.40	6.5249	385,734,943.17
Non-current assets due within one year			90,583.31
Including: EUR	11,287.64	8.0250	90,583.31
Long-term receivables			2,866,819.08
Including: EUR	71,801.32	8.0250	576,205.61
VND	8,136,030,000.00	0.0002815	2,290,613.47
Short-term borrowings			559,756,077.01
Including: USD	85,787,686.71	6.5249	559,756,077.01
Accounts payable			282,000,487.34
Including: USD	31,691,667.90	6.5249	206,784,963.88
HKD	12,556,332.91	0.8416	10,567,409.78
EUR	73,999.84	8.0250	593,848.72
CHF	5,965,482.86	7.4006	44,148,152.45
JPY	2,214,051.96	0.0632360	140,007.79
THB	68,858,404.54	0.2178839	15,003,137.73
VND	16,919,953,800.00	0.0002815	4,762,966.99
Non-current liabilities due within one year			148,128,700.04
Including: EUR	18,458,404.99	8.0250	148,128,700.04
Long-term borrowings	--	--	288,719,360.11
Including: USD			
EUR	35,767,381.36	8.0250	287,033,235.41

HKD			
JPY	26,664,000.00	0.0632360	1,686,124.70
Lease liabilities			246,303,999.08
Including: CHF	33,281,625.69	7.4006	246,303,999.08
Long-term payables			1,499,174.07
Including: USD	229,762.00	6.5249	1,499,174.07

Other instructions

(2) Description of overseas business entities, including for important overseas business entities, disclosure of their main overseas business locations, functional currency and selection basis, and disclosure of reasons for changes in functional currency.

√ applicable □ not applicable

Entities	Main operating place	Functional currency
Hong Kong Great Star International Co., Ltd.	Hong Kong	USD
HongKong Goldblatt Industrial Co.,Ltd	Hong Kong	USD
Prim' Tools Limited	Hong Kong	HKD
Great Star Industrial USA,LLC	USA	USD
Great Star Tools USA,Inc	USA	USD
Arrow Fastener Co., LLC	USA	USD
Prime-Line Products, LLC	USA	USD
Great Star Japan Co.,Ltd	Japan	JPY
GreatStar Europe AG	Switzerland	CHF
Prexiso AG	Switzerland	CHF
Lista Holding AG	Switzerland	CHF
Lista AG	Switzerland	CHF
Thur Metall AG	Switzerland	CHF
Lista GmbH	Germany	EUR
Lista (UK) Ltd.	UK	GBP
Lista Sistemas de Almacenaje S.A.	Spain	EUR
Lista Italia s.r.l.	Italy	EUR
Lista Austria GmbH	Austria	EUR
Lista France S.A.	France	EUR
Huni Italiana Spa	Italy	EUR

Eudura Holding Limited	Hong Kong	USD
Great Star Vietnam Co.,Ltd	Vietnam	VND
GreatStar International Holdings Limited	The British Virgin Islands	USD
Newland XDD(Thailand) Co.,Ltd	Thailand	THB
Vietnam United Co.,Ltd	Vietnam	VND
4900 Highlands Parkway,LLC	USA	USD
Hangzhou Equipment Holdings,LLC	USA	USD
TGH(Cambodia)Industrial Co.,LTD	Cambodia	USD
XDD Products(USA) LLC	USA	USD
Newland.LLC	USA	USD
Hong Kong International Huada Kejie Opto-Electro Instrument Co., Ltd.	Hong Kong	USD

83、 Hedging

Disclose the qualitative and quantitative information of the hedged items and related hedging instruments and the hedged risks according to the types of Hedging:

84、 Government grants

(1) Government grants related to assets

Currency: RMB

Items	Closing balance of deferred income	Amortization presented under	Amortization
Special subsidy for foreign trade public service platform construction	1,079,222.14	Other income	442,666.68
Special subsidy for “substituting machine for human” technical transformation project	1,355,664.75	Other income	276,700.32
Special subsidy for strategic emerging industries equipment manufacturing projects	919,999.76	Other income	230,000.04
Financial subsidy for capacity expansion project of novel hand tool series products	260,000.20	Other income	99,999.96
Special subsidy for provincial	101,851.82	Other income	55,555.56

enterprise technology center innovation capacity construction project			
Special fund for strategic emerging industries development pilot project and base construction	275,999.92	Other income	92,000.04
Subtotal	3,992,738.59		1,196,922.60

(2) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

applicable not applicable applicable not applicable

Other instructions

(1) Government subsidies related to income and used to compensate company's the Company related costs or losses

Items	Amounts	Presented under	Remarks
R&D financial subsidy fund	10,404,300.00	Other income	Pursuant to the documents numbered Zhe Cai Ke Jiao [2019] 48, Hang Ke Ji [2019] 151, Zhe Cai Ke Jiao [2020] 4
Tax refund	3,212,710.31	Other income	Pursuant to the document numbered Cai Shui [2016] 52
Financial special fund	2,904,490.00	Other income	Pursuant to the documents numbered Hang Cai Jiao [2020] 16, Hang Cai Qi [2020] 56, etc.
Subsidy for stabilizing employment	2,858,625.17	Other income	Pursuant to the documents numbered Hang Zheng Han [2019] 19, Hang Ren She Fa [2020] 94, etc.
Social insurance premium refund	2,638,695.27	Other income	Pursuant to the document numbered Hang Zheng Han [2019] 19
Business development fund	2,285,638.44	Other income	Pursuant to the documents numbered Xiang Shang [2020] 64, Jiang Cai Fa [2020] 80, etc.
E-commerce special supporting fund	2,143,400.00	Other income	Pursuant to the documents numbered Hang Cai Qi [2020] 25, Hang Cai Qi [2019] 84, etc.
Patent and intellectual property fund	1,472,600.00	Other income	Pursuant to the documents numbered Hang Cai Xing [2019] 23 and Zhe Cai Xing [2020] 14
Export credit insurance subsidy	1,000,000.00	Other income	Pursuant to the document numbered Jiang Cai Fa [2020] 46
Industry supporting policy fund	877,000.00	Other income	Pursuant to the document numbered Pu Cai Fu Xuan Qiao [2018] 00060
Subsidy for outstanding enterprises	595,000.00	Other income	Pursuant to the documents numbered Hang Shang Wu [2019] 188, etc.

Standardization project fund	108,000.00	Other income	Pursuant to the document numbered Hang Shi Guan [2019] 206
Others	1,522,493.32	Other income	
Subtotal	32,022,952.51		

(2) In the current period, government grants included into profit or loss totaled 33RMB,219,875.11.

85、Others

VIII. Changes in the consolidation scope

1、Business combination not under common control

(1) Business combination not under common control in current period

Currency: RMB

Acquirees	Equity acquisition date	Equity acquisition cost	Proportion of equity acquired (%)	Equity acquisition method
Suzhou Xindadi Hardware Product Co., Ltd. and its subsidiaries [Note]	2/28/2020	60,000,000.00	60.00	Equity transfer agreement

(Continued)

Acquirees	Acquisition date	Determine basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end
Suzhou Xindadi Hardware Product Co., Ltd. and its subsidiaries	2/28/2020	Transfer of control right	251,552,041.79	15,920,574.08

Note: Suzhou Xindadi Hardware Product Co., Ltd. and its subsidiaries include the following:

Name	Holding proportion (%)
Newland. LLC	100.00
XDD Products (USA) LLC	100.00
TGH (Cambodia) Industrial Co., Ltd.	100.00
苏州钮蓝得进出口有限公司 (Suzhou New Land Import&Export Co., Ltd.)	100.00
法兰帝厨卫 (苏州) 有限公司 (Falandi Kitchen and Bath (Suzhou) Co., Ltd.)	75.00

(2) Combination costs and goodwill

Currency: RMB

Combination costs	
Cash	60,000,000.00
Total combination costs	60,000,000.00
Less: Share of fair value of net identifiable assets acquired	17,711,391.70
Goodwill/combination costs excess the fair value of identifiable net assets	42,288,608.30

The illustration of Combination costs fair value determination method , contingent consideration and its movements.

Main reason for the formation of the large amount goodwill:

Other instructions:

(3) Acquisition-date identifiable assets and liabilities of acquirees

Currency: RMB

	Acquisition-date fair value	Acquisition-date carrying amount
Cash and bank balances	22,061,174.16	22,061,174.16
Accounts receivable	20,782,846.84	20,782,846.84
Inventories	38,427,191.96	38,427,191.96
Fixed assets	24,613,816.84	24,613,816.84
Intangible assets	2,828,314.83	2,828,314.83
Prepaid expenses	4,806,947.79	4,806,947.79
Other receivables	1,638,708.39	1,638,708.39
Other current assets	2,537,681.02	2,537,681.02
Long-term prepayments	1,339,737.91	1,339,737.91
Deferred tax assets	1,129,123.41	1,129,123.41
Short-term borrowings	45,000,000.00	45,000,000.00
Accounts payable	26,890,727.03	26,890,727.03
Notes payable	9,650,000.00	9,650,000.00
Contract liabilities	4,778,413.52	4,778,413.52
Employee compensation payable	773,220.55	773,220.55
Other payables	4,116,730.73	4,116,730.73
Net assets	28,956,451.32	28,956,451.32
Less:non-controlling interest	-562,534.85	-562,534.85
Total equity attributable to the parent company	28,956,451.32	28,956,451.32

The fair value determination method of identifiable assets and liabilities:

The contingent liabilities of the acquirees assumed in the business combination:

Other instructions:

(4) Gain/loss of equity held prior to acquisition-date remeasured at fair value

If exists any business combination achieved in stages and gain control during the reporting period or not

Yes No

(5) Related instructions on that cannot reasonably determine the combination consideration or the fair value of the acquiree's identifiable assets and liabilities at the acquisition date or at the end of the acquisition period.

