

Oppein Home Group Inc.
2022 Annual Report



Important Statements

- I. The board of directors, the board of supervisors, directors, supervisors and senior managers of the Company guarantee the authenticity, accuracy and completeness of the contents of the annual report, and there are no false records, misleading statements or major omissions, and bear individual and joint legal liabilities.**
- II. All directors of the Company attend the meeting of the board of directors.**
- III. Huaxing Certified Public Accounts LLP (Special General Partnership) has issued a standard unqualified audit report for the Company.**
- IV. Yao Liangsong, the person in charge of the Company, Yao Liangsong, the person in charge of accounting, and Wang Huan, the person in charge of accounting institutions (Accounting Supervisor), declare that the financial report in the annual report is true, accurate and complete.**
- V. Profit distribution plan or provident fund conversion into share capital plan** approved by the board of directors during the reporting period

The Company intends to distribute a total cash dividend of CNY 1.075 billion (tax inclusive) to all shareholders based on the total share capital on the registration date of equity distribution less the number of shares in the Company's share repurchase account, accounting for 40% of the net profit attributable to shareholders of the parent company in 2022. If the total share capital of the Company changes before the equity registration date for the implementation of equity distribution, the Company intends to maintain the total profit distribution unchanged and adjust the profit distribution ratio per share accordingly.

VI. Risk statements for forward-looking statements

Applicable Not applicable

The forward-looking statements such as the company's future plans and development strategies involved in this report do not constitute the company's substantial commitment to investors, and investors are advised to emphasize investment risks.

VII. Is there any non-operating occupation of funds by controlling shareholders and other related parties

No

VIII. Is there any violation of the prescribed decision-making procedures to provide guarantees to the outside world

No

IX. Whether more than half of the directors can not guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company

No

X. Major risk warning

For details, see "VI. Discussion and analysis of the Company's future development (IV) possible risks" in "Section III Management Discussion and Analysis" of this report.

XI. Other

Applicable Not applicable

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List of documents for future reference	1. Accounting statements bearing the signatures and seals of the person in charge of the Company, the person in charge of accounting work and the person in charge of accounting institutions.
	2. During the reporting period, the originals of all company documents and announcements publicly disclosed on the information disclosure carrier designated by the CSRC.
	3. The original audit report bearing the seal of the accounting firm and the signature and seal of the certified public accountant.

Section I Definitions

I. Definitions

In this report, unless the context otherwise requires, the following words have the following meanings:

Definition of common words		
The Company, company, the joint stock company, Oppein Group, Group, Oppein Home, Oppein, Oppein Home Group	means	Oppein Home Group Inc.
Oppein Integration	means	Guangzhou Oppein Integration Home Co., Ltd.
Oppein Sanitary	means	Guangzhou Oppein Sanitary Ware Co., Ltd.
Tianjin Oppein	means	Tianjin Oppein Integration Home Co., Ltd.
Wuxi Oppein	means	Wuxi (Jiangsu) Oppein Integration Home Co., Ltd.
Qingyuan Oppein	means	Qingyuan Oppein Integration Home Co., Ltd.
Chengdu Oppein	means	Chengdu Oppein Smart Home Co., Ltd.
Oppolia	means	Guangzhou Oppolia Smart Home Co., Ltd.
Ouboni	means	Guangzhou Ouboni Integration Home Co., Ltd.
Owell	means	Guangzhou Owell Decoration Material Co., Ltd.
Company Law	means	<i>Company Law of the People's Republic of China</i>
Securities Law	means	<i>Securities Law of the People's Republic of China</i>
Articles of Association	means	<i>Articles of Association of Oppein Home Group Inc.</i>
Rules of Procedure of the Board of Directors	means	<i>Rules of Procedure of the Board of Directors of Oppein Home Group Inc.</i>
Rules of Procedure of the Board of Supervisors	means	<i>Rules of Procedure of the Board of Supervisors of Oppein Home Group Inc.</i>
Rules of Procedure of General Meetings of Shareholders	means	<i>Rules of Procedure of General Meetings of the Shareholders of Oppein Home Group Inc.</i>
Prospectus	means	<i>Prospectus of Oppein Home Group Inc. for Public Offering of Convertible Company Bond</i>
CSRC	means	China Securities Regulatory Commission
Guotai Junan Securities	means	Guotai Junan Securities Co., Ltd.
Accountant, Huaxing, Huaxing Certified Public Accounts LLP	means	Huaxing Certified Public Accounts LLP (Special General Partnership)
SSE	means	Shanghai Stock Exchange
CSDC	means	China Securities Depository and Clearing Co., Ltd. Shanghai Branch
Convertible bonds	means	Convertible corporation bonds
Current reporting period, current period and current year	means	January 1, 2022 to December 31, 2022
Previous period	means	January 1, 2021 to December 31, 2021

Section II Company profile and key financial indicators

I. Company information

Chinese name of the Company	Oppein Home Group Inc.
Chinese abbreviation of the Company	Oppein Home
English name of the Company	Oppein Home Group Inc.
English abbreviation of the Company	OPPEIN
Legal representative of the Company	Yao Liangsong

II. Contacts and contact information

	Secretary of the board	Securities representative
Name	Ou Yingying	Ou Yingying
Contact address	No. 366 Guanghua Third Road, Baiyun District, Guangzhou	No. 366 Guanghua Third Road, Baiyun District, Guangzhou
Tel.	020-36733399	020-36733399
Fax	020-36733645	020-36733645
E-mail	oppeinir@oppein.com	oppeinir@oppein.com

III. Basic information

Registered address of the Company	No. 366 Guanghua Third Road, Baiyun District, Guangzhou
Historical changes in the registered address of the Company	None
Office address of the Company	No. 366 Guanghua Third Road, Baiyun District, Guangzhou
Postal code of office address of the Company	510450
Company website	www.oppein.com
E-mail	oppeinir@oppein.com

IV. Disclosure and storage location

Media name and website of where the Company discloses its annual report	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website of the stock exchange where the Company discloses its annual report	www.sse.com.cn
Storage location of the Company's annual report	Office of Securities Affairs Department of the Company

V. Company stock profile

Company stock profile				
Stock class	Stock listing exchange	Stock abbreviation	Stock code	Stock abbreviation before change
A shares	Shanghai Stock Exchange	Oppein Home	603833	N/A

VI. Other relevant information

Accounting firm hired by the Company (domestic)	Name	Huaxing Certified Public Accounts LLP (Special General Partnership)
	Office address	F/7-9, Tower B, Zhongshan Tower, No. 152 Hudong Road, Gulou District, Fuzhou City, Fujian Province
	Name of signatory accountant	Feng Jun, Fu Peng
Sponsor performing continuous supervision duties during the reporting period	Name	Guotai Junan Securities Co., Ltd.
	Office address	F/43, New World Center, No. 6009 Yitian Road, Futian District, Shenzhen
	Name of sponsor representative signing	Xia Qi, Li Ning
	Period of continuous supervision	September 1, 2022 to December 31, 2023

VII. Main accounting data and financial indicators in the past three years**(I) Key accounting data**

Unit: CNY

Key accounting data	2022	2021	Increase or decrease in the current period over the same period last year (%)	2020
Operating income	22,479,503,474.56	20,441,604,591.50	9.97	14,739,690,238.09
Net profit attributable to shareholders of listed companies	2,688,425,483.50	2,665,588,441.38	0.86	2,062,629,441.88
Net profit attributable to	2,592,339,337.77	2,510,354,529.21	3.27	1,935,193,531.48

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shareholders of listed companies after deducting non-recurring profits and losses				
Net cash flows from operating activities	2,409,760,167.55	4,045,966,670.39	-40.44	3,889,455,693.03
	At the end of 2022	At the end of 2021	Increase or decrease at the end of the period over the end of the same period last year (%)	At the end of 2020
Net asset attributable to shareholders of listed companies	16,508,147,251.70	14,408,790,729.40	14.57	11,925,427,990.33
Total assets	28,611,007,188.61	23,392,733,365.23	22.31	18,843,631,132.18

(II) Key financial indicators

Key financial indicators	2022	2021	Increase or decrease in the current period over the same period last year (%)	2020
Basic earnings per share (CNY/share)	4.41	4.40	0.23	3.47
Diluted earnings per share (CNY/share)	4.38	4.40	-0.45	3.47
Basic earnings per share after deducting non-recurring profits and losses (CNY/share)	4.26	4.14	2.90	3.26
Weighted average return on net assets (%)	17.37	20.14	Decrease by 2.77%	19.26
Weighted average after deducting non-recurring profits and losses Return on equity (%)	16.75	18.97	Decrease by 2.22%	18.07

Description of main accounting data and financial indicators of the Company in the first three years at the end of the reporting period

Applicable Not applicable

VIII. Differences in accounting data under domestic and foreign accounting standards**(I) The difference between net profit and net assets attributable to shareholders of listed companies in financial reports disclosed in accordance with International Accounting Standards and Chinese Accounting Standards**

Applicable Not applicable

(II) The difference between net profit and net assets attributable to shareholders of listed companies in financial reports disclosed in accordance with Overseas Accounting standards and Chinese Accounting Standards

Applicable Not applicable

(III) Explanation of differences between domestic and foreign accounting standards:

Applicable Not applicable

IX. Main financial data by quarter in 2022

Unit: CNY

	First quarter	Second quarter	Third quarter	Fourth quarter
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	(January-March)	(April-June)	(July-September)	(October-December)
Operating income	4,144,232,594.92	5,549,128,458.83	6,575,349,522.57	6,210,792,898.24
Net profit attributable to shareholders of listed companies	253,132,676.23	765,145,238.65	972,190,528.01	697,957,040.61
Net profit attributable to shareholders of listed companies after deducting non-recurring profits and losses	233,509,316.79	747,526,059.30	939,524,185.96	671,779,775.72
Net cash flows from operating activities	-323,902,855.05	1,266,097,134.70	1,021,443,443.69	446,122,444.21

Explanation of differences between quarterly data and disclosed periodic report data