(6) Other instructions

2、Business combination under common control

(1) Business combination under common control in current period

Currency: RMB

combined party	Proportion of equity arising from business combination	determination basis of business combination under common control	combination date	determination method of combination date	revenue of the combined party from beginning of the combination to the combination date	Net profit of the combined party from beginning of the combination to the combination date	revenue of the combined party during the Comparison Period	Net profit of the combined party during the Comparison Period

Other instructions:

(2) Combination cost

Currency: RMB

combination cost

Instructions of contingent consideration and its movements:

Other instructions:

(3) Carrying amount of combined party assets and liabilities on the combination date

Currency: RMB

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	combination date	End of previous period
--	------------------	------------------------

The contingent liabilities of the acquirees assumed in the business combination:

Other illustration:

3、Reverse purchase

Basic information of the transaction, basis for reverse purchase, whether the assets and liabilities retained by the listed company constitute business and its basis, determination of combination cost, adjusted amounts and calculation according to the processing of equity transaction.

4、Disposal of the subsidiaries

If exists single disposal of a subsidiary resulting in the Company's loss of control or not

Yes No

If exists disposal of a subsidiary in stages resulting in the Company's loss of control or not

Yes No

5、Changes in the consolidation scope due to other reasons

Explain the changes in the consolidation scope resulting from other causes (such as new subsidiaries, liquidation subsidiaries, etc.) and related information:

1. Entities brought into the consolidation scope

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion
Newland XDD (Thailand) Co., Ltd.	Set up	2/20/2020	THB 561,867,109.16	100.00%
Hong Kong International Huada Kejie Opto-Electro Instrument Co., Ltd.	Set up	7/22/2020	HKD 500,000.00	65.00%
4900 Highlands Parkway, LLC	Set up	8/12/2020	[Note]	100.00%
Vietnam United Co., Ltd.	Set up	9/21/2020	USD 5,000,000.00	100.00%
Hangzhou Great Star Opto-electronics Technology Co., Ltd.	Set up	9/25/2020	[Note]	100.00%
Guangdong ShopVac Electrical Appliances Co., Ltd.	Set up	12/4/2020	RMB 50,000,000.00	100.00%
Hangzhou Equipment Holdings, LLC	Set up	12/6/2020	[Note]	100.00%

Note: As of the balance sheet date, the Company has not paid in capital contribution in Hangzhou Great Star Opto-electronics Technology Co., Ltd., and Great Star Tools USA, Inc has not paid in capital contribution in 4900 Highlands Parkway, LLC and Hangzhou Equipment Holdings, LLC

2. Entities excluded from the consolidation scope

Entities	Equity disposal method	Equity disposal date	Disposal-date net assets	Net profit from the period beginning to the disposal date
Zhejiang GreatStar Industrial Co., Ltd.	Absorbing merge [Note]	2/28/2020	152,533,209.73	-6,498,896.35

Note: In the current period, Zhejiang GreatStar Industrial Co., Ltd. was absorbed by Zhejiang Great Star Tools Co., Ltd.

6. Others

IX. Interest in other entities

1. Interest in significant subsidiaries

(1) Significant subsidiaries

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Longyou Yiyang Forging Co., Ltd.	Longyou, Zhejiang	Longyou, Zhejiang	Manufacturing	55.0833	30.0942	Business combination not under common control
Hangzhou GreatStar Sheffield Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Commerce	66.00		Set up
Hangzhou United Electric Manufacture Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	83.71		Business combination under common control
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Manufacturing	65.00		Business combination not under common control
Changzhou Huada Kejie Engineering Machinery Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Manufacturing		61.75	Business combination not under common control
Hangzhou GreatStar Intelligent Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	100.00		Set up
Hangzhou Chongte Robot Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing		77.50	Set up

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Hangzhou Ole-Systems Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	48.00		Set up
Hangzhou United Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	100.00		Set up
Hangzhou GreatStar Sheffield Trading Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Commerce	100.00		Set up
Hangzhou Great Star Craftsman Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Commerce	100.00		Set up
Ningbo Fenghua Great Star Tools Co., Ltd.	Fenghua, Zhejiang	Fenghua, Zhejiang	Manufacturing	100.00		Business combination under common control
Zhejiang Guoxin Tools Co., Ltd.	Ruian, Zhejiang	Ruian, Zhejiang	Manufacturing	66.933		Business combination not under common control
Zhejiang Great Star Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	100.00		Set up
Hangzhou Juye Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Service	100.00		Set up
Hangzhou Great Star Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	100.00		Business combination under common control
Hangzhou United Precision Tool Company	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	72.00		Business combination under common control
Prim' Tools Limited	Hong Kong	Hong Kong	Commerce		86.96	Business combination not under common control
Dongguan Ouda Electronics Ltd.	Dongguan, Guangdong	Dongguan, Guangdong	Manufacturing		86.96	Business combination not under common control
Great Star Industrial USA, LLC	United States	United States	Commerce		100.00	Set up
Hong Kong Great Star International Co., Ltd.	Hong Kong	Hong Kong	Commerce	100.00		Set up
Hong Kong Goldblatt Industrial Co., Ltd.	Hong Kong	Hong Kong	Commerce		100.00	Set up
Great Star Japan Co., Ltd.	Japan	Japan	Commerce		66.67	Set up
Great Star Tools USA, Inc	United States	United States	Commerce	100.00		Set up
Arrow Fastener Co., LLC	United States	United States	Manufacturing		100.00	Business combination not under common control
Hangzhou Lianhe Machinery Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	100.00		Business combination under common control

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Zhejiang Great Star Intelligent Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing		100.00	Set up
Longyou Hugong Forging Three Tools Co., Ltd.	Longyou, Zhejiang	Longyou, Zhejiang	Manufacturing	67.00		Business combination not under common control
Zhe Jiang Yiyang Tool Manufacture Co., Ltd.	Longyou, Zhejiang	Longyou, Zhejiang	Manufacturing		67.00	Business combination not under common control
Longyou Yiyang Import and Export Co., Ltd.	Longyou, Zhejiang	Longyou, Zhejiang	Commerce		67.00	Set up
GreatStar Europe AG	Switzerland	Switzerland	Commerce	100.00		Set up
Prexiso AG	Switzerland	Switzerland	Commerce		100.00	Business combination not under common control
Lista Holding AG	Switzerland	Switzerland	Manufacturing		100.00	Business combination not under common control
Lista AG	Switzerland	Switzerland	Manufacturing		100.00	Business combination not under common control
Thur Metall AG	Switzerland	Switzerland	Manufacturing		100.00	Business combination not under common control
Lista GmbH	Germany	Germany	Manufacturing		100.00	Business combination not under common control
Lista (UK) Ltd.	United Kingdom	United Kingdom	Commerce		100.00	Business combination not under common control
Lista Sistemas de Almacenaje S.A.	Spain	Spain	Commerce		100.00	Business combination not under common control
Lista Italia s.r.l.	Italy	Italy	Manufacturing		100.00	Business combination not under common control
Lista Austria GmbH	Austria	Austria	Commerce		100.00	Business combination not under common control
Lista France S.A.	France	France	Commerce		100.00	Business combination not under common control
Huni Italiana Spa	Italy	Italy	Commerce		100.00	Business combination not

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
						under common control
Prexiso Laser Measuring Tools (Hangzhou) Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing		51.00	Set up
Eudura Holding Limited	Hong Kong	Hong Kong	Commerce		100.00	Business combination not under common control
Shanghai Endura Tools Co., Ltd.	Shanghai	Shanghai	Manufacturing		100.00	Business combination not under common control
Great Star Vietnam Co., Ltd.	Vietnam	Vietnam	Manufacturing		100.00	Set up
GreatStar International Holdings Limited	British Virgin Islands	British Virgin Islands	Commerce		100.00	Set up
Haining Great Star Intelligent Equipment Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing		100.00	Set up
Haining Great Star Hardware Tools Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	100.00		Set up
Prime-Line Products, LLC	United States	United States	Manufacturing		100.00	Business combination not under common control
Hangzhou Great Star Opto-electronics Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing		100.00	Set up
Guangdong ShopVac Electrical Appliances Co., Ltd.	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing	100.00		Set up
Vietnam United Co., Ltd.	Vietnam	Vietnam	Manufacturing		100.00	Set up
4900 Highlands Parkway, LLC	United States	United States	Manufacturing		100.00	Set up
Hangzhou Equipment Holdings, LLC	United States	United States	Manufacturing		100.00	Set up
Newland XDD (Thailand) Co., Ltd.	Thailand	Thailand	Manufacturing	98.00	2.00	Set up
Hong Kong International Huada Kejie Opto-Electro Instrument Co., Ltd.	Hong Kong	Hong Kong	Commerce		65.00	Set up
Suzhou Xindadi Hardware Product Co., Ltd.	Suzhou, Jiangsu	Suzhou, Jiangsu	Manufacturing	60.00		Business combination not under common control
Newland. LLC	United States	United States	Commerce		60.00	Business combination not under common control
XDD Products (USA) LLC	United States	United States	Commerce		60.00	Business combination not under common control
TGH (Cambodia) Industrial Co., Ltd.	Cambodia	Cambodia	Manufacturing		60.00	Business combination not under common control

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Suzhou New Land Import&Export Co., Ltd.	Suzhou, Jiangsu	Suzhou, Jiangsu	Commerce		60.00	Business combination not under common control
Falandi Kitchen and Bath (Suzhou) Co., Ltd.	Suzhou, Jiangsu	Suzhou, Jiangsu	Manufacturing		45.00	Business combination not under common control

Instructions if the shareholding proportion differs from the voting rights proportion over the subsidiary:

Basis of holding half or less voting rights but still control the investee and holding more than half of the voting rights but do not control the investee:

The basis of control for the important structured entity included in the scope of consolidation:

The basis for determining whether the Company is an agent or a principal:

Other instructions:

(2) Significant not wholly-owned subsidiaries

Currency: RMB

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
Longyou Yiyang Forging Co., Ltd.	14.8225%	374,862.49		7,075,378.31
Hangzhou GreatStar Sheffield Tools Co., Ltd.	34.00%	1,215,227.03		354,030.36
Hangzhou United Electric Manufacture Co., Ltd.	16.29%	2,380,195.04		26,151,250.60
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	35.00%	7,081,132.11		89,220,024.46
Changzhou Huada Kejie Engineering Machinery Co., Ltd.	33.25%	34,314.38		168,085.87
Zhejiang Guoxin Tools Co., Ltd.	33.067%	286,941.03		13,032,018.44
Hangzhou United Precision Tool Company	28.00%	933,288.11		7,630,368.97
Hangzhou Chongte Robot Technology Co., Ltd.	22.50%	-25,313.39		-325,053.66
Hangzhou Ole-Systems Co., Ltd.	52.00%	-6,497,247.31		-7,149,973.85
Prim' Tools Limited	13.04%	2,529,590.09	1,471,395.20	15,127,846.32
Great Star Japan Co., Ltd.	33.33%	226,701.01		399,348.45

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
Hangzhou Great Star Craftsman Tools Co., Ltd.		-476,662.69		
Longyou Hugong Forging Three Tools Co., Ltd.	33.00%	720,817.57		44,020,483.04
Prexiso Laser Measuring Tools (Hangzhou) Co., Ltd.	49.00%	-788,818.97		-1,384,082.37
Suzhou Xindadi Hardware Product Co., Ltd.	40.00%	6,369,019.36		17,464,389.27
Falandi Kitchen and Bath (Suzhou) Co., Ltd.	55.00%	-1,974.33		-564,509.19

Instructions if the non-controlling shareholders proportion differs from the voting rights proportion over the subsidiary:

Other instructions:

(3) Main financial information of significant not wholly-owned subsidiaries

Currency: RMB

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
Longyou Yiyang Forging Co., Ltd.	27,160,990.23	23,320,544.20	50,481,534.43	6,662,347.88	70,717.08	6,733,064.96	23,076,511.36	27,226,499.53	50,303,010.89	9,380,829.31	147,862.80	9,528,692.11
Hangzhou GreatStar Sheffield Tools Co., Ltd.	51,773,170.01	677,544.27	52,450,714.28	51,297,874.41	111,574.10	51,409,448.51	45,530,768.39	396,194.79	45,926,963.18	48,459,894.57		48,459,894.57
Hangzhou United Electric Manufacture Co., Ltd.	251,570,422.61	9,813,269.04	261,383,691.65	100,461,772.33	346,881.88	100,808,654.21	191,120,086.92	9,336,737.06	200,456,823.98	54,092,613.75	404,149.08	54,496,762.83
Changzhou Huada Kejie	256,720,509.75	78,381,978.16	335,102,487.91	98,408,432.31	10,303.76	98,418,736.07	207,572,050.23	68,479,359.17	276,051,409.40	61,362,756.67		61,362,756.67

Opto-electro Instrument Co., Ltd.												
Changzhou Huada Kejie Engineering Machinery Co., Ltd.	12,086,775.90	2,925,579.34	15,012,355.24	11,650,637.85		11,650,637.85	5,475,297.51	3,331,335.43	8,806,632.94	6,131,203.12		6,131,203.12
Zhejiang Guoxin Tools Co., Ltd.	26,613,587.48	11,767,196.49	38,380,783.97	8,468,507.93		8,468,507.93	22,087,155.88	12,530,222.61	34,617,378.49	5,884,562.38		5,884,562.38
Hangzhou United Precision Tool Company	49,572,320.93	5,336,042.71	54,908,363.64	27,486,459.56	170,586.36	27,657,045.92	44,271,810.26	3,725,491.42	47,997,301.68	23,885,290.54	193,865.23	24,079,155.77
Hangzhou Chongte Robot Technology Co., Ltd.	19,279,500	699,583.35	718,862.85	1,272,295.83		1,272,295.83	16,783.47	814,583.35	831,366.82	1,272,295.83		1,272,295.83
Hangzhou Ole-Systems Co., Ltd.	13,079,651.53	3,115,531.67	16,195,183.20	29,945,132.91		29,945,132.91	10,722.665.23	4,025,945.80	14,748,611.03	16,003,854.37		16,003,854.37
Prim' Tools Limited	85,971,795.30	10,593,060.14	96,564,855.44	11,249,420.93		11,249,420.93	92,593,151.66	10,881,486.99	103,474,638.65	11,401,945.21		11,401,945.21
Dongguan Ouda Electronics Ltd.	48,144,058.35	7,993,913.58	56,137,971.93	18,119,854.82		18,119,854.82	46,561,633.26	5,796,497.81	52,358,131.07	23,224,601.26		23,224,601.26

Great Star Japan Co.,Ltd	12,196,971.27	241,651.12	12,438,622.39	9,554,332.61	1,686,124.70	11,240,457.31	13,027,158.98	276,718.29	13,303,877.27	12,762,931.27		12,762,931.27
Longyou Hugong Forging Three Tools Co., Ltd.	53,299,106.73	152,194,721.58	205,493,828.31	60,396,861.29		60,396,861.29	91,821,118.16	105,001,492.72	196,822,610.88	60,290,895.41		60,290,895.41
Zhe Jiang Yiyang Tool Manufacture Co., Ltd.	58,074,837.24	11,650,409.92	69,725,247.16	24,961,440.33		24,961,440.33	53,539,585.40	12,689,592.61	66,229,178.01	68,132,453.12		68,132,453.12
Prexiso Laser Measuring Tools (Hangzhou) Co., Ltd	4,618,116.08	13,044.11	4,631,160.19	3,474,695.62		3,474,695.62	3,035,231.39	14,970.22	3,050,201.61	283,902.41		283,902.41
Longyou Yiyang Import and Export Co., Ltd.	8,509,003.55	5,174.01	8,514,177.56	6,110,126.74		6,110,126.74	4,115,180.55	2,562.82	4,117,743.37	2,925,929.49		2,925,929.49
Suzhou Xindadi Hardware Product Co., Ltd.	121,344,747.47	41,939,808.43	163,284,555.90	117,936,557.78		117,936,557.78						
Newland .LLC	34,918.46	7,914,978.59	7,949,897.05	7,829,880.00		7,829,880.00						
XDD Products (USA) LLC	21,885,972.39	497,665.34	22,383,637.73	22,339,907.47		22,339,907.47						

TGH(Cambodia) Industrial Co.,LTD	81,729,428.83	28,631,638.53	110,361,067.36	92,533,255.69		92,533,255.69					
Suzhou New Land Import& Export Co., Ltd.	57,893,593.26	4,843.05	57,898,436.31	56,326,320.87		56,326,320.87					
Falandi Kitchen and Bath (Suzhou) Co., Ltd.	221,912.64	2,147.87	224,060.51	2,482,097.27		2,482,097.27					

Currency: RMB

Subsidiaries	Year 2020				Year 2019			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Longyou Yiyang Forging Co., Ltd.	43,021,270.80	2,974,150.69	2,974,150.69	5,806,203.05	46,520,426.20	1,445,046.05	1,445,046.05	4,689,395.23
Hangzhou GreatStar Sheffield Tools Co., Ltd.	88,562,152.75	3,574,197.16	3,574,197.16	5,543,526.17	80,073,386.91	-3,354,926.64	-3,354,926.64	-4,219,141.02
Hangzhou United Electric Manufacture Co., Ltd.	257,139,844.39	14,614,976.29	14,614,976.29	42,034,246.18	264,578,205.44	21,796,375.50	21,796,375.50	40,678,197.60
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	277,741,153.27	21,995,099.11	21,995,099.11	13,311,165.86	294,743,453.31	32,882,159.52	32,882,159.52	18,738,725.84
Changzhou Huada Kejie Engineering	19,514,575.95	686,287.57	686,287.57	1,899,920.43	14,582,435.52	170,487.06	170,487.06	19,021.06

Machinery Co., Ltd									
Zhejiang Guoxin Tools Co., Ltd.	29,089,834.81	1,179,459.93	1,179,459.93	1,451,344.85	31,291,596.28	865,379.06	865,379.06	3,102,808.23	
Hangzhou United Precision Tool Company	161,330,008.04	3,333,171.81	3,333,171.81	14,425,485.44	68,438,854.44	2,205,205.56	2,205,205.56	-20,105.07	
Hangzhou Chongte Robot Technology Co., Ltd.		-112,503.97	-112,503.97	2,496.03		-120,503.93	-120,503.93	-5,503.93	
Hangzhou Ole-Systems Co., Ltd.	7,172,644.23	12,494,706.37	12,494,706.37	-2,394,750.58	16,572,674.53	11,646,087.62	11,646,087.62	-1,088,489.69	
Prim' Tools Limited	167,093,194.15	9,266,042.10	4,523,437.66	4,068,305.99	217,744,775.20	9,402,940.22	9,402,940.22	3,444,823.21	
Dongguan Ouda Electronics Ltd.	108,579,831.16	8,884,587.30	8,884,587.30	2,478,629.98	128,350,605.21	11,157,108.23	11,157,108.23	22,868,996.55	
Great Star Japan Co.,Ltd	30,379,749.15	680,171.04	680,171.04	1,424,463.51	31,899,562.82	692,040.54	692,040.54	-310,245.69	
Longyou Hugong Forging Three Tools Co., Ltd.	119,554,662.11	8,565,251.55	8,565,251.55	53,474,650.10	115,131,989.60	-1,807,338.75	-1,807,338.75	15,085,188.79	
Zhe Jiang Yiyang Tool Manufacture Co., Ltd.	166,153,555.12	-3,481,206.31	-3,481,206.31	49,049,689.02	157,991,239.12	376,506.76	376,506.76	13,658,295.51	
Prexiso Laser Measuring Tools (Hangzhou) Co., Ltd.	1,538,431.17	-1,609,834.63	-1,609,834.63	-1,358,489.30	466,329.13	-1,408,325.85	-1,408,325.85	-1,668,167.23	
Longyou Yiyang Import and	25,385,709.22	1,212,236.94	1,212,236.94	1,782,085.30	2,660,611.71	191,813.88	191,813.88	458,903.41	