Applicable Not applicable

X. Items and amounts of non-recurring profits and losses

Applicable Not applicable

Unit: CNY

Non-recurring profits and losses	Amount in 2022	Notes (if applicable)	Amount in 2021	Amount in 2020
Profits and losses on disposal of non-current assets	-267,179.73	/	-6,782,217.94	87,230.83
Ultra vires examination and approval, or no formal approval documents, or occasional tax return, reduction and exemption		/		
Government subsidies included in the current profits and losses, except those closely related to the normal business of the Company, which are in line with national policies and regulations and continue to be enjoyed in accordance with certain standards or quotas	106,255,630.20	/	85,902,420.45	79,335,865.73
Capital occupancy fees charged to non-financial enterprises included in current profits and losses		/		
The investment cost of subsidiaries, associates and associated enterprise obtained by the enterprise is less than the income from the fair value of the identifiable net assets of the investee at the time of obtaining the investment		/		
Profits and losses on non-monetary asset exchange		/		
Profits and losses from entrusting others to invest or manage assets		/		
Provision for impairment of assets due to force majeure, such as natural disasters		/		
Profits and losses on debt restructuring		/		
Enterprise restructuring costs, such as expenses for resettling employees and integration costs		/		
Profits and losses exceeding fair value arising from transactions with significantly unfair transaction prices		/		
Current net profits and losses of		/		

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subsidiaries arising from business merger under the same control from the beginning of the period to the merger date				
Profits and losses arising from contingencies unrelated to the normal business operation of the Company		/		
In addition to the effective hedging business related to the normal business of the Company, the profits and losses from changes in fair value arising from the holding of 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 creditor's rights investments	-15,064,653.29	/	77,026,005.71	61,144,309.96
Reversal of provision for impairment of receivables and contract assets subject to independent impairment test		/		
Profits and losses from entrusted loans		/		
Profits and losses arising from changes in the fair value of investment real estate measured subsequently using the fair value model		/		
The impact of one-time adjustment of current profits and losses on current profits and losses according to the requirements of tax, accounting and other laws and regulations		/		
Custody fee income from entrusted operation		/		
Other non-operating income and expenses other than the above items	11,468,590.83	/	14,929,914.65	5,345,460.23
Other profit and loss items that meet the definition of non-recurring profits and losses	19,781,431.38	/	5,339,654.99	7,190,026.21
Less: income tax impact	26,077,389.56	/	21,181,865.70	25,666,982.56
Minority shareholders' equity impact (after tax)	10,284.10	/		
Total	96,086,145.73	/	155,233,912.16	127,435,910.40

The reasons shall be explained for the non-recurring profits and losses defined by the Company in accordance with the definition of *Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public No.1 - Non-recurring Profits and Losses*, and the non-recurring profits and losses listed in *Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public No.1 - Non-recurring Profits and Losses* as recurring profits and losses.

Applicable Not applicable

XI. Items measured at fair value

Applicable Not applicable

Unit: CNY

Item	Beginning balance	Ending balance	Current changes	Amount of impact on current profits
Trading financial assets	1,677,354,882.08	803,050,958.90	-874,303,923.18	11,627,612.42

Investment in other equity instruments	310,310,218.60	369,234,888.05	58,924,669.45	6,251,775.00
Other non-current financial assets	60,339,938.23	18,968,837.07	-41,371,101.16	-36,815,234.41
Total	2,048,005,038.91	1,191,254,684.02	-856,750,354.89	-18,935,846.99

XII. Other

Applicable Not applicable

Section III Management discussion and analysis**I. Business discussion and analysis**

2022 was an extremely difficult year. During the reporting period, the downward pressure on the national real estate market was unprecedented. Although the central and local governments continued to release positive signals to stabilize the real estate market, favorable policies were introduced, and the housing credit environment was continuously optimized, the policy effect was not yet appeared in the short term; faced with the interweaving impact of multiple external unexpected adverse factors such as the continuous downturn of the real estate industry and the slowdown of economic growth, the expectations and sentiment of home buyers were constantly suppressed; consumer online shopping habits had been strengthened in the past three years, a new home appliances and services retail format of attracting clients online, experiencing the product and placing the order offline is forming accelerately.

Faced with the business environment of real estate development risk spillover and in-depth adjustment, intensified competition in the home industry, fluctuations in raw material supply, economic downturn and diversification of home channels, Oppein still shows strong combat effectiveness, and strives for steady progress through the effective implementation of large home furnishing business model innovation, intelligent manufacturing and organizational structure optimization throughout the year. During the reporting period, the Company realized business income of CNY 22.480 billion, an increase of 9.97% over the same period last year, and realized net profit of CNY 2.688 billion, an increase of 0.86% over the same period last year.

(I) During the reporting period, the marketing system was not afraid of the storm, guarding the existing market, grabbing new market share and increasing average client purchase value, and made every effort to break the ice under the background of the overall cold of real estate. The Company's operating income achieved a rare year-on-year nearly double-digit positive growth

1. The leading position of the whole house marketing business (wardrobe) industry is more prominent and stable, which is the main engine driving the growth of the Company's operating income in the current period:

First, the breakthrough upgrading of net aldehyde 3.0, realizing the transformation from net aldehyde in the whole wardrobe to net aldehyde in space (wardrobe door wall integration), building a more environmentally friendly living space, and starting a wave of health and environmental protection upgrading; second, creatively putting forward the 2.0 strategy of whole home customization, customizing the overall solutions of the six spaces of the whole house for users, and leading the industry to upgrade from whole house customization to the era of whole house customization; third, sensitively capturing the market consumption trend, providing consumers with more diversified product package upgrade series, and breaking through the whole single value ceiling; fourth, constantly exploring the innovation of integrated marketing model, and continuously carrying out online and offline linkage sales activities throughout the year to drive terminal sales; fifth, multi-dimensional development of new channels and new models, bag check/home decoration/whole house decoration/new retail/online cloud stores etc., enabling terminals to broaden the traffic acquisition entrance.

2. Kitchen marketing business fought with challenges, and achieved the annual internal management objectives in a hard way:

First, the channel layout is multipronged to enhance market share, including 440+ new decoration stores in retail channels, 4,000+ cooperative decoration enterprises in retail system, 170+ new stores in integrated kitchen business model, and 100+ cities with supermarket large home furnishing; second, deeply cultivate the field of cabinet specialization, develop space solutions for like living room and dining room, transform old kitchens, and deepen kitchen supply chain cooperation; third, promote the process of large home furnishing, integrate kitchen and bathroom marketing and pan large home furnishing business, and create the second growth curve; fourth, create products that meet the needs of consumers, such as "Healthy Kitchen 3.0" and "Oppein Changeable Western Kitchen", to lead the high-quality development of people's living standards.

3. The whole house decoration & furnishing business is flying, and the annual performance is growing rapidly:

First, driven by the dual brands of Oppein and Baunis, it dances with the head decoration enterprises, consolidates

the Company's leading position in the whole decoration track, and opens up a new blue ocean of growth; second, we will continue to promote the innovation of V8 operation system and "operation 1+8" system, comprehensively help decoration enterprises innovate traffic acquisition methods, model tactics and operation capabilities, enable decoration enterprises to reduce costs and increase efficiency, and enhance market competitiveness; third, we will continue to promote the core of Oppein/Baunis whole house decoration & furnishing customization products + supply chain product integration + two leading enterprises alliance product upgrading, meet the needs of users for "decorating a home", and build a moat of supporting capabilities for decoration enterprises; fourth, we will create, share, achieve win-win and co-evolute with decoration enterprises, steadily promote the strategies of "strong business", "supporting new business" and "fine investment" throughout the year, and constantly consolidate and expand the Company's leading advantages in the field of whole decoration.

4. For bulk business, we will strictly control risks, be calm and down-to-earth, and good at balance to ensure that the Company's overall revenue achieves quality growth:

First, we will give full play to the advantages of multi-category R&D and large home furnishing supporting, cooperate with high-quality strategic customers to upgrade from products to content, and actively promote the whole case hardcover loading business; second, we will give full play to the advantages of large-scale non-standard manufacturing, constantly broaden the width of product application scenarios, and extend from traditional hardcover housing to various public construction projects such as schools, hospitals and industrial parks; third, we will continue to cultivate new bulk projects such as talent housing, affordable housing and the transformation of old residential areas.

5. Oppolia's business closely follows the market trend, continues to give full play to its natural ability to integrate categories into large home furnishing, and grows healthily:

First, through live broadcasting, design of master IP live broadcasting activities, variety, high-quality KOL&KOC recommendation matrix and so on, we can raise the strength of brand in an all-round way and continuously enhance the brand's strength; second, we will actively lay out localization empowerment, and firefly plan and pilot plan to effectively empower dealers to enhance their online customer acquisition and transformation capabilities; third, the e-commerce channel is strongly enabled to distribute orders for terminals 300,000+ times, boosting the continuous improvement of performance; fourth, we will continue to strengthen the design ability of the whole case, and the newly developed products won many awards such as the 2022 Italian A'Design Award; fifth, during the reporting period, Oppolia opened 1,000 stores for the first time, reaching 1,054, and comprehensively optimized the layout and display, followed the trend of whole decoration, developed projects such as bag check, 1,000 residential buildings and 100 orders, as well as 10 million output value projects frequently, helping the steady growth of performance.

6. Ouboni leads the industry trend of door, wall and cabinet integration and achieves steady growth in performance:

First, deepen the professional strength of products, first promote formaldehyde free wooden doors, set off the environmental protection upgrading of doors and walls, continue to consolidate the six core functions of noise prevention, fire prevention, moisture prevention, theft prevention and intelligence, and build a professional moat; second, expand the category map horizontally, and complete the brand leap with "door and wall customization, overall home furnishing, new luxury entry door"; third, marketing efforts, complete a number of Star Tour Live Broadcast and top anchor live broadcasting with goods annually, establish TikTok self-broadcast system, to achieve online and offline reputation and order performance transformation; fourth, continue to optimize the product structure, develop and produce wood wall products suitable for the strategic layout of the Company's large home furnishing, help the business expansion of bulk and integrated home decoration channels, continuously improve production efficiency, and achieve high-quality growth of performance.

7. Oppein retail large home furnishing business sets sail against the trend and embarks on a new journey:

First, the Company's Large Home Furnishing Marketing Department has led the retail system to climb the new peak of large home furnishing by transforming the whole decoration track through innovative store formats, standard displays, sales model building and other enabling retail systems. By the end of 2022, Oppein retail system had started the construction of 102 large home furnishing stores; second, the Company innovatively puts forward the "decoration housekeeper" model, with the theme of "solving decoration pain points for end consumers and eliminating decoration phobia", implementing policies according to the city and cooperating with manufacturers to build an "independent third-party" platform supervision system with Oppein as the core. During the reporting period, the average net recommendation value of large home furnishing store customers exceeded 9 points (out of 10 points); third, the original P9 decoration sales system will gradually standardize the highly non-standard "home decoration design" and "construction organization", so that retail dealers who "do not understand, do not want and do not dare to engage in decoration" can easily enter the whole decoration.