Export Co., Ltd.								
Suzhou Xindadi Hardware Product Co., Ltd.	159,810,266.07	2,257,562.52	2,257,562.52	10,594,936.16	-			
Newland.LLC	269,540.70	-163,327.98	-163,327.98	-540,825.60				
XDD Products (USA) LLC	44,165,181.77	-3,271,375.47	-3,271,375.47	-248,631.03				
TGH(Cambodia)Industrial Co.,LTD	112,204,067.33	13,927,657.29	13,927,657.29	35,540,904.18				
Suzhou New Land Import&Export Co., Ltd.	67,069,133.36	-3,568,856.58	-3,568,856.58	8,240,804.18				
Falandi Kitchen and Bath (Suzhou) Co., Ltd.		-2,910,941.06	-2,910,941.06	-1,604.45				

Other instructions:

(4) Significant restrictions on the use of company assets and the settlement of company debt

(5) Financial support or other support to structured entities included in the consolidated financial statements

Other instructions:

2、Transactions resulting in changes in subsidiaries' equity but without losing control

(1) Changes in subsidiaries' equity

Subsidiaries	Date of change	Holding proportion before change	Holding proportion after change
Hangzhou Great Star Craftsman Tools Co., Ltd.	August 2020	74.80%	100.00%

(2) Effect of transactions on non-controlling interest and equity attributable to parent company

Currency: RMB

Items	Hangzhou Great Star Craftsman Tools Co., Ltd.
Acquisition costs	
Cash	
Total acquisition costs	
Less: Share in subsidiaries' net assets based on acquired net assets proportion	-1,959,810.76
Balance	-1,959,810.76
Including: Capital reserve adjusted	-1,959,810.76

Other instructions:

3、Interest in associates

(1) Significant associates

Associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment on investments in associates
				Direct	Indirect	
Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	24.375		Equity method
Zhejiang Hangcha Holding Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	20.00		Equity method
Hangzhou Weiming Investment Management Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Investment	30.09		Equity method
Zhejiang Guozi Robotics Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	21.9469		Equity method
Ningbo Donghai Bank Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Finance	19.00		Equity method
Shanghai Reno Opto-electronics Technology Co., Ltd.	Shanghai	Shanghai	Commerce		26.00 [Note]	Equity method
Changzhou Stabila Laser Instrument Company Limited	Changzhou, Jiangsu	Changzhou, Jiangsu	Manufacturing		31.85 [Note]	Equity method
Hangzhou Weina Technologies Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Manufacturing	32.53		Equity method

Instructions if the holding proportion differs from the voting rights proportion over the associates or joint ventures :

Note: The Company holds 26.00% and 31.85% equity of Shanghai Reno Opto-electronics Technology Co., Ltd. and Changzhou Stabila Laser Instrument Company Limited, respectively, through Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.

Basis for significant influence over an entity on which the Company held less than 20% voting rights:

The Company holds 19.00% equity of Ningbo Donghai Bank Co., Ltd., making it its second largest shareholder. The Company has representatives in its Board of Directors who have the power to participate in decision-making on its financial and operating policies.

(2) Main financial information of significant joint ventures

Currency: RMB

	Closing balance/Current period cumulative	Opening balance/Preceding period comparative

Other instructions:

(3) Main financial information of significant associates

Currency: RMB

Items	Closing balance/Current period cumulative (in 0,000)		Opening balance/Preceding period comparative (in 0,000)	
	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	526,660.25	1,191,930.39	382,172.08	1,090,203.16
Non-current assets	332,008.14	1,736,549.59	293,272.70	1,686,081.04
Total assets	858,668.39	2,928,479.98	675,444.78	2,776,284.20
Current liabilities	269,927.08	1,115,390.51	154,561.90	1,237,091.54
Non-current liabilities	6,631.75	665,678.33	6,544.74	493,528.97
Total liabilities	276,558.83	1,781,068.84	161,106.64	1,730,620.51
Non-controlling interest	321,291.05	667,438.88	282,720.34	636,650.61
Equity attributable to owners of parent company	260,818.51	479,972.26	231,617.80	409,013.08
Proportionate share in net assets	52,163.70	116,993.24	46,323.56	99,696.94
Adjustments				
Difference between fair value and carrying amount	10,897.97		10,897.97	
Carrying amount of investments in associates	63,061.67	116,993.24	57,221.53	99,696.94
Operating revenue	1,145,572.79	2,814,832.69	886,062.88	432,729.13
Net profit attributable to parent company	39,653.04	72,078.86	30,112.85	10,120.99
Net profit of discontinued operations				
Other comprehensive income attributable to parent company	-1,064.61	-9,060.21	-1,748.24	-1,107.91
Total comprehensive income	38,588.43	63,018.65	28,364.61	9,013.08
Dividend from associates received in current period	2,000.00			

Other instructions:

(4) Aggregated financial information of insignificant associates

Currency: RMB

	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Associates:	--	--
Proportionate shares in the following items	--	--
joint ventures:	--	--
Total carrying amount of investments	407,329,329.45	362,160,305.55
Proportionate shares in the following items	--	--
--Net profit	5,531,925.43	-19,437,200.31
--Other comprehensive income	-393,307.40	199,389.23
--Total comprehensive income	5,138,618.03	-19,237,811.08

Other instructions:

(5) Instructions of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company**(6) Excess losses incurred by associates**

Currency: RMB

Associates	Accumulated unrecognized prior period losses	Unrecognized current period losses (net profit shared in current period)	Unrecognized losses at the balance sheet date
Shanghai Reno Opto-electronics Technology Co., Ltd.	-676,834.98	-23,408.70	-700,243.68

Other instructions

(7) Unconfirmed commitment related to the joint venture investment**(8) Contingent liabilities related to the joint venture investment****4、Major joint operations**

Joint operations name	Main locations	Registered address	Business nature	Holding proportion /Share	
				Directly	Indirectly

Instructions if the shareholding proportion differs from the voting rights proportion over the joint operations:

If the joint operation is a single entity, notify the basis classified as joint operation:

Other instructions:

5、 The equity of the structured entity not involved in the scope of consolidation.

Related instructions for the structured entity not involved in the scope of consolidation.

6、 Others

X. Risks related to financial instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are .

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition

2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's

repayment ability

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

1) significant financial difficulty of the debtor;

2) a breach of binding clause of contract;

3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;

4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 4, 5, and 7 of the notes to the financial statements for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2020, the Company has certain concentration of credit risk, and 36.10% (December 31, 2019: 37.68%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures

Financial liabilities classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	1,720,841,106.36	1,859,165,409.05	1,334,629,400.52	441,933,719.49	82,602,289.04
Notes payable	24,913,000.00	24,913,000.00	24,913,000.00		
Accounts payable	1,168,327,985.88	1,168,327,985.88	1,168,327,985.88		
Other payables	26,425,047.57	26,425,047.57	26,425,047.57		
Lease liabilities	271,850,870.28	271,850,870.28	25,546,871.20	48,895,764.20	197,408,234.88
Long-term payable	1,499,174.07	1,499,174.07	703,214.57	795,959.50	
Bonds payable	799,729,005.89	1,121,084,289.21	25,116,810.36	109,548,195.96	986,419,282.89
Subtotal	4,013,586,190.05	4,473,265,776.06	2,605,662,330.10	601,173,639.15	1,266,429,806.81

(Continued)

Items	December 31, 2019				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	1,664,727,169.67	1,702,041,344.24	977,580,067.57	414,620,900.32	309,840,376.35
Held-for-trading financial liabilities	4,901,459.62	4,901,459.62	4,901,459.62		
Notes payable	309,180,000.00	309,180,000.00	309,180,000.00		
Accounts payable	893,633,852.13	893,633,852.13	893,633,852.13		
Other payables	12,600,147.87	12,600,147.87	12,600,147.87		
Lease liabilities	227,795,752.80	227,795,752.80	29,661,130.40	59,372,680.40	138,761,942.00
Long-term payable	2,475,860.36	2,475,860.36	891,509.53	1,203,194.14	381,156.69
Subtotal	3,115,314,242.45	3,152,628,417.02	2,228,448,167.12	475,196,774.86	448,983,475.04

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate

As of December 31, 2020, balance of borrowings with interest accrued at floating interest rate totaled RMB1,009,781,140.56 (December 31, 2019: RMB889,351,150.00). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's gross profit and equity will not be significantly affected

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level

Please refer to section 12 (7) 82 of notes to financial statements for details in foreign currency financial assets and liabilities at

the end of the period

XI. Fair value disclosure

1、Details of fair value of assets and liabilities at fair value at the balance sheet date

Currency: RMB

Items	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Held-for-trading financial assets	27,191,411.52	36,027,480.86	532,386.17	63,751,278.55
Financial assets classified as at fair value through profit or loss	27,191,411.52	36,027,480.86	532,386.17	63,751,278.55
Debt instrument investments	27,191,411.52			27,191,411.52
Derivative financial assets		36,027,480.86		36,027,480.86
Equity instrument investments			532,386.17	532,386.17
2. Receivables financing			378,066,065.73	378,066,065.73
3. Other debt investments			16,550,000.00	16,550,000.00
Total assets at recurring fair value measurement	27,191,411.52	36,027,480.86	395,148,451.90	458,367,344.28

2、Basis for determining level 1 fair value at recurring and non-recurring fair measurement

Debt instrument investments are measured using market quotes as a reasonable estimate of fair value.