(II) During the reporting period, the manufacturing system improved production efficiency and effectively controlled the total cost through the effective implementation of organizational streamlining, lean improvement,

intelligent manufacturing, large home furnishing and information strategy, met the increasingly stringent needs of customers for quality, price and delivery time, and provided a strong guarantee for the realization of the Company's performance objectives

1. Comprehensively build precise delivery of orders and professional enabling terminals:

First, the promotion of direct delivery model has achieved remarkable results, greatly alleviating the shortage of base resources and reducing operating costs, where: the direct delivery rate of integrated retail multi category (full set) is close to 50%, the on-time rate is nearly 98%, the project direct delivery rate is more than 96%, and the on-time rate is more than 93%; second, the deepening of dry warehouse distribution model and the promotion and application of TIMS have achieved new phased results: The national network service capacity has exceeded 50%; TIMS system has completed the full coverage of dry warehouse distribution business; third, the market-oriented service model and engineering gold nanny service have been unanimously praised by dealers.

2. R&D and design lead the industry leading level:

First, the Company won 9 domestic and foreign design awards, such as "Guangzhou High-level Enterprise Research Institute" and Muse Design Gold Award in the United States, A'desig in Italy and IF in Germany; second, the Company has successfully completed the research and development of 600+ new products in 2023, while reducing the R&D cycle of new products; third, the Company establishes a new track for door, wall and cabinet integration, builds standards, builds systems, and helps new products take off; fourth, the product system has been upgraded in an all-round way, greatly integrated and streamlined, and the proportion of product series and material color reduction exceeds double digits.

3. Significant improvement effect of manufacturing management:

First, new breakthroughs have been made in the standardization of the whole single level and cabinet level of kitchen cabinets, which greatly improves the cost and shortens the delivery time; second, the wardrobe has been upgraded to the whole cabinet net aldehyde and space net aldehyde, comprehensively promoting product standardization, greatly shortening the launch cycle of new products, and the project of door, wall and cabinet integration has achieved remarkable results to achieve the full integration of wardrobe and wood door; third, the level of door panel powder spraying and UV manufacturing has been continuously improved, and new technologies such as laser engraving, "industrialization" and "flexible" printing have been developed and mass-produced; fourth, the operation improvement of major bases has achieved remarkable results.

4. Continue to promote automation and intelligent upgrading and transformation, improve efficiency and reduce costs:

First, the wardrobe has completed the automation improvement of robot electronic cutting saw, edge sealing wiring, automatic loading and unloading wiring of row drill, automatic sorting and packaging line of cabinet body, and back plate suit cut, so as to further promote the specialized production model of cabinet body, door plate and back plate; second, kitchen cabinets and bathrooms have completed the promotion, upgrading and transformation of the automation of edge sealing and drilling lines, and kitchen appliances have achieved the industry's first laser automatic welding, grinding free and single piece continuous production process; third, the rhythm of wood door paint free automation production line has been improved by double digits, some base paint free 3.0 automation workshops have been put into operation, and the automation level of door and wall production has been significantly improved; fourth, in terms of door panels, blister upgrades one-driven-three processing centers, spray glue connection automation process, spray powder investment in the flexible processing technology of double powder rooms in the accumulation chain, solving the industry problems of color change difficulties.

5. Fruitful achievements in information construction:

First, achieve the opening of design and production of the whole category, helping to promote the implementation of large home furnishing strategy; second, the efficiency of order circulation has been greatly improved, with the first pass rate of design exceeding 95% and the exemption rate exceeding 85%; third, the background service is pre-positioned to vigorously improve the design quality and break through the bottleneck of terminal empowerment; fourth, fully realize the delivery of orders in the whole chain and online collaboration of capital settlement; fifth, new breakthroughs have been made in the benchmarking of PLM/MRP/MPCS projects, large versions of the basic framework of core systems such as BPM/MSCS have been upgraded, and 100 billion scale information infrastructure support capacity building has been planned.

6. Won the 7th Guangdong Provincial Government Quality Award

The Company has been consumer centered to improve products and services, build an integrated quality assurance system, make breakthroughs in self-developed informatization, patent application and localization of testing technology, lead environmental protection upgrading, compile industry standards, upgrade supply chains, and promote the quality improvement of customized product chains. During the reporting period, the review expert group of "Guangdong Provincial Government Quality Award" evaluated and discussed the Company in multiple dimensions through listening

to reports, consulting materials, on-site visits and on-site communication. With its outstanding performance in leadership, quality, innovation, brand and efficiency, the Company stands out among many manufacturing enterprises and won the 7th Guangdong Provincial Government Quality Award, the highest honor in the provincial quality system.

(III) During the reporting period, the Company's functional system has always maintained a sense of vigilance and worry, facing difficulties, firmly believing in moving forward, self-reflection, reform and innovation, and did not hesitate to seek all opportunities for development

All departments of the functional system perform their respective duties and become a strong guarantee, support, energy storage and transmission base for the marketing and manufacturing system. First, optimize the total remuneration and compilation control rules, refine dynamic control, and effectively balance the relationship between human cost and personnel growth rate; second, establish a multi-dimensional and multi-perspective financial operation analysis system to help business reduce costs and save consumption, continue to build intelligent and automated financial management, and promote 20+ information projects as a whole; third, in extreme environments, ensure the supply of raw materials by multiple means, implement procurement cost control by multiple measures, and establish and optimize a number of key procurement systems and processes; fourth, innovate and establish a system process integration management model that fits the reality of Oppein, complete a comprehensive sorting of business process architecture, and clarify 200+ cross business domain process interfaces; fifth, strengthen institutional governance, legal management and regulatory verification functions, firmly abide by the bottom line of compliance, and strive to create a compliance culture with Oppein characteristics; sixth, improve and upgrade service software and hardware, introduce a number of innovative service projects, and provide high-quality service guarantee for 20,000+ employees of the Company.

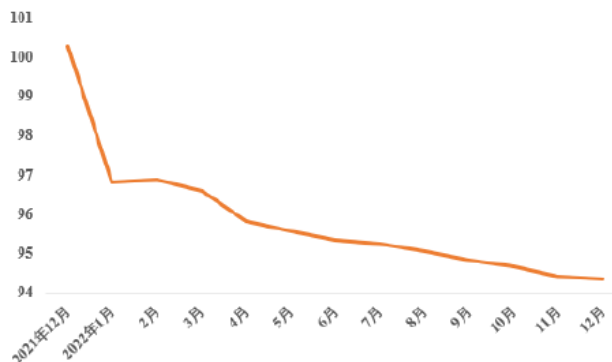
II. Industry situation of the Company during the reporting period

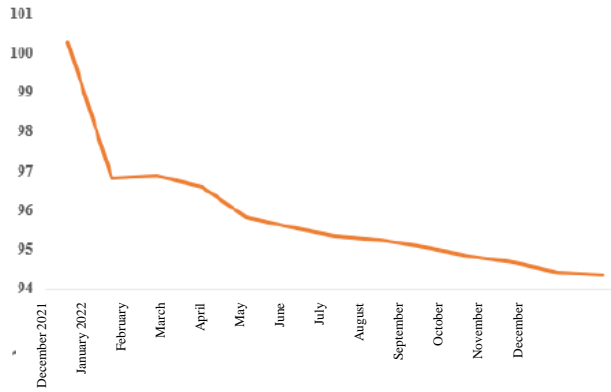
(I) Basic situation of the industry

1. According to the *Industrial Classification for National Economic Activities* (GB/T4754-2017) issued by the National Bureau of Statistics in 2019, the Company is engaged in wood furniture manufacturing industry (C211) in furniture manufacturing industry (C21).

2. Affected by the pressure of economic growth, real estate sales and other factors, from January to December 2022, the total retail sales of furniture in China was CNY 163.5 billion, down 7.5% year-on-year, and the year-on-year growth rate of various categories of commodity retail temporarily ranked last. Meanwhile, the annual operating income of furniture manufacturing enterprises above designated size in 2022 was CNY 762.41 billion, down 8.1% year-on-year from 2021. With the transition of the furniture industry from a period of rapid development to a period of mature development, the overall growth rate of the industry has slowed down. Affected by the "three red lines" control of the early real estate financing policy, the new development investment of real estate on the supply side shows a downward trend. In 2022, the national real estate development investment was CNY 13,289.5 billion, down 10.0% from the same period last year; Among them, residential investment was CNY 10,064.6 billion, down 9.5% year-on-year; the completed residential area was 625.39 million m², down 14.3% year-on-year. The real estate development boom index dropped from 100.28 in December 2021 to 94.35 in December 2022, showing a rapid decline in the early stage and a slow decline in the later stage. Affected by the slowdown in the growth of a number of real estate data, furniture companies have contracted and controlled their engineering business layout.

Figure: Real Estate Development Boom Index





Source: National Bureau of Statistics

Customized home furnishing industry is moving from single category sales to multi-category integration. Non-standard customized wood furniture products, standardized building materials products and personalized soft decoration products penetrate each other, and the category melee has escalated again. With the youth of the main group of home decoration consumption and the frequent demand for decoration, it further promotes the transformation from simple product integration to more complex decoration service integration. Products and services are no longer a separate link in the whole chain of home decoration services, cross-border integration has become an industry trend, and the single value of customers and the flat efficiency of single stores have been improved to a certain extent. The category boundary of customized furniture industry is further blurred, showing category diversification and channel diversification, and the industry competition pattern is constantly changing and updating.

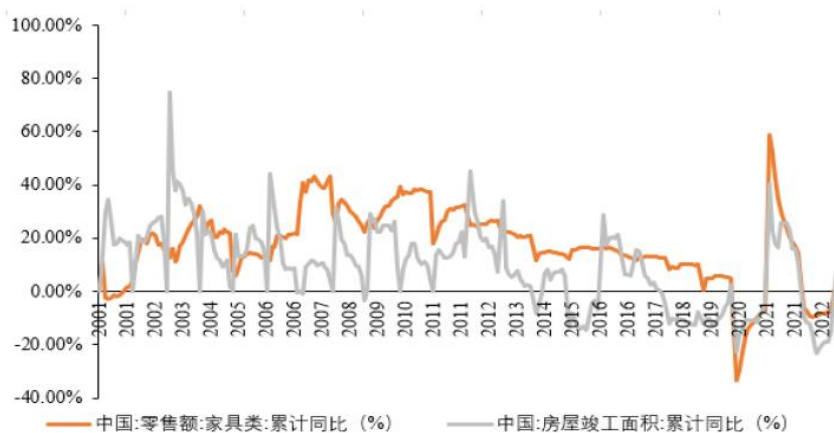
3. Online and offline integrated sales model has become a trend. From the perspective of BHI national building materials home terminal store prosperity index, affected by multiple factors such as economic downturn, real estate downturn and purchasing power decline, BHI showed a trend of "stability previously and decline later" in 2022. Customized home enterprises enhance the popularity of terminal stores through new retail formats of online promotion and traffic acquisition, offline experience and turnover of customer stores.

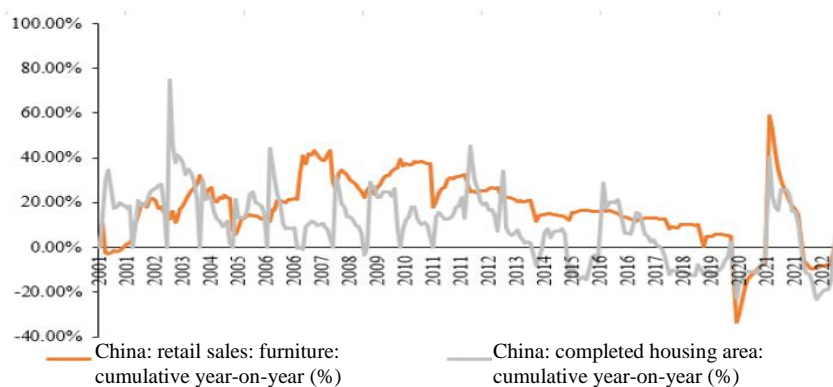
(II) Industry characteristics

1. Cyclical and seasonal

Customized furniture is optional consumer goods and is part of the home building material market. From the perspective of cyclical characteristics, the industry is affected by macroeconomic growth, industry policies, real estate related policies and investment and financing, changes in consumer ideas, intergenerational changes in the main consumption force, and life cycle differences in various categories of customized furniture. The growth rate of furniture retail sales is closely related to the growth of completed housing area, which has a strong periodicity.

Figure: Relationship between the Year-On-Year Growth of Furniture Retail Sales and the Year-On-Year Growth of Completed House Construction Area





Source: WIND

From the perspective of seasonal characteristics, affected by the traditional Spring Festival, the climate differences between South and North China and the differences in living habits, the decoration has certain seasonal characteristics, which will lead to the delay of installation and delivery and the delayed release of purchase demand at a specific time and environment, so there are also some seasonal fluctuations at the performance level.

2. Low industry concentration

The market pattern of customized furniture industry as a whole is relatively dispersed. According to the estimates of securities firms and industry data, by the end of 2021, CR8 (caliber of listed companies) was 10.73%. Although the market share of leading enterprises is gradually increasing, it is still relatively low compared with mature industries such as home appliances, the regional decentralization of dealers, the large number of market participants, the low threshold of industry entry and exit, the passenger flow dispersion continue to intensify, and the industry concentration needs to be further improved. In the future, with the promotion of the whole decoration business and the concentration of dispersed passenger flow, it is expected to further increase the market share of leading enterprises.

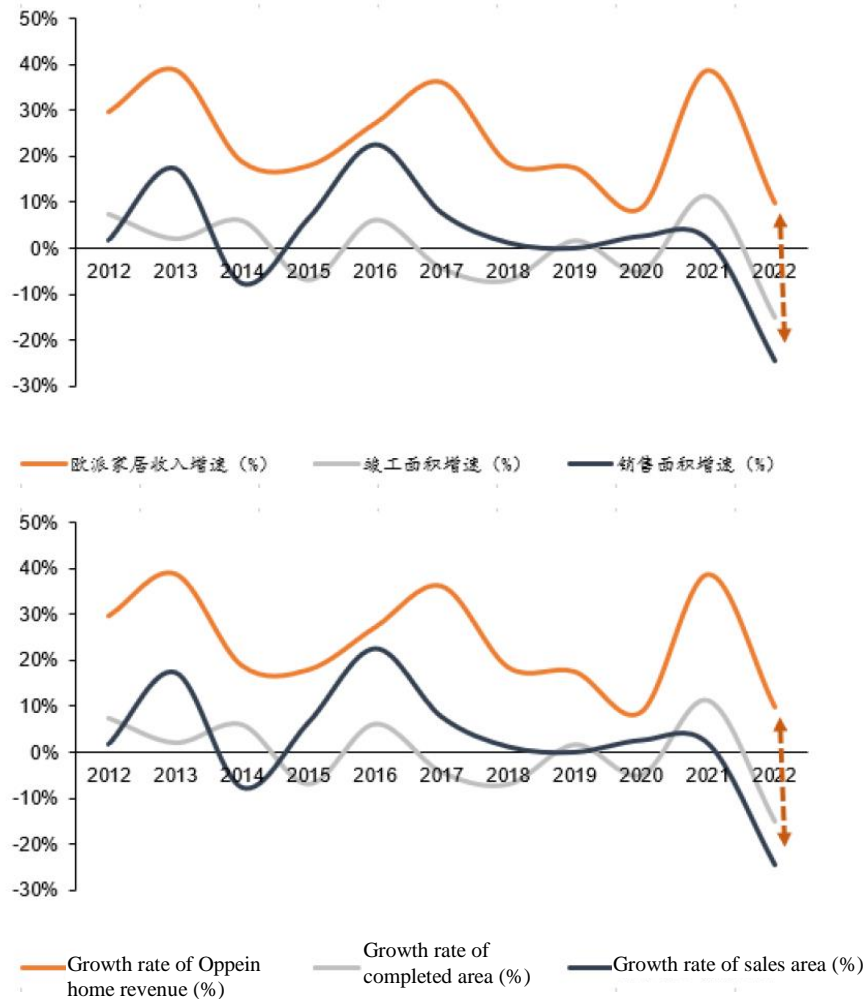
3. Blurring of industry boundaries

In recent years, the industry has shown a trend of multi-category and multi-brand integrated sales, and has gradually become the mainstream and consensus of the industry. In the traditional furniture stores with customized furniture enterprise layout, customization, soft decoration, electrical appliances and other categories fully meet the one-stop shopping demand of consumers through package integration, supporting product sales and other forms. In terms of multi-brand, it is mainly divided into two forms: cultivation within the system and integration outside the system. In terms of cultivation within the system, it expands the second and third brands by expanding the target consumer groups, extending the price band and building a new brand image, so as to achieve the expansion and layout of new growth points; in terms of integration outside the system, multi-brand layout is realized through brand strategic alliance or brand integration. Meanwhile, through the change of channel model, it can achieve in-depth cooperation with home decoration and decoration companies, pre-position the marketing and customer acquisition process, and provide customers with one-stop whole process services covering home decoration, building materials, furniture, soft decoration, electrical appliances and so on. Customized furniture industry companies are no longer limited to selling a single whole house customized cabinet, soft decoration and other categories, but to expand the direction of integrated sales of decoration services and products.

(III) Industry position of the Company

The Company is a leading one-stop high-quality home integrated service provider in China. Its operating income and net profit scale are in the leading position in the same industry. It leads the industry in an all-round way in terms of forward-looking strategic layout. It is a pioneer in the expansion of new models and the excavation of new channels in the industry. It dares to be the first among the multiple changes and uncertainties in the industry and firmly moves forward to the direction of large home furnishing. In terms of categories, by the end of 2022, the Company's cabinet and wardrobe revenue scale ranked first in the industry. The growth rate of the Company's operating income is not limited to the driving force of the new real estate cycle, but more reflected in the promotion and development of its own strategic cycle through channel expansion (cooperation with whole decoration companies) sales, multi-brand cooperation and cross category sales. The brand influence of "Oppein" has been continuously strengthened among various categories, and the competitive advantage has been continuously highlighted.

Figure: Relationship between the Growth Rate of the Company's Operating Income and the Growth Rate of Completed House Construction Area and Sales Area



Source: the Company's periodic report data and WIND

(IV) The newly announced laws, administrative regulations, departmental rules and industry policies have a significant impact on the industry

1. China continues to promote high-quality quantification, production and manufacturing informatization and industrial cluster of home industry products. In April 2022, the General Office of the State Council issued the *Opinions on Further Releasing Consumption Potential and Promoting Sustainable Recovery of Consumption* to cultivate and strengthen new consumption formats such as "Internet+home decoration"; vigorously develop green home decoration, and encourage consumers to replace or buy new green energy-saving home appliances, environmental protection furniture and other household products. In August 2022, the Ministry of Industry and Information Technology, the Ministry of Housing and Urban-Rural Development, the Ministry of Commerce and the State Administration for Market Regulation jointly issued the *Action Plan to Promote High-quality Development of Home Furnishing Industry* (hereinafter referred to as the *Action Plan*). The *Action Plan* proposes that by 2025, the innovation ability of the home industry will be significantly enhanced, the supply of high-quality products will be significantly increased, and a higher level virtuous circle of supply creating demand and demand pulling supply will be initially formed. Innovative platforms such as manufacturing innovation center and digital transformation promotion center will be cultivated in household appliances, lighting appliances and other industries, the integration level of key industries will reach 65%, and a number of 5G fully connected factories, intelligent manufacturing demonstration factories and excellent application scenarios will be cultivated. The proportion of personalized customization such as reverse customization, whole house customization and scenario integrated customization has steadily increased, the supply of green, intelligent and health products has increased significantly, and new formats such as smart home have accelerated their development. About 50 well-known brands and 10 home ecological brands will be cultivated in the home industry, a number of excellent products will be promoted, 500 smart home experience centers will be established, and 15 high-level characteristic industrial clusters will be cultivated, so as to promote the quality consumption of home brands with high-quality supply.

2. In order to promote the steady and healthy development of the real estate market, under the premise of unchanged positioning of "no speculation in housing", China continued to introduce a number of policies on the implementation of guaranteed delivery, financing needs of high-quality credit real estate enterprises, and rigid and improved housing needs in 2022.

(1) "Guarantee the delivery of buildings" was written into the meeting documents of the Political Bureau of the Central Committee of the CPC for the first time. In July 2022, the meeting of the Political Bureau of the Central Committee of the CPC stressed the need to "consolidate the responsibilities of local governments, guarantee the delivery of buildings and stabilize people's livelihood". Since August, Shijiazhuang, Zhengzhou and other places have introduced relevant measures to "guarantee the delivery of buildings", including "one-on-one assistance", the establishment of bail-out funds, the acquisition of unsalable housing as resettlement housing and so on.