3、Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring and non-recurring fair measurement

Derivative financial assets are measured using valuation notices provided by banks and securities companies as a reasonable estimate of fair value

4、Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

1. As receivables financing is within 1 year, whose time value has no significant impact on the fair value, it is recognized that the fair value of receivables financing mentioned above is approximately equal to its carrying amount

2. Equity instrument investments and other equity instrument investments (Hangzhou Haibang Xinhua Talent Venture Capital Investment Partnership (LP)), are measured using investment cost as a reasonable estimate of fair value, based on overall consideration of business environment and operating conditions

5、Continuous third level fair value measurement items, adjustment information between opening balance and closing balance and sensitivity analysis of the non-observable parameter

6、Continuous fair value measurement items, the reasons for conversion and the policy for conversion time determination if it occurs different levels' conversion during current period

7、Valuation techniques changing and its reason in current period

8、The fair value of financial assets and financial liabilities not measured with fair value.

9、Others

XII. Related party relationships and transactions

1、Related party relationships

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
GreatStar Greatstar Holding Group. LtdGreatstar Holding Group. Ltd	Hangzhou	Industrial investment	100 million	43.13	43.13

Instructions for the parent company:

The Company's ultimate controlling party is Qiu Jianping and his spouse Wang Lingling

Other instructions:

2、Subsidiaries of the Company

See note IX, Interest in significant subsidiaries.

3、Associates and joint ventures of the Company

See note IX, Interest in associates.

The information of other associates or joint ventures with related party transactions to the Company or existing carrying amount with the Company in previous periods are as follows:

Associates/ joint ventures names	Relationship with the Company
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Other instructions:

4、Other related parties of the Company

Other related parties	Relationships with the Company
Hangzhou Great Star Precision Machinery Co., Ltd.	Under the control of the common actual controller
Hangcha Group Co., Ltd.and its affiliated companies	Under the control of the common actual controller

Other related parties	Relationships with the Company
Zhongce Rubber Group Company Limited	Controlled by the Company's associate Hangzhou Zhongce Haichao Enterprise Management Co., Ltd., and also under the control of the common actual controller
Hangzhou Zhongce Trade Company Limited	Controlled by the Company's associate Hangzhou Zhongce Haichao Enterprise Management Co., Ltd., and also under the control of the common actual controller
Hangzhou Zhongce Auto Space Automobile Service Co., Ltd.	Controlled by the Company's associate Hangzhou Zhongce Haichao Enterprise Management Co., Ltd., and also under the control of the common actual controller

Other instructions:

5、Related party transactions

(1) Purchase and sale of goods, rendering and receiving of services

Purchase of goods and receiving of services

Currency: RMB

Related parties	Content of transaction	Year 2020	Approval amount	Exceed the limitation or not	Year 2019
Shanghai Reno Opto-electronics Technology Co., Ltd.	Material	70,094.25	2,000,000.00	No	602,347.40
Hangzhou Meiqi Technology Co., Ltd.	Electronic Component		0.00	No	8,745,332.99
Changzhou Stabila Laser Instrument Company Limited	Material	129,853.95	12,000,000.00	No	564,098.86
Changzhou Stabila Laser Instrument Company Limited	Labour service	23,722.40	12,000,000.00	No	
Zhejiang Guozi Robotics Co., Ltd.	Product and service	1,840,830.51	50,000,000.00	No	35,245,263.32
Hangcha Group Co., Ltd. and its affiliated companies	Forklift, spare parts and maintenance	6,054,457.09	37,900,000.00	No	6,374,677.64
Group Co., Ltd. and its affiliated companies	Automatic storage system	1,296,460.17	37,900,000.00	No	12,649,247.81
Hangzhou Zhongce Auto Space	Spare parts and maintenance	606,294.91	100,000,000.00	No	68,134.14

Automobile Service Co., Ltd.					
Hangzhou Zhongce Auto Space Automobile Service Co., Ltd.	Hand tool and spare parts	6,194.69	100,000,000.00	No	

Sale of goods and rendering of services

Currency: RMB

Related parties	Content of transaction	Year 2020	Year 2019
Zhejiang Guozi Robotics Co., Ltd.	Hand tool	4,387,224.01	5,989,753.10
Hangzhou Weina Technologies Co., Ltd.	Technical service	75,943.40	113,584.91
Changzhou Stabila Laser Instrument Company Limited	Laser measurement product	5,003,092.51	5,054,500.99
	Water and electricity	123,594.90	120,278.40
	Consulting service	2,593,278.97	1,681,500.22
	Labour service	29,940.00	
Hangcha Group Co., Ltd. and its affiliated companies	Hand tool and spare parts	15,177,595.81	11,054,592.93
	Operating service	1,250,867.26	754,337.05
Zhongce Rubber Group Company Limited	Hand tool	301,911.46	

Instructions for purchase and sale of goods, rendering and receiving of services

(2) Situation for related entrusted management/contracting and entrusting management/subcontracting

The situation for entrusted management/contracting

Currency: RMB

Name of the entrusting party/subcontractor or	Name of the entrusted party/contractor	Asset types for entrusted/contracting	The starting date of entrusting/contracting	The expiry date of entrusted/contracting	Pricing basis for entrusting income/contracting income	Entrusting income/contracting income confirmed in current period
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Instructions for related entrusting/contracting situation

The situation table for entrusting management/subcontracting

Currency: RMB

Name of the entrusting party/subcontractor or	Name of the entrusted party/contractor	Asset types for entrusting/subcontracting	The starting date of entrusting/subcontracting	The expiry date of entrusted/subcontracting	Pricing basis for entrusted fee/subcontracting fee	Entrusted fee/subcontracting fee confirmed in current period
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Instructions for related management/subcontracting situation

(3) Related party leases

The Company as the lessor

Currency: RMB

Lessees	Types of asset leased	Lease income for Year 2020	Lease income for Year 2020	Lease income for Year 2019
Changzhou Stabila Laser Instrument Company Limited	Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	Buildings	185,392.35	178,427.70

The Company as the lessee

Currency: RMB

Lessors	Lessees	Types of asset leased	Lease expenses for Year 2020	Lease expenses for Year 2019
Hangzhou Great Star Precision Machinery Co., Ltd.	The Company and its subsidiaries	Buildings	1,296,000.00	835,911.23
Hangcha Group Co., Ltd. and its affiliated company 上海杭叉车销售有限公司 (Shanghai Hangcha Forklift Sales Co., Ltd.)	The Company	Transport facilities	241,057.06	229,263.13

Instructions for related party leases

(4) Related party guarantee

The Company as the guarantor

Currency: RMB

guaranteed party	amount	Starting date	maturity	Performance completed or not
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The Company as the guaranteed party

Currency: RMB

guarantor	amount	Starting date	maturity	Performance completed or not
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Instructions for related party guarantee:

The Company issued letter of guarantee for bank loans of GreatStar Europe AG, a wholly-owned subsidiary, and GreatStar Greatstar Holding Group. Ltd provided suretyship guarantee for the letter of guarantee issued by the Company. As of December 31, 2020, the balance of bank loans under the letter of guarantee totaled EUR 48,500,000.00, with payment maturity between February 28, 2021 and June 26, 2023

(5) Fund borrowing from related parties

Currency: RMB

related party	Amount	Starting date	maturity	Notes
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Borrow
Lend

(6) Assets exchange or debt restructuring between the related parties

Currency: RMB

related party	Related party transaction items	Current period	Preceding period
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(7) Key management's emoluments

Currency: RMB

Items	Year 2020	Year 2019
Key management's emoluments	9,162,360.40	8,245,107.51

(8) Other transactions with related parties

6、Balance due to or from related parties

(1) Balance due from related parties

Currency: RMB

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
receivable	Zhejiang Guozi Robotics Co., Ltd.	3,390,261.58	169,513.08	2,651,956.29	132,597.82
receivable	Shanghai Reno Opto-electronics Technology Co., Ltd.	1,684,295.07	84,214.75	4,176,445.92	1,229,158.98
receivable	Changzhou Stabila Laser Instrument Company Limited	2,161,820.67	108,091.03	2,109,688.57	105,484.43
receivable	Hangcha Group Co., Ltd. and its affiliated company 杭州杭叉机械加工有限公司 (Hangzhou Hangcha Machinery Processing Co., Ltd.)	1,903,592.60	95,179.63	1,095,162.30	54,758.12
	Hangcha Group Co., Ltd.			139,581.30	6,979.07

Subtotal		9,139,969.92	456,998.49	10,172,834.38	1,528,978.42
Receivable financing -- Bank acceptance	Zhejiang Guozi Robotics Co., Ltd.	2,800,000.00		100,000.00	
Subtotal		2,800,000.00		100,000.00	
Prepaid expenses	Zhejiang Guozi Robotics Co., Ltd.	414,974.87	20,748.74	209,774.63	10,488.73
Subtotal		414,974.87	20,748.74	209,774.63	10,488.73

(2) Balance due to related parties

Currency: RMB

Items	Related parties	Closing balance	Opening balance
Accounts payable	Hangcha Group Co., Ltd. and its affiliated companies	6,305,294.00	10,015,355.00
Accounts payable	Zhejiang Guozi Robotics Co., Ltd.	3,800,654.70	6,053,143.93
Accounts payable	Hangzhou Great Star Precision Machinery Co., Ltd.	240,500.00	257,500.00
Accounts payable	Hangzhou Zhongce Auto Space Automobile Service Co., Ltd.	156,708.54	2,214.00
Subtotal		10,503,157.24	16,328,212.93
Other payables	Hangzhou Great Star Precision Machinery Co., Ltd.	12,000.00	12,000.00
Subtotal		12,000.00	12,000.00

7、Related party commitments

8、Others

XIII. Share-based payment

1、Overall situation of Share-based payment

applicable not applicable

2、Equity-settled share-based payment

applicable not applicable

3、Cash-settled share-based payment

applicable not applicable

4、Amendment and termination of share-based payment**5、Others****XIV. Commitments and contingencies****1、Important commitments**

Significant commitments on balance sheet date

As of the approved issuing date of this report, the Company has no significant commitments to be disclosed

2、Contingencies**(1) Important contingent matters as at the balance sheet date**

As of the approved issuing date of this report, the Company has no significant contingencies to be disclosed

(2) The Company has no important contingent matters to disclose, and also should make illustration

There are no significant contingent matters to be disclosed

3、Others**XV. Events after the balance sheet date****1、Important non-adjustment matters**

Currency: RMB

Items	content	Amount of impacts on financial position and operating results	Reasons for failure to estimate impact

2、Distribution of profits

Currency: RMB

3、Sales return**4、Other events after the balance sheet date**

(1) Profit distribution after the balance sheet date

According to the “Proposal on 2020 Profit Distribution Plan” deliberated and approved by the eighth meeting of the fifth session of the Board of Directors of the Company dated April 14, 2021, the Company will not distribute cash dividend or bonus shares, will not use capital reserve to increase share capital, and the remaining undistributed profits will be carried forward to the next year.

(2) Deliberated and approved by the fifth meeting of the fifth session of the Board of Directors of the Company dated January 22, 2021, the Company is approved to exercise the conditional redemption right of “Great Star Convertible Bond” (bond code: 128115), and redeem all non-converted “Great Star Convertible Bond” registered with China Securities Depository and Clearing Co., Ltd. Shenzhen Branch after the market closure on the redemption registration date at the price of the face value of the bond plus the interest accrued in the current period. As of the market closure on February 23, 2021, there are still 25,732 unconverted “Great Star Convertible Bond”, and the number of redemption during this time is 25,732. As of February 24, 2021, all the “Great Star Convertible Bond” registered as of the market closure on the redemption registration date (the trading day immediately before the redemption date: February 23, 2021) have been redeemed. Since March 5, 2021, the “Great Star Convertible Bond” issued by the Company have been delisted on the Shenzhen Stock Exchange

(3) Deliberated and approved by the fifth meeting of the sixth session of the Board of Directors of the Company dated March 29, 2021, the Company is approved to increase capital of EUR 27.90 million or USD equivalent to its wholly-owned subsidiary GreatStar Europe AG, and GreatStar Europe AG will purchase related assets from Joh. Friedrich Behrens AG through cash payment at the consideration of EUR 27.90 million. The related assets include real estate, machinery, intellectual property rights, inventory, and certain subsidiary equity related to Joh. Friedrich Behrens AG’s main business.

(4) Deliberated and approved by the seventh meeting of the fifth session of the Board of Directors of the Company dated April 6, 2021, the Company is approved to enter into the “Offer to Purchase Geelong Holdings Limited” (the “Offer”) with Orchid Asia Investment Management Group Co., Ltd. (Orchid Asia) and Geelong Orchid Holdings Ltd. According to the Offer, the Company will purchase 100% equity of Geelong Holdings Limited held by Orchid Asia through Geelong Orchid Holdings Ltd. through cash payment at the consideration of USD 131.40 million. The funds required for the transaction will be raised by the Company itself, partly from the change in the use of part of the raised funds, which will be required for deliberation and approval by the Company’s shareholders’ general meeting. If the shareholders’ general meeting fails to approve the “Proposal on Changing the Use of Part of the Raised Funds for the Acquisition of Equity”, the Company will use all self-raised funds for the acquisition without a separate deliberation and approval by the Board of Directors, which will not affect the effectiveness and implementation of the acquisition

(5) According to the “Proposal on Absorbing the Wholly-owned Subsidiary Hangzhou Lianhe Machinery Co., Ltd.” deliberated and approved by the eighth meeting of the fifth session of the Board of Directors of the Company dated April 14, 2021, in order to better integrate the Company’s existing innovative R&D resources and better support the Company’s own brand and cross-border e-commerce business development, the Company is approved to absorb its wholly-owned subsidiary, Hangzhou Lianhe Machinery Co.,

Ltd., and incorporate its project “R&D Center Construction Project” into the Company’s R&D system. The financial statements of Hangzhou Lianhe Machinery Co., Ltd. have been consolidated into the Company’s consolidated financial statements. The absorbing merger will not have a material impact on the Company’s production, operation and financial status.

XVI. Other significant matters

1、Accounting error correction for previous period

(1) The retrospectively adjusted method

Currency: RMB

Content of accounting error correction	processing procedure	Each effected report items of comparative period	accumulative effected amount
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(2) the prospective application method

Content of accounting error correction	approval procedure	Reason
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2、Debt restructuring

3、Assets Exchange

(1) Non-cash Assets Exchange

(2) Other assets Exchange

4、Annuity Plan

5、Discontinued operations

Currency: RMB

Items	Revenue	Expenses	Profit before tax	Income tax	Net profit	Net discontinued operations profit attributable to owners of the parent company
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Other illustration

6、Segment information

(1) Identification basis for reportable segments

Reportable segments are identified according to the structure of the Company's internal organization, management requirements and internal reporting system, and based on product segments. Assets and liabilities shared by different segments are allocated among segments proportionate to their respective sizes.

The Company determines the reporting segments on the basis of the regional segments, the main operating revenue and the main operating cost shall be divided by the actual sales place, and the assets and liabilities shall be divided by the location of the operating entity.

(2) Financial information of product segments

Currency: RMB

Items	Hand tools and power tools	Laser measurement	Storage	PPE	Total
Revenue from main operations	5,907,106,985.40	513,234,699.39	939,420,434.18	1,142,565,010.92	8,502,327,129.89
Cost of main operations	4,134,914,061.55	365,707,432.15	624,178,422.88	782,039,974.71	5,906,839,891.29
Total assets	11,722,084,182.97	784,363,793.95	1,169,236,759.09	2,094,309.67	13,677,779,045.68
Total liabilities	3,591,116,404.48	214,417,392.80	792,767,083.16	42,067,981.94	4,640,368,862.38

(3) If the Company has no reporting segments or cannot disclose the total assets and liabilities of each reporting segments, the reasons shall be explained

(4) Other illustration

7、Other important transactions and matters that can affect investor decision - making

8、Others

1. Leases of Lista Holding AG and its subsidiaries

(1) Please refer to section 12 (5) 29 of notes to financial statements for details on right-of-use assets.

(2) Please refer to section 12 (5) 42 of notes to financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows

Items	Year 2020
Expense relating to short-term leases	582,301.10
Expense relating to leases of low-value assets (excluding short-term leases)	228,497.90

Total	810,799.00
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(3) Current profit and loss and cash flow related to lease

Items	Year 2020
Interest expenses on lease liabilities	1,496,292.70
Income from subleasing right-of-use assets	7,768,928.60
Total cash outflows related to leases	29,048,716.90

(4) Please refer to section XII (X) of the notes to the financial statements for details on maturity analysis of lease payments and related liquidity risk management

2. Lista Holding AG and its subsidiaries as the lessor

(1) Operating lease

1) Lease income

Items	Year 2020
Lease income	11,727,101.90

2) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Amount
Within 1 year	515,963.00
Over 1 years	523,333.90
Total	1,039,296.90

(2) Finance lease

1) Current period profit or loss related to finance lease

Items	Year 2020
Finance income on the net investment in the lease	2,255,495.40

2) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Amount
Within 1 year	95,821.70
1-2 years	95,821.70
2-3 years	95,821.70
3-4 years	95,821.70
4-5 years	95,821.70
Over 5 years	204,701.80
Total	683,810.30

3) Reconciliation of undiscounted lease payments to net investment in the lease

Items	Closing balance
Undiscounted lease payments	683,810.30
Less: Unrealized finance income relating to lease payments	17,021.38
Net investment in the lease	666,788.92

XVII. Notes to items of parent company financial statements

1、Accounts receivable

(1) Details on categories

Currency: RMB

categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	% to total		Amount	% to total	Amount	% to total	
Including:										
Receivables with provision made on a collective basis	1,352,861,821.37	100.00%	77,001,556.87	5.69%	1,275,860,264.50	1,007,089,253.52	100.00%	58,892,951.55	5.85%	948,196,301.97
Including:										
Total	1,352,861,821.37	100.00%	77,001,556.87	5.69%	1,275,860,264.50	1,007,089,253.52	100.00%	58,892,951.55	5.85%	948,196,301.97

Bad debts provision made on an individual basis:

Currency: RMB

Items	Closing balance			
	Book balance	Provision for bad debts	% to total	Accued reasons

Bad debts provision made on an individual basis:

Currency: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	% to total
Portfolio grouped with ages	1,352,861,821.37	77,001,556.87	5.69%
Subtotal	1,352,861,821.37	77,001,556.87	--

Illustration of this portfolio recognition basis:

Bad debts provision made on an individual basis:

Currency: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	% to total

Illustration of this portfolio recognition basis:

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

applicable not applicable

Disclosure as account receivable aging

Currency: RMB

Ages	Book balance
Within 1 year	1,329,744,869.28
1-2 years	8,394,689.06
2-3 years	2,359,436.02
Over 3 years	12,362,827.01
3-4 years	3,233,556.42
4-5 years	1,792,760.45
Over 5 years	7,336,510.14
Subtotal	1,352,861,821.37

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

Changes in provision for bad debts in current period:

Currency: RMB

categories	Opening balance	Increase/Decrease				Closing balance
		Provision	Reversal	Write-off	Others	
Within 1 year	49,433,296.09	17,053,947.37				66,487,243.46
1-2 years	522,458.59	317,010.32				839,468.91
2-3 years	646,711.28	-174,824.08				471,887.20
3-4 years	537,828.14	432,238.79				970,066.93
4-5 years	419,771.44	476,608.79				896,380.23
Over 5 years	7,332,886.01	3,624.13				7,336,510.14
Subtotal	58,892,951.55	18,108,605.32				77,001,556.87

The major provision for bad debts reversal in current period:

Currency: RMB

Company name	Reversal amount	Reversal Method

(3) Accounts receivable actually written off in current period

Currency: RMB

Items	written off

Including the major written off of the account receivables:

Currency: RMB

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

instructions for Written off the account receivables:

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

Currency: RMB

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

(5) Accounts receivable derecognized due to financial assets transfer

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

Other illustration:

Closing balance of top 5 debtors totaled RMB 957,949,797.95, accounting for 70.80% of the total closing balance of accounts receivable, and provision for bad debts made thereon totaled RMB 47,897,614.97.