(2) The financing policy of real estate enterprises continued to relax, the "16 financial articles" were introduced, and real estate welcomed the strongest policy support in 2022. Taking November 2022 as a watershed, the regulatory attitude towards the financing of real estate enterprises was fundamentally shifted, and the direction of relief changed from "saving projects" to "saving projects and saving enterprises". First of all, three arrows supporting real estate enterprises: the "first arrow" credit financing field, the "second arrow" bond issuance, and the "third arrow" equity financing. Meanwhile the "16 financial articles" were introduced, involving a total of 16 measures, such as real estate development loans, personal loans, stock financing extension, trust financing, bond financing, special loans for "guarantee the delivery of buildings", personal credit protection, extension of loan centralization, and housing rental finance.

(3) Real estate has once again become a "pillar industry", boosting industry confidence. In December 2022, vice premier Liu He pointed out that "real estate is the pillar industry of the national economy. In view of the current downward risks, we have issued some policies and are considering new measures to improve the assets and liabilities of the industry and guide market expectations and confidence to recover."

(4) Reduce the interest rates of personal commercial loans and provident fund loans. In terms of commercial loans, LPR was lowered three times in 2022, the largest number of times since 2019. In January 2022, the one-year LPR decreased by 10 basis points to 3.70%, and five-year LPR decreased by 5 basis points to 4.60%. In May, the five-year+ LPR was sharply reduced by 15 basis points to 4.45%. In August, the one-year LPR was lowered from 3.70% to 3.65%, and the five-year LPR was lowered from 4.45% to 4.3%. In September, the People's Bank of China and the China Banking and Insurance Regulatory Commission made it clear that eligible city governments could independently decide to maintain, lower or abolish the lower limit of commercial mortgage interest rates for the first set of housing. In terms of provident fund loans, the People's Bank of China announced its decision to lower the interest rate of the first personal housing provident fund loan by 0.15% from October 1, 2022.

(5) Some cities have liberalized the purchase restriction policy to varying degrees. In December 2022, Tianjin, Chengdu, Chongqing and other cities successively issued real estate policies: Dongguan and Foshan fully liberalized purchase restrictions, Chongqing, Tianjin and other places loosened policies in terms of long rent of their own housing not included in the number of units, and loosening of the upper limit of housing provident fund loans. Shaoxing proposes to continue to promote housing demolition and reform and the use of housing purchase tickets, implement the role of bail-out funds, make every effort to guarantee the delivery of buildings, and extend the application time of some real estate policies to the end of 2023.

III. Business of the Company during the reporting period

(I) Main business of the Company

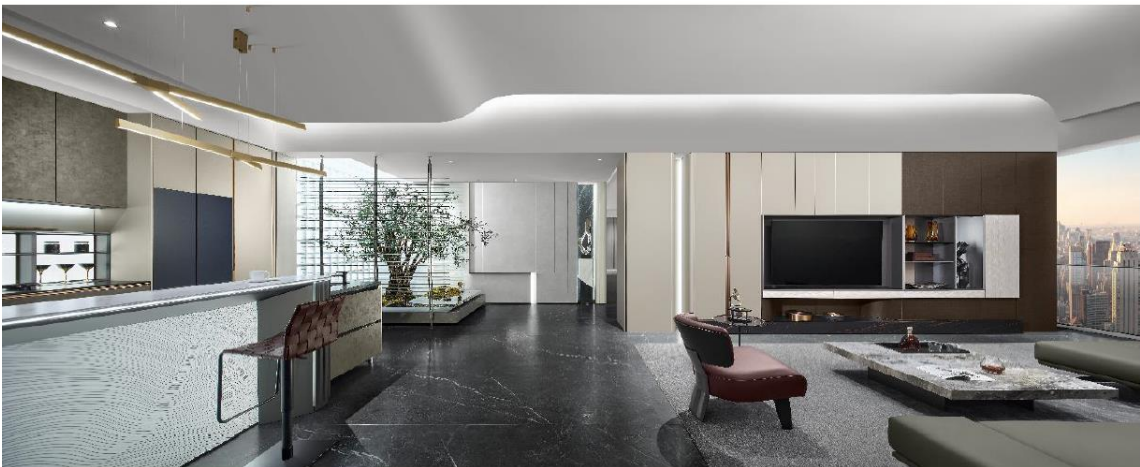
Founded in 1994, Oppein Home is a leading one-stop high-quality home integrated service provider in China. The Company is mainly engaged in personalized design, R&D, production, sales, installation and interior decoration services of whole house home products. The Company started from customized cabinets and extended from cabinets to whole house products, covering the overall kitchen, overall wardrobe (whole house customization), overall bathroom, customized wood door system, metal doors and windows, soft decoration, furniture matching and other overall home products. The Company is committed to customizing a unique home for each family, so that more families can enjoy high-quality home life experience.



Integrated cabinets



Customized wardrobes (whole house customization)



Customized wardrobes (whole house customization)



Oppein large home furnishing



Ouboni door and wall system



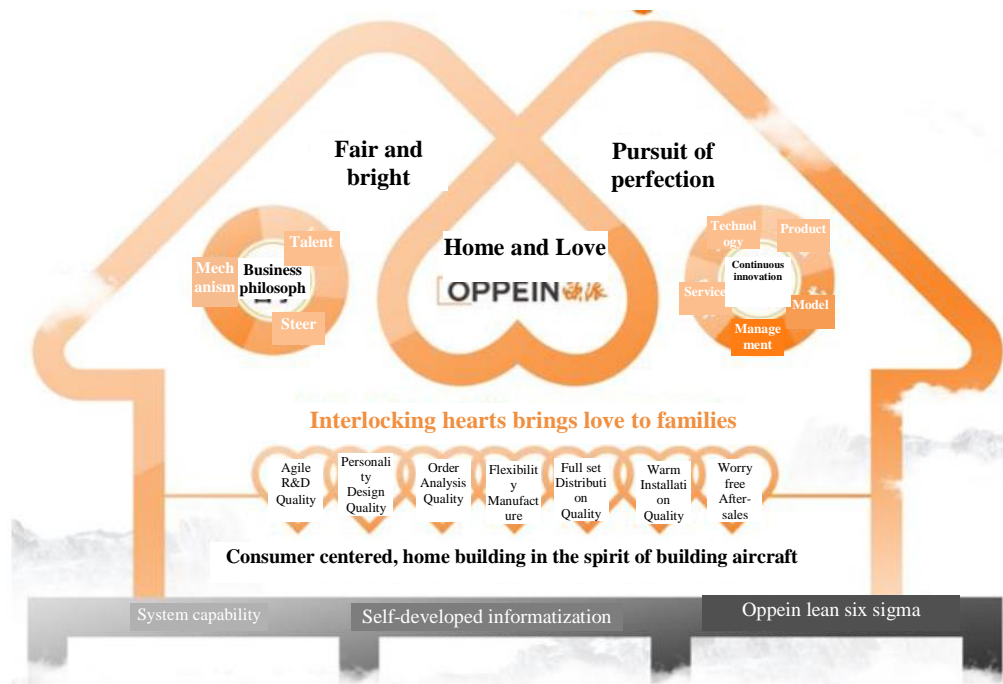
Whole bathroom customization

(II) The Company's main business model

The products operated by the Company mainly adopt the order based production model, and "customization" is the core of the Company's business model. The staff of the Company's exclusive stores designs corresponding solutions according to customers' housing space layout and size, personalized preferences, functions and other needs, and renders renderings through the Company's self-developed information sales system for customers to make consumption decisions; after the customer confirms the design scheme, the order is directly transmitted to the Company's Production Department through the information system. The Company organizes production according to the content of the order, and finally realizes the delivery and installation of customized home products. The Company adopts a vertically integrated business model, covering raw material procurement, design and development, production and manufacturing, brand building, product sales and other links, to achieve effective control of the whole industrial chain.

Build Oppein into a world excellent home furnishing enterprise





1. Procurement model

(1) The Company's procurement process and procurement links

The Company has formulated a complete management system and standard system for the procurement process to realize the unification of internal material specifications and procurement technology and quality standards, so as to form the basis of large-scale procurement; establish a two-level procurement model between headquarters and bases, improve the effectiveness of comprehensive supply chain management, strengthen procurement plan management, timely and effectively supply, and reduce sluggish materials. The products purchased by the Company mainly include plates, functional hardware and other production raw materials, product accessories, as well as kitchen appliances and other household supporting products.

From the perspective of purchasing links, the Company's purchasing business can be subdivided into front end business and back end business. The Supply Chain Management Center and the Procurement Center of the Group are responsible for the front-end business. The Supply Chain Management Center is responsible for the selection, assessment and evaluation of suppliers and the management of purchase prices, so as to realize the unification of supply channels for the same kind of materials in various business sectors. For materials and equipment whose annual consumption reaches a certain scale, the Company adopts on-site bidding to issue Invitation for Bid to qualified suppliers. Through on-site bidding, the best is selected from the best, achieving the expected purchase objectives; the Procurement Center is responsible for classifying and summarizing the consumption of materials in the Group, coordinating the implementation of centralized purchase in each production base, and giving full play to the scale advantages of purchase. The back end business of purchase is the execution of specific purchase orders and material acceptance, which is mainly implemented by the Material Control Department under each product manufacturing line.

(2) Raw material inventory arrangement

In order to strengthen the management of raw materials, ensure the continuous supply of materials, reasonably control inventory, standardize the warehousing process, and maintain the safety and integrity of assets, the Company has formulated relevant systems for raw material inventory management.

According to the Company's purchase implementation management measures, the Material Management Department sets up safety stocks. The person in charge of inventory shall analyze the rationality and effectiveness of the arrival of materials through data and inventory arrangement. If there is any abnormality, he shall feed back to the Purchase Department in time to modify the relevant material items, so as to ensure that the inventory of each material is controlled in the best state that neither production "shutdown for materials" nor material inventory expansion are allowed, and ensure that the turnover times of stored materials meet the predetermined requirements. Meanwhile, we should strengthen the management of inventory period, set effective storage period for all kinds of raw materials and materials, distribute materials in strict accordance with the principle of first in first out, and strictly follow the 5S management and safety management norms in the warehouse in daily work. In the ex-warehouse management link, each production workshop

counts the material demand according to the daily production task, and the Inventory Management Department issues the material after receiving the valid collection certificate.