2、Other receivables

Currency: RMB

Items	Closing balance	Opening balance
Other receivables	883,363,518.44	666,322,858.19
Total	883,363,518.44	666,322,858.19

(1) Interest receivables

1) Interest receivables on categories

Currency: RMB

Items	Closing balance	Opening balance

2) Material overdue interest

Debtors	Closing balance	Overdue date	Reason for overdue	Impaired or not and its basis

Other instructions:

3) Provision for bad debt

applicable not applicable

(2) Dividends receivable**1) Details on categories**

Currency: RMB

Items	Closing balance	Opening balance
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2) Material dividends receivable aged over 1 year

Currency: RMB

Items	Closing balance	ages	Unrecovered reason	Impaired or not and its basis
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3) Provision for bad debt
 applicable not applicable

Other instructions:

(3) Other receivables**1) Other receivables categorized by nature**

Currency: RMB

Nature of receivables	Closing balance	Opening balance
Balance due from related parties within the consolidation scope	903,148,614.64	688,053,701.32
Export tax rebates	25,792,468.24	18,378,855.30
Security deposits	13,833,823.47	7,173,287.63
Temporary advance payment receivable	966,599.78	875,688.97
Employee petty cash	188,025.00	84,312.52
Others	396,240.11	1,550,126.04
Total	944,325,771.24	716,115,971.78

2) Provision for bad debt

Currency: RMB

Items	Phase I	Phase II	Phase III	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	34,431,118.57	2,054,431.20	13,307,563.82	49,793,113.59

Opening balance in the current period	—	—	—	—
Provision made in current period	11,449,674.74	441,080.06	-577,187.49	11,313,567.31
Provision written off in current period			144,428.10	144,428.10
Closing balance	45,880,793.31	2,495,511.26	12,585,948.23	60,962,252.80

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

applicable not applicable

Disclosure as account receivable aging

Currency: RMB

Ages	Carrying amount
Within 1 year	943,358,197.91
1-2 years	702,025.00
2-3 years	105,000.00
Over 3 years	160,548.33
3-4 years	125,000.00
4-5 years	21,000.00
Over 5 years	14,548.33
Subtotal	944,325,771.24

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

Changes in provision for bad debts in current period:

Currency: RMB

Categories	Opening balance	Increase/Decrease				Closing balance
		Provision	Reversal	Write-off	Others	
Portfolio grouped with balances due from related parties within the consolidation scope	47,508,669.89	10,842,808.36				58,351,478.25
Portfolio grouped with ages						
Within 1 year	1,096,239.63	914,239.53				2,010,479.16
1-2 years	144,572.64	-74,370.14				70,202.50
2-3 years	908,355.00	-887,355.00				21,000.00

3-4 years	6,300.00	31,200.00			37,500.00
4-5 years		10,500.00			10,500.00
Over 5 years	128,976.43	30,000.00		144,428.10	14,548.33
Subtotal	49,793,113.59	10,867,022.75		144,428.10	60,515,708.24

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

Currency: RMB

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

Currency: RMB

Items	written off amount
Other Accounts receivable	144,428.10

Including major written off of other Accounts receivable

Currency: RMB

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

5) Details of the top 5 debtors with largest balances

Currency: RMB

Debtors	Nature of receivables	Closing balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Great Star Tools USA,INC.	Balance due from related parties within the consolidation scope	283,714,817.59	Within 1 year	30.04%	14,185,740.88
Great Star Tools USA,INC.	Balance due from related parties within the consolidation scope	8,784,003.67	1-2 years	0.93%	439,200.18
Great Star Tools USA,INC.	Balance due from related parties within the consolidation scope	215,726,390.11	2-3 years	22.84%	10,786,319.51
Hangzhou Lianhe Machinery Co., Ltd.	Balance due from related parties	30,123,600.00	Within 1 year	3.19%	1,506,180.00

	within the consolidation scope				
Hangzhou Lianhe Machinery Co., Ltd.	Balance due from related parties within the consolidation scope	58,500,000.00	1-2 years	6.19%	2,925,000.00
Hangzhou Lianhe Machinery Co., Ltd.	Balance due from related parties within the consolidation scope	69,007,370.00	2-3 years	7.31%	3,450,368.50
Haining Great Star Intelligent Equipment Co., Ltd.	Balance due from related parties within the consolidation scope	120,000,000.00	Within 1 year	12.71%	6,000,000.00
Longyou Hugong Forging Three Tools Co., Ltd.	Balance due from related parties within the consolidation scope	20,000,000.00	1-2 years	2.12%	1,000,000.00
Longyou Hugong Forging Three Tools Co., Ltd.	Balance due from related parties within the consolidation scope	20,000,000.00	2-3 years	2.12%	1,000,000.00
Hangzhou GreatStar Sheffield Tools Co., Ltd.	Balance due from related parties within the consolidation scope	906,975.00	Within 1 year	0.10%	45,348.75
Hangzhou GreatStar Sheffield Tools Co., Ltd.	Balance due from related parties within the consolidation scope	5,886,209.32	1-2 years	0.62%	588,620.93
Hangzhou GreatStar Sheffield Tools Co., Ltd.	Balance due from related parties within the consolidation scope	731,707.36	2-3 years	0.08%	146,341.47
Hangzhou GreatStar Sheffield Tools Co., Ltd.	Balance due from related parties within the consolidation scope	4,641,664.11	3-4 years	0.49%	1,392,499.23
Hangzhou GreatStar Sheffield Tools Co., Ltd.	Balance due from related parties within the consolidation scope	3,365,008.27	4-5 years	0.36%	1,682,504.14

	consolidation scope				
Hangzhou GreatStar Sheffield Tools Co., Ltd.	Balance due from related parties within the consolidation scope	11,117,742.90	Over 5 years	1.18%	11,117,742.90
Subtotal	--	852,505,488.33	--	90.28%	56,265,866.49

6) Other Accounts receivable related to government grants

Currency: RMB

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

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

Other instructions:

3、 Long-term equity investments

Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	2,949,758,632.92		2,949,758,632.92	2,714,659,352.92		2,714,659,352.92
Investments in associates	2,205,406,001.38		2,205,406,001.38	1,931,817,900.53	2,977,272.88	1,928,840,627.65
Total	5,155,164,634.30		5,155,164,634.30	4,646,477,253.45	2,977,272.88	4,643,499,980.57

(1) Investments in subsidiaries

Currency: RMB

Investees	Opening balance	Increase/ Decrease				Closing balance	Closing balance of provision for impairment
		Increase	Decrease	provision for impairment	others		
Longyou Yiyang Forging Co., Ltd.	48,437,846.12					48,437,846.12	

Hangzhou GreatStar Sheffield Tools Co., Ltd.	3,300,000.00					3,300,000.00	
Hangzhou United Electric Manufacture Co., Ltd.	21,185,561.86					21,185,561.86	
Hangzhou United Tools Co., Ltd.	12,804,728.00					12,804,728.00	
Hangzhou GreatStar Sheffield Trading Co., Ltd.	5,000,000.00					5,000,000.00	
Ningbo Fenghua Great Star Tools Co., Ltd.	22,558,141.65					22,558,141.65	
Zhejiang Guoxin Tools Co., Ltd.	25,750,000.00					25,750,000.00	
Zhejiang Great Star Tools Co., Ltd.	464,800,000.00					464,800,000.00	
Hangzhou Juye Tools Co., Ltd.	120,000,000.00					120,000,000.00	
Hangzhou Great Star Tools Co., Ltd.	63,772,246.86					63,772,246.86	
Hong Kong Great Star International Co., Ltd.	227,854,794.66					227,854,794.66	
Changzhou Huada Kejie Opto-electro Instrument Co., Ltd.	200,864,082.56					200,864,082.56	
Hangzhou GreatStar	22,000,000.00					22,000,000.00	

Intelligent Technology Co., Ltd.							
Hangzhou Ole-Systems Co., Ltd.	9,600,000.00					9,600,000.00	
Great Star Tools USA, Inc	627,095,000.00					627,095,000.00	
Hangzhou GreatStar Craftsman Tools Co., Ltd.	2,750,000.00	1,500,000.00				4,250,000.00	
Hangzhou United Precision Tool Company	10,030,288.26					10,030,288.26	
GreatStar Europe AG	732,567,215.00					732,567,215.00	
Hangzhou Lianhe Machinery Co., Ltd.	7,677,294.07					7,677,294.07	
Longyou Hugong Forging Three Tools Co., Ltd.	84,612,153.88					84,612,153.88	
Haining Great Star Hardware Tools Co., Ltd.	2,000,000.00					2,000,000.00	
Suzhou Xindadi Hardware Product Co., Ltd.		60,000,000.00				60,000,000.00	
Newland XDD (Thailand) Co., Ltd.		123,599,280.00				123,599,280.00	
Guangdong Shiwanke Electrical Appliance Co., Ltd.		50,000,000.00				50,000,000.00	
Total	2,714,659,352.	235,099,280.0				2,949,758,632.	

	92	0				92
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(2) Investments in associates

Currency: RMB

Investees	Opening balance	Increase/Decrease								Closing balance	Closing balance of provision for impairment	
		Increase	Decrease	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ Profit declared for distribution			
I、joint ventures												
II、Associates												
Hangzhou Zhongce Haichao Enterprise Management Co., Ltd.	996,969,390.74			175,692,233.49	-22,084,251.05	19,355,033.13					1,169,932,406.31	
Zhejiang Hangcha Holdings Co., Ltd.	572,215,254.96			79,306,058.52	-2,129,229.65	1,224,640.08	20,000,000.00				630,616,723.91	
Hangzhou Weiming Investment Management Co., Ltd.	55,838,362.71			2,199,270.14							58,037,632.85	
Zhejiang Guozi Robotics Co., Ltd.	51,459,603.66			-1,946,855.30	1,369.57	40,030,405.87					89,544,523.80	
Ningbo Donghai Bank Co., Ltd.	177,447,885.49			3,871,861.00							181,319,746.49	

Hangzhou NanoSic Technology Co., Ltd.	74,910,130.09			1,439,514.90	394,676.97	-				75,954,968.02	
Hangzhou Meiqi Technology Co., Ltd. [Note]											
Subtotal	1,928,840,627.65			260,562,082.75	24,606,788.10	-60,610,079.08	20,000,000.00			2,205,406,001.38	
Total	1,928,840,627.65			260,562,082.75	24,606,788.10	-60,610,079.08	20,000,000.00			2,205,406,001.38	

(3) Other illustration

At the end of 2019, cost of the Company's long-term equity investment in Hangzhou Meiqi Technology Co., Ltd. under equity method was RMB 2,977,272.88, with provision for impairment of RMB2,977,272.88. Hangzhou Meiqi Technology Co., Ltd. was cancelled on August 31, 2020

4、Operating revenue and cost

Currency: RMB

Items	Year 2020		Year 2019	
	Revenue	Cost	Revenue	Cost
Main operations	5,361,055,983.42	4,061,291,433.13	3,997,597,447.94	3,066,120,925.59
Other operations	4,533,964.30	2,889,063.37	2,944,176.67	1,779,548.55
Total	5,365,589,947.72	4,064,180,496.50	4,000,541,624.61	3,067,900,474.14

relevant information:

Currency: RMB

Contract classification	Division 1	Division 2		Total
Including:				

Including:				
Including:				
Including:				

Information relating to performance obligations::

Performance obligations of sales of hand tools and power tools, laser measurement, storage, PPE and other products are generally fulfilled within one year. The Company collects advances or provides term of credit based on different customers. The Company acts as the main responsible person for direct sales. The Company obtains the unconditional right to collect payments when the following conditions are all met: 1) for domestic sales: a. the Company delivers the product to the customer in accordance with the contract; and b. the customer has accepted the product; 2) for overseas sales: a. the Company has declared the product in accordance with the contract; b. the Company has obtained the bill of lading or, the Company has shipped the product to the designated destination and the goods are delivered to the customer; and c. the control of the goods is transferred to the customer.

Information relating to the transaction price allocated to the remaining performance obligation:

At the end of this report period, the amount of income corresponding to the performance obligations that have been signed but not yet fulfilled or not fulfilled is RMB 39,453,211.46 , of which RMB 39,453,211.46 is expected to be recognized in 2021, RMB XXX is expected to be recognized in XX year, and RMBXXX is expected to be recognized in XX year.

Other instructions:

5、Investment income

Currency: RMB

Items	Year 2020	Year 2019
Investment income from long-term equity investments under equity method	82,000,000.00	
Investment income from long-term equity investments under cost method	260,562,082.75	65,084,654.93
Gains on disposal of long-term equity investments	266,783.83	
Investment income from financial instruments	3,647,177.70	
Including: Other equity instrument investments	10,007,728.68	3,928,865.09
Gains on disposal of financial instruments	356,483,772.96	69,013,520.02

6、Others

XVIII. Supplementary information

1、Non-recurring profit or loss

√ applicable not applicable

Currency: RMB

Items	Amount	Notes
Gains on disposal of non-current assets, including write-off of provision for impairment	-688,830.06	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards)	30,007,164.80	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost	53,341,459.79	
Gains on assets consigned to the third party for investment or management	1,792,735.16	
Gains on changes in fair value of financial assets and liabilities at fair value through profit or loss and investment income from disposal of financial assets and liabilities at fair value through profit or loss, and available-for-sale financial assets, excluding those arising from hedging business related to operating activities	62,235,238.75	
Other non-operating revenue or expenditures	-632,799.21	
Other profit or loss satisfying the definition of non-recurring profit or loss	267,035.13	
Less: Enterprise income tax affected	25,137,742.09	
Non-controlling interest affected (after tax)	4,810,141.32	
Total	116,374,120.95	--

Reasons shall be given for non-recurring profit or loss items defined by the Company in accordance with the definitions of Explanatory Announcement of Corporate Information Disclosure on the Public Issuance of Securities NO.1—Non-recurring profit or loss and items listed in Explanatory Announcement of Corporate Information Disclosure on the Public Issuance of Securities NO.1—Non-recurring profit or loss as recurrent profit or loss items

applicable not applicable

2、RONA and EPS

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)
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		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	16.67%	1.27	1.25
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	15.23%	1.16	1.14

3、Differences in accounting figure between domestic and foreign accounting standards

(1) Discrepancies in net profit and net assets in financial reports disclosed in accordance with International Accounting Standards and China Accounting Standards

applicable not applicable

(2) Discrepancies in net profit and net assets in financial reports disclosed in accordance with Foreign Accounting Standards and China Accounting Standards

applicable not applicable

(3) The reason for the differences in accounting figure between domestic and foreign accounting standards, if the difference has be adjusted comply with the overseas audit institution, disclosure the name of the overseas institution

4、Others

2. Calculation process of weighted average return on net assets

Items	Symbols	Year 2020
Net profit attributable to shareholders of ordinary shares	A	1,350,132,516.91
Non-recurring profit or loss	B	116,374,120.95
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	1,233,758,395.96
Opening balance of net assets attributable to shareholders of ordinary shares	D	7,430,589,865.25
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	
Net assets attributable to shareholders of ordinary shares decreased due to cash dividends appropriation	G1	

Number of months counting from the next month when the net assets were decreased to the end of the reporting period		H1	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase		G2	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period		H2	
Others	Translation reserves	I1	-144,634,445.93
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J1	6
	Increase of other equity instruments due to issuance of convertible corporate bonds	I2	190,509,257.28
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J2	5
	Share in other comprehensive income of Hangzhou Zhongce Haichao Enterprise Management Co., Ltd. under equity method	I3	-22,084,251.05
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J3	6
	Share in other comprehensive income of Zhejiang Guozi Robotics Co., Ltd. under equity method	I4	1,369.57
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J4	6
	Share in other comprehensive income of Zhejiang Hangcha Holdings Co., Ltd. under equity method	I5	-2,129,229.65
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J5	6
	Share in other comprehensive income of Hangzhou NanoSic Technology Co., Ltd. under equity method	I6	-394,676.97
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J6	6
	Share in changes in equity of Zhejiang Guozi Robotics Co., Ltd. under equity method other than net profit or loss, other comprehensive income and profit distribution	I7	40,030,405.87
	Number of months counting from the next month	J7	2、0

	when other net assets were increased or decreased to the end of the reporting period		
	Share in changes in equity of Zhejiang Hangcha Holdings Co., Ltd. under equity method other than net profit or loss, other comprehensive income and profit distribution	I8	1,224,640.08
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J8	6
	Share in changes in equity of Hangzhou Zhongce Haichao Enterprise Management Co., Ltd. under equity method other than net profit or loss, other comprehensive income and profit distribution	I9	19,355,033.13
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J9	6
	Changes in remeasurement of the defined benefit plan	I10	-35,338,213.90
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J10	6
	Changes in fair value of other equity instrument investments	I11	888,118.45
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J11	8
	Consideration for acquisition of non-controlling equity of Hangzhou GreatStar Craftsman Tools Co., Ltd. to offset capital reserve	I12	-1,959,810.76
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J12	4
	Number of months in the reporting period	K	12
	Weighted average net assets	$L = \frac{D+A}{2} + \frac{E \times F}{K} - \frac{G \times H}{K} \pm \frac{I \times J}{K}$	8,098,947,025.65
	Weighted average RONA	$M = A/L$	16.67%
	Weighted average RONA after deducting non-recurring profit or loss	$N = C/L$	15.23%

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Year 2020
Net profit attributable to shareholders of ordinary shares	A	1,350,132,516.91
Non-recurring profit or loss	B	116,374,120.95
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	1,233,758,395.96
Opening balance of total shares [Note]	D	1,064,448,049
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the share was increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L=D+E+F \times G/K - H \times I/K - J$	1,064,448,049
Basic EPS	$M=A/L$	1.27
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	1.16

Note: Repurchased shares have been excluded from the opening balance of total shares.

(2) Calculation process of diluted EPS

Items	Symbols	Year 2020
Net profit attributable to shareholders of ordinary shares	A	1,350,132,516.91
Net profit affected by dilutive potential ordinary shares	B	16,733,947.91
Diluted net profit attributable to shareholders of ordinary shares	C=A+B	1,366,866,464.82
Non-recurring profit or loss	D	116,374,120.95
Diluted net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	E=C-D	1,250,492,343.87
Weighted average of outstanding ordinary shares	F	1,064,448,049
Weighted average of ordinary shares increased due to warrant, share options, convertible bonds, etc.	G	33,000,814.33
Weighted average of diluted outstanding ordinary shares	H=F+G	1,097,448,863.33
Diluted EPS	$M=C/H$	1.25

Diluted EPS after deducting non-recurring profit or loss	$N=E/H$	1.14
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Section 13 Reference file directory

I. Financial statements containing signatures of the legal representative, the head of accounting work, and the head of accounting body with seals.

II. Original audit report stamped by Pan-China Certified Public Accountants LLP (special general partnership) and signed and stamped with the certified public accountants.

III. Original copies of the documents and announcement of the Company published on the newspaper designated by the CSRC in the reporting period.

Reference files above are all kept at board office.

HANGZHOU GREATSTAR INDUSTRIAL CO., LTD.

Chairman: Qiu Jianping

April 14, 2021