2. R&D model



R&D process of Oppein home products

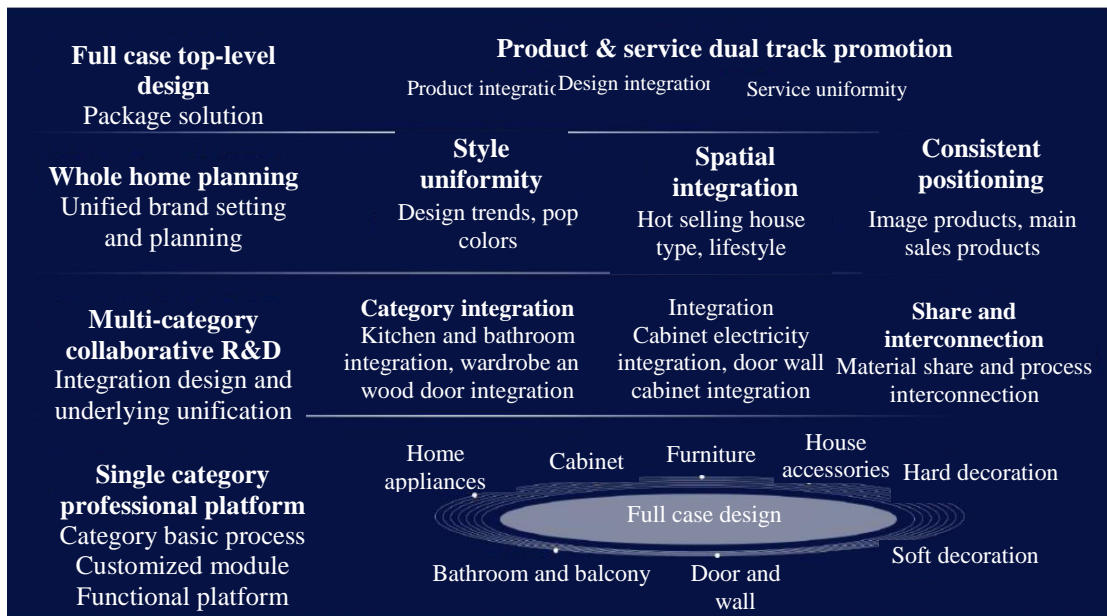
The Company has set up a home product R&D center to coordinate the Company's new product R&D and technology development management. At the same time, the Company's overall kitchen cabinet, overall wardrobe, overall bathroom, customized wooden doors, doors and windows and whole decoration large home furnishing and other business sectors have established product planning and R&D departments.

As the leader of the domestic customized home furnishing industry, the Company's annual R&D expenditure is in the forefront of the industry, so that the Company's customized home furnishing products can always lead the industry. The Company attaches great importance to the construction of R&D team, with more than 3,000 R&D personnel, forming a R&D team with high education and pioneering spirit. Relying on strong R&D capabilities, Oppein Home has built up the core competitiveness of its own product and process innovation, which can quickly respond to the demand for new materials downstream and provide new impetus for the Company's sustained growth.

The Company has always adhered to original design. In addition to having a number of high-level design teams inside, it has set up a R&D and Design Center in Milan, Italy, and actively promoted external exchanges and industry-university-research cooperation. For example, Columbus, a professor at the University of Milan, Italy, has been hired in the field of technology to guide the structural problems of furniture technology. In the field of stone, experts in automatic production and formulation of quartz from South Korea have been hired to carry out automatic line process design and formula re-sorting, carry out basic research with South China University of Technology on the utilization of quartz waste residue, reach strategic cooperation alliances with many famous Italian designers in the field of design, and continuously launch customized home products according to market needs (including overseas markets).

The Company has a CNAS certification laboratory, and in recent years has won the titles of National Industrial Design Center, Guangdong Provincial Government Quality Award, and Guangzhou High-level Enterprise Research Institute and so on. Mature product R&D management system and perfect R&D process design make the Company's R&D level and innovation ability always at the leading level in the customized home industry, and rely on Oppein's "National Industrial Design Center" to continuously innovate product design and development model, enhance the core technology of product design, drive Guangdong · China customized home design to the world, and create Guangdong · China design business card.

3. Production model



Unlike the production of standard home products, customized home enterprises generally have a series of difficulties in order processing, high information requirements, huge amount of data and high accuracy of processing requirements in the production and manufacturing process, resulting in a high threshold for large-scale home customization production. Meanwhile, with the arrival of the era of digital integration, the division of labor in the industrial chain is more in-depth, and intelligent manufacturing has become a new development direction of the customized home industry.

In order to conform to the development trend of modern manufacturing industry, break through the bottleneck of production, focus on the 2025 pattern of Oppein manufacturing, and achieve another breakthrough in information construction, Oppein fully absorbs the production model of TPS; based on the characteristics of customized home industry, around the three end-to-end processes of product engineering data flow (from product design to production), production information flow (from customer demand to production instructions) and production process flow (from incoming materials to finished product shipment), and taking the self-developed information management system as a link to open up, it opens up and integrates efficiently. To achieve the opening up of design and digital production and manufacturing, the integration of the whole business chain information system, the integration of production process, equipment automation and intellectualization, and maintain the leading advantage of Oppein manufacturing informatization in the home industry.

4. Sales model

The Company adopts a compound sales model dominated by dealer exclusive stores, supplemented by bulk business, direct stores and exports.

(1) Dealer exclusive store sales model

a. Traditional dealer model

The sales model of dealers' exclusive stores is the main sales model in the customized home furnishing industry. It refers to that manufacturers select and cultivate dealers who recognize their own brand value, strong financial strength, good market reputation and rich market experience, sign the *Cooperation Agreement* with them, authorize them to set up exclusive stores to sell the products produced by enterprises in specific areas, and the dealers bear the operational risks themselves. In the process of production and operation, the Company timely gives assistance and empowerment to dealer personnel in terms of training, operation and management. The advantage of the dealer exclusive store model is that enterprises can make full use of the experience and social resources of dealers, quickly build sales channels and networks, refine market terminal marketing, and form a marketing strategy highly in line with the local market environment, which is conducive to the rapid expansion of market share.

b. Whole decoration large home furnishing model



With the continuous development and growth of domestic decoration business, as a more advanced demand flow entrance, the impact and diversion of demand flow in the traditional retail channels of the furniture industry are becoming more and more obvious. In order to lay out the whole decoration channel and broaden the source of customers, the Company took the lead in cultivating the whole decoration channel business in the industry, and began to pilot and promote the business model of the whole decoration large home furnishing in 2018. At present, the Company's double brand operation of the whole decoration large home furnishing is "Oppein" and "Baunis" to meet the differentiated needs of different channel partners and users.

Oppein's whole decoration large home furnishing refers to the Company's direct selection of high-quality home decoration companies with large scale and good reputation to carry out agency and distribution cooperation, make full use of the Company's advantages such as high brand awareness, rich customized product categories and supply chain platform, supplemented by the Company's mature information sales system, quickly introduce the terminals of decoration enterprises, greatly improve terminal efficiency, shorten the running-in period, and carry out synchronous empowerment of brand, flow, management and products. In the whole customer service link, the Company is responsible for the production, manufacturing and marketing support of products, and the home decoration company is responsible for providing customized home design and installation services and home decoration design landing construction.

The expansion of the whole decoration business is conducive to the Company to expand passenger flow channels and seize market share in the new market environment. The Company actively implemented measures such as traffic acquisition and marketing assistance for decoration dealers to speed up the development of decoration channels and the construction of marketing terminal model. Meanwhile, the Company actively guides traditional retail dealers to carry out various forms of business cooperation with local home decoration and whole decoration channel companies, promotes retail and decoration dealers to join hands to activate the consumption of customized home products in the local market, and strives to complete the sales expansion of the local home market of Oppein and enhance the overall share of Oppein brand.

(2) Direct-sale store sales model

The sales model of direct-sale stores refers to the business model in which the Company uses its own funds to open "Oppein", "Oppolia" and "Oubonii" series brand exclusive stores in large-scale stores, shopping centers and street storefronts to sell the Company's products (including Oppein cabinets, Oppein wardrobes, Oubonii bathroom, Oubonii whole house, Oppolia whole house customization, etc.). At present, the Company has opened direct-sale stores in some areas of Guangzhou and Dongguan, Guangdong Province.

(3) Bulk business sales model

In this business, the Company signs product supply and installation contracts with real estate developers or engineering contractors. The Company is responsible for the production of goods involved in the contract, and the engineering service provider is the actual operator of project performance, responsible for the design, transportation, installation and after-sales of related products. The Company signs agreements with engineering service providers, and supervises engineering service providers to implement projects according to the contract and deliver products according

to the Company's quality standards.

(4) Export sales model

Product exports mainly include foreign bulk business sales and foreign retail sales. Foreign bulk business sales refer to the Company's independent participation in project negotiation, contract conclusion and performance; foreign retail sales refer to the Company's whole home products sold through retail channels or by choosing foreign dealers.

5. Brand building model

The Company attaches great importance to the construction of series brands of Oppein Home, which is mainly conducted through several aspects:

(1) Brand planning. Based on the research of enterprises, brands, industries and consumers, the Company's brand building is elevated to the height of enterprise business strategy, and the medium and long-term development strategy of enterprise brand is put forward to guide the specific brand marketing tactics in the future. Deeply tap the core value system of the brand, take it as the center, establish a strong brand identification system, and bring strong associations to consumers.

(2) Brand publicity. In order to standardize the Company's brand publicity, improve brand management, promote brand development, effectively protect the brand and maximize brand value, the Company has formulated a detailed brand management system, implemented various public welfare brand publicity advertisements, hard advertisements and soft news publicity in various media channels, and actively participated in various public welfare sponsorship activities, and has organized various celebrations, press conferences, promotion and exhibition activities.

(3) Channel layout and promotion. It fully implements the "10+1" terminal business model, displays the overall image of the Company through a wide range of distribution stores, unified and tidy design and decoration and well-trained professionals, and improve the popularity and reputation of "Oppein", "Oppolia", "Ouboni", "Baunis" and "miform" series brands. The Company has a complete assessment, supervision and early warning mechanism for the operating results and service quality of dealers to maximize the protection of the interests of end consumers and maintain the reputation of Oppein brand. The Company's dealer management level has always been ahead of the same industry.

6. Sales logistics and warehousing model

In order to standardize the internal and external logistics processes of various products of the Company, the Company has formulated relevant systems covering warehousing, shipping, trunk line and distribution management, and set up logistics centers under the manufacturing system to be responsible for the logistics management of the whole link of the Group's products. Meanwhile, in view of the lack of in-transportation management in the industry, the high transportation damage caused by multiple trans-shipments and the problem of wrong and missing goods, the Company actively explores a new logistics business model for customized home products by means of informatization.

IV. Analysis of core competitiveness during the reporting period

Applicable Not applicable

(I) Strong brand influence

Since its establishment 29 years ago, Oppein has always regarded consumer satisfaction as the essence of enterprise survival and adhered to consumer centered improvement of products and services. "Oppein" brand has occupied brand awareness and influence in the hearts of consumers, and is gradually transforming into reputation and trust. The advertising language of "home, love and Oppein" has been deeply rooted in the hearts of the people. From 2016 to 2022, Oppein was selected into the list of China's Top 500 Brand Value Enterprises for seven consecutive years by virtue of its strong brand strength. In 2023, the Company was listed on the list of China's Top 500 Most Valuable Brands in 2022 with a brand value of CNY 57.806 billion, and the brand value increased year by year. In addition, the Company has been selected as one of Chinese Manufacturing 500 Strong and the Top 500 Private Enterprises in Hurun China for four consecutive years, and as one of the Top 500 Private Manufacturing Enterprises in China for six consecutive years.

(II) Strong terminal sales system

After years of channel investment and construction, the Company has established the largest marketing service network in the home industry, which cooperates closely with the Group, grows together and spreads all over the country, and has the most powerful dealer (service provider) resources in the industry, with 7,000+ distribution stores. In terms of terminal management, since its establishment, the Company has adhered to the concept of dealer roots, pioneered and effectively implemented perfect dealer management systems such as 1,000 point assessment mechanism, "10+1" Oppein terminal marketing system, double 50 theory and store 4S management. Meanwhile, the Company conforms to the development trend of the industry, deepens the omni-channel development strategy, and builds a more mature channel operation model with retail and whole decoration channels as the backbone, engineering and e-commerce channels as the two wings, and direct-sale and foreign trade channels as the important support.

(III) Advantages of informatization, customization and intellectualization

Chairman Yao Liangsong of the Company said that "first-class informatization may not achieve first-class enterprises, and first-class enterprises must have first-class informatization". As the world's largest single product customized cabinet and whole house customized double champion manufacturer, after five years of enterprise transformation and upgrading, Oppein has provided the whole process of information transformation and construction, established a global and capable information development team including the Group's Marketing Information Center, Manufacturing Information Center, Functional Information Center and professional software company (Beijing Jiaju Science and Technology), and independently created marketing support software MTDS, design software CAXA, MSCS, MOM\MES, TIMS and other core systems mark that the intelligent technology platform with cloud design, big data application and robot flexible manufacturing as the core has entered the stage of practical application, and informatization, customization and intellectualization will promote "building Oppein into a world excellent home group". In the past five years, Oppein informatization has taken the integration of informatization and intellectualization of product design and manufacturing as its R&D direction, focusing on the construction goal of "design and manufacturing integration, centralized planning and multi-base collaborative production, intelligent manufacturing system support". The Company has successfully built a large-scale non-standard customized home intelligent manufacturing support technology platform and industrial Internet platform, and built a full three-dimensional information model integrating large home furnishing design, display and manufacturing, and established the data middleground and business middleground of marketing and manufacturing. It has realized the comprehensive informatization and cloudization of marketing, design, production and delivery links, formed a closed-loop data link, and realized the informatization management of the whole process from design to after-sales of customized products through the digital intelligence center.

(IV) Mature and efficient systematic operation advantages

The Company attaches great importance to system construction and implementation, with a total of more than 700 business systems, covering three major system businesses of function, manufacturing and marketing. Based on the customization attributes of the Company's products, in order to cope with the personalized needs of customers and the rapid changes in channels, the Company timely adjusts its business strategy to obtain first mover advantages at the time of channel reform, integration and industry shuffling, and takes the systematic collaborative guarantee mechanism oriented by front-line marketing demand as the terminal to escort product competition, channel occupation, strategy adjustment and management upgrading, and continues to empower, and always maintain the strong competitiveness of the Oppein system. Mr. Yao Liangsong, the controlling shareholder of Oppein Home, and the core management of the Company have rich industry experience in the home industry, and have a good judgment and grasp of the strategic trend of the industry, the development direction of the enterprise, the employment mechanism and incentive measures. With the increasing stability of the Company's leading position in the industry, the Company's talent introduction strategy of "nesting and attracting phoenix" has also been carried out smoothly, attracting more high-quality industry talents to join Oppein, and working together to achieve the grand goal of "building Oppein into a world excellent home enterprise".

(V) Strong R&D and innovation capabilities of products and processes

The Company adheres to innovation to promote development, constantly develops independently, gets rid of the stale and brings forth the fresh, and unremittingly develops new products, new materials, new processes and new technologies, so that the Company's process and R&D level are always in the forefront of the industry. In order to meet the market demand, the Company has continuously studied and explored in the fields of product process structure design, new material development and application, process quality management and so on. The Company's leading technology level provides a strong technical guarantee for the production of high-quality customized furniture products. The Company continuously improves and innovates production technology, takes informatization as a tool and means to promote the improvement of process technology, establishes an incentive and assessment mechanism for technical personnel guided by results, and establishes a perfect process level process control system. After years of efforts, the Company's product development has gradually transitioned from single product customization to whole home customization and whole home customization, and from single new product design to new product design, extension design and functional design. As of December 31, 2022, the Company and its holding subsidiaries have 798 patents and 92 computer software copyrights.

(VI) Flexible large-scale non-standard customization production capacity

In the early 1990s, Oppein took the lead in introducing the concept of European "integrated kitchen" into China, creating a precedent for China's industrial production of modern cabinets, and is known as the advocate of China's "kitchen revolution". With the Company's continuous R&D investment for many years, deep technological reserves, leading household R&D strength, upstream and downstream bargaining power of the industrial chain, the Company has explored a large-scale non-standard customized product manufacturing model with Oppein characteristics. At present, the total production scale of the Company's customized furniture products ranks first in the industry. The Company's capacity design is based on the national layout and large home furnishing strategy, and relying on production and manufacturing, it builds four major production bases in the East (Wuxi Base), the South (Qingyuan Base), the West (Chengdu Base) and the North (Tianjin Base), forming a national production capacity radiating East, South, West and North China.

V. Main operating conditions during the reporting period

During the reporting period, the operating income was CNY 22.480 billion, an increase of 9.97% over the same period last year, and the net profit attributable to shareholders of listed companies was CNY 2.688 billion, an increase of 0.86% over the same period last year.

(I) Main business analysis**1. Analysis of Changes in Related Subjects in Profit Statement and Cash Flow Statement**

Unit: CNY

Subject	Current period balance	Amount of the same period last year	Change ratio (%)
Operating income	22,479,503,474.56	20,441,604,591.50	9.97
Operating cost	15,374,184,716.14	13,978,340,522.59	9.99
Selling expenses	1,678,894,114.14	1,385,772,778.03	21.15
Administrative expenses	1,335,732,876.37	1,131,445,694.80	18.06
Financial expenses	-247,399,167.99	-115,480,875.88	-114.23
R&D expense	1,123,248,931.13	907,758,166.73	23.74
Net cash flows from operating activities	2,409,760,167.55	4,045,966,670.39	-40.44
Net cash flows from investing activities	-7,146,174,752.94	-2,065,130,017.73	-246.04
Net cash flows from financing activities	2,985,316,174.67	-187,037,166.66	1,696.11

Reasons for changes in sales expenses: The increase over the same period last year was mainly due to the increase in advertising and publicity fees and employee remuneration

Reasons for changes in financial expenses: The decrease over the same period last year was mainly due to the increase in interest income.

Reasons for changes in R&D expenses: The increase over the same period last year was mainly due to the increase in R&D investment.

Reasons for changes in net cash flow from operating activities: The decrease over the same period last year was mainly due to the increase in cash paid for purchasing goods and receiving services

Reasons for changes in net cash flow from investment activities: The decrease over the same period last year was mainly due to the increase in cash paid for investment.

Reasons for changes in net cash flow from financing activities: The increase over the same period last year was mainly due to the issuance of convertible bonds.

Detailed description of major changes in the Company's business type, profit composition or profit source in the current period

Applicable Not applicable

2. Revenue and cost analysis

Applicable Not applicable

During the reporting period, the Company's main business income was CNY 22,000,522,428.80, an increase of 9.21% over the same period last year, and the main business cost was CNY 15,144,117,735.57, an increase of 9.54% over the same period last year.

(1) Main business by industry, product, region and sales model

Unit: CNY

Main business by industry						
By industry	Operating income	Operating cost	Gross profit margin (%)	Increase or decrease in operating income over the	Increase or decrease in operating costs over the previous year (%)	Increase or decrease in gross profit margin over the previous year (%)

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				previous year (%)		
Furniture manufacturing	22,000,522,428.80	15,144,117,735.57	31.16	9.21	9.54	Decrease by 0.20%

Main business by product						
By product	Operating income	Operating cost	Gross profit margin (%)	Increase or decrease in operating income over the previous year (%)	Increase or decrease in operating costs over the previous year (%)	Increase or decrease in gross profit margin over the previous year (%)
Kitchen cabinets	7,173,091,365.63	4,732,790,483.06	34.02	-4.73	-4.26	Decrease by 0.33%
Wardrobes and accessories	12,139,192,500.13	8,281,753,525.39	31.78	19.34	20.07	Decrease by 0.41%
Bathroom	1,034,631,973.88	763,599,926.60	26.20	4.63	3.51	Increase by 0.80%
Wood door	1,345,660,384.59	1,125,190,957.38	16.38	8.85	5.62	Increase by 2.56%
Other	307,946,204.57	240,782,843.14	21.81	40.64	32.33	Increase by 4.91%
Total	22,000,522,428.80	15,144,117,735.57	31.16	9.21	9.54	Decrease by 0.20%
Main business by region						
By region	Operating income	Operating cost	Gross profit margin (%)	Increase or decrease in operating income over the previous year (%)	Increase or decrease in operating costs over the previous year (%)	Increase or decrease in gross profit margin over the previous year (%)
East China	7,046,147,510.89	4,766,040,886.99	32.36	10.86	11.32	Decrease by 0.28%
South China	3,985,127,886.24	2,590,868,114.75	34.99	8.89	9.40	Decrease by 0.30%
North China	3,040,585,260.42	2,164,221,878.52	28.82	8.90	9.50	Decrease by 0.39%
Central China	2,343,241,631.60	1,675,242,197.43	28.51	14.57	15.15	Decrease by 0.36%
Southwest China	2,773,369,636.04	1,984,564,458.12	28.44	7.43	8.06	Decrease by 0.41%
Northeast China	1,055,540,913.25	753,916,966.05	28.58	-8.62	-8.07	Decrease by 0.42%
Northwest China	1,538,342,253.09	1,081,853,088.58	29.67	13.92	14.84	Decrease by 0.56%
Overseas regions	218,167,337.27	127,410,145.13	41.60	6.47	-12.48	Increase by 12.64%
Total	22,000,522,428.80	15,144,117,735.57	31.16	9.21	9.54	Decrease by 0.20%
Main business by sales model						
Sales model	Operating income	Operating cost	Gross profit	Increase or	Increase or decrease in	Increase or decrease in

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			margin (%)	decrease in operating income over the previous year (%)	operating costs over the previous year (%)	gross profit margin over the previous year (%)
Stores Total	18,287,627,470.08	12,496,049,191.05	31.67	12.42	12.19	Increase by 0.14%
Direct-sale stores	705,526,346.13	314,290,952.36	55.45	20.12	49.16	Decrease by 8.67%
Dealership stores	17,582,101,123.95	12,181,758,238.69	30.72	12.13	11.48	Increase by 0.41%
Bulk business	3,494,727,621.45	2,520,658,399.39	27.87	-4.85	-0.83	Decrease by 2.92%
Online sales	0.00	0.00	/	/	/	/
Other	218,167,337.27	127,410,145.13	41.60	6.47	-12.48	Increase by 12.64%
Total	22,000,522,428.80	15,144,117,735.57	31.16	9.21	9.54	Decrease by 0.20%

Description of main business by industry, product, region and sales model

In 2022, the Company's main business income accounted for 97.87% of its business income, where: From the perspective of products, the sales income of integrated kitchen cabinets, wardrobes and supporting furniture products is the main source of the Company's main business income, accounting for more than 85% of the main business income; regionally, 99% of the Company's main business income mainly comes from domestic; in terms of channels, the operating income contributed by the sales channels of dealer exclusive stores accounts for nearly 80% of the main business income.

(2) Analysis of Production and Sales

√ Applicable □ Not applicable

Main products	Unit	Production	Sales volume	Inventory	Increase or decrease in production over the previous year (%)	Increase or decrease in sales over the previous year (%)	Increase or decrease in inventory over the previous year (%)
Integrated cabinets	Set	829,141.00	850,845.00	9,501	-9.74	-4.65	-69.55
Wardrobes and supporting furniture products	Set	3,176,281.00	3,271,426.00	37,505.00	8.40	15.79	-71.73
Integrated bathroom	Set	642,080.00	627,889.00	19,248.00	7.82	3.14	280.62
Integrated wood door	Nos.	1,099,655.00	1,096,858.00	8,206.00	7.06	7.01	51.71

(3) Performance of major purchase contracts and major sales contracts

□ Applicable √ Not applicable

(4) Cost analysis

Unit: CNY

By industry							
By industry	Cost component	Amount of current period	Proportion of	Amount of the same period last	Proportion of total	Change proportion	Information note

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	items		current period to total cost (%)	year	cost in the same period last year (%)	n of current amount over the same period last year (%)	
Furniture manufacturing	Material	12,149,585,944.46	80.23	10,948,675,149.93	79.19	10.97	/
	Labor	1,337,334,677.18	8.83	1,329,237,132.54	9.61	0.61	/
	Manufacture cost	1,657,197,113.93	10.94	1,547,642,487.80	11.19	7.08	/
Total		15,144,117,735.57	100.00	13,825,554,770.27	100.00	9.54	/
By product							
By product	Cost component items	Amount of current period	Proportion of current period to total cost (%)	Amount of the same period last year	Proportion of total cost in the same period last year (%)	Change proportion of current amount over the same period last year (%)	Information note
Cabinet	Material	3,637,835,955.49	24.02	3,827,216,585.61	27.68	-4.95	—
	Labor	372,514,707.48	2.46	382,168,118.82	2.76	-2.53	—
	Manufacture cost	722,439,820.09	4.77	733,873,366.67	5.31	-1.56	—
Wardrobes and supporting furniture products	Material	6,943,967,793.67	45.85	5,678,210,364.58	41.07	22.29	—
	Labor	713,262,042.15	4.71	702,118,015.47	5.08	1.59	—
	Manufacture cost	624,523,689.57	4.12	516,961,134.63	3.74	20.81	—
Bathroom	Material	616,046,961.56	4.07	597,116,971.32	4.32	3.17	—
	Labor	78,849,365.48	0.52	77,026,772.43	0.56	2.37	—
	Manufacture cost	68,703,599.57	0.45	63,548,966.66	0.46	8.11	—
Wood door	Material	724,054,798.02	4.78	675,563,682.60	4.89	7.18	—
	Labor	162,473,264.71	1.07	158,448,875.90	1.15	2.54	—
	Manufacture cost	238,662,894.65	1.58	231,339,475.09	1.67	3.17	—
Other	Material	227,680,435.73	1.50	170,567,545.82	1.23	33.48	—
	Labor	10,235,297.36	0.07	9,475,349.92	0.07	8.02	—
	Manufacture cost	2,867,110.05	0.02	1,919,544.75	0.01	49.36	—
Total		15,144,117,735.57	100.00	13,825,554,770.27	100.00	9.54	—

(5) Changes in the scope of consolidation due to changes in equity of major subsidiaries during the reporting period

Applicable Not applicable

(6) Major changes or adjustments in the Company's business, products or services during the reporting period

Applicable Not applicable

(7) Major sales customers and major suppliers

A. Major sales customers of the Company

Applicable Not applicable

The sales of the top five customers were CNY 1,336.398 million, accounting for 5.94% of the total annual sales; among the top five customers, the sales of related parties were CNY 0.00, accounting for 0.00% of the total annual sales.

During the reporting period, the proportion of sales to a single customer exceeded 50% of the total, and there were new customers in the top five customers or serious dependence on a small number of customers

Applicable Not applicable

B. Main suppliers of the Company

Applicable Not applicable

The purchase amount of the top five suppliers was CNY 2,066,225,500, accounting for 16.02% of the total annual purchasing amount; among the top five suppliers, the purchase amount of related parties is CNY 0.00, accounting for 0.00% of the total annual purchase amount.

During the reporting period, the proportion of purchases from a single supplier exceeded 50% of the total, and there were new suppliers in the top five suppliers or serious dependence on a small number of suppliers

Applicable Not applicable

3. Expenses

Applicable Not applicable

Item	2022	2021	Year-on-year increase or decrease (%)	Description of changes
Selling expenses	1,678,894,114.14	1,385,772,778.03	21.15	Mainly due to the increase in advertising and publicity fees and employee remuneration
Administrative expenses	1,335,732,876.37	1,131,445,694.80	18.06	/
R&D expense	1,123,248,931.13	907,758,166.73	23.74	Mainly due to the increase in R&D investment
Financial expenses	-247,399,167.99	-115,480,875.88	-114.23	Mainly due to the increase in interest income

4. R&D investment

(1) Table of R&D investment

Applicable Not applicable

Unit: CNY

Current costed R&D investment	1,123,248,931.13
Current capitalized R&D investment	0.00
Total R&D investment	1,123,248,931.13
Proportion of total R&D investment in operating income (%)	5.00
Proportion of R&D investment capitalization (%)	0.00

(2) Table of R&D personnel

Applicable Not applicable

Number of R&D personnel	3,024
Proportion of R&D personnel in the total number of the Company (%)	12.33
Education structure of R&D personnel	
Education structure category	Number of people of education structure

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PhD	0
Master's degree	70
Bachelor's degree	1,450
Junior college	1,493
High school and below	11
Age structure of R&D personnel	
Age structure category	Number of people of age structure
Under 30 years old (excluding 30)	1,173
30 - 40 years old (including 30 years old, excluding 40 years old)	1,546
40 - 50 years old (including 40 years old, excluding 50 years old)	266
50 - 60 years old (including 50 years old, excluding 60 years old)	38
60 years old and above	1

(3) Information note

Applicable Not applicable

(4) Reasons for major changes in the composition of R&D personnel and their impact on the Company's future development

Applicable Not applicable

5. Cash flow

Applicable Not applicable

Unit: CNY

Item	Closing balance	Amount in the previous year	Year-on-year increase or decrease (%)
Sub-total of cash inflow from operating activities	25,003,315,997.04	24,959,794,327.17	0.17
Sub-total of cash outflow from operating activities	22,593,555,829.49	20,913,827,656.78	8.03
Net cash flows from operating activities	2,409,760,167.55	4,045,966,670.39	-40.44
Sub-total of cash inflow from investing activities	7,182,276,346.74	3,406,213,978.12	110.86
Sub-total of cash outflow from investing activities	14,328,451,099.68	5,471,343,995.85	161.88
Net cash flows from investing activities	-7,146,174,752.94	-2,065,130,017.73	-246.04
Sub-total of cash inflow from financing activities	8,483,617,108.80	3,677,975,159.74	130.66
Sub-total of cash flows from financing activities	5,498,300,934.13	3,865,012,326.40	42.26
Net cash flows from financing activities	2,985,316,174.67	-187,037,166.66	1,696.11

(1) Net cash flow from operating activities: The decrease over the same period last year was mainly due to the increase in cash paid for purchasing goods and receiving services.

(2) Subtotal of cash inflow from investment activities: The increase over the same period last year was mainly due to the increase in cash received from investment recovery.

(3) Subtotal of cash outflow from investment activities: The increase over the same period last year was mainly due to the increase in cash paid for investment.

(4) Net cash flow from investment activities: The decrease over the same period last year was mainly due to the increase in cash paid for investment.

(5) Subtotal of cash inflow from financing activities: The increase over the same period last year was mainly due to the increase in cash received from absorbing investment and the increase in cash received from obtaining loans.

(6) Subtotal of cash outflow from financing activities: The increase over the same period last year was mainly due to the

increase in cash paid for debt repayment.

(7) Net cash flow from financing activities: The increase over the same period last year was mainly due to the issuance of convertible bonds.

(II) Description of significant changes in profits caused by non-main business

Applicable Not applicable

(III) Analysis of assets and liabilities

Applicable Not applicable

1. Assets and liabilities

Unit: CNY

Item Name	Ending balance of the current period	Proportion of ending balance of the current period in total assets (%)	Ending balance of the last period	Proportion of ending balance of the previous period in total assets (%)	Change proportion of amount at the end of the current period over the end of the previous period (%)	Information note
Cash and bank balances	8,269,801,977.25	28.90	6,561,937,418.36	28.05	26.03	Mainly due to the public issuance of convertible corporation bonds, the accumulation of operating results and the increase of short-term loans.
Trading financial assets	803,050,958.90	2.81	1,677,354,882.08	7.17	-52.12	Mainly due to the decrease in the purchase of corporate financial products
Notes receivable	110,434,205.93	0.39	206,073,671.76	0.88	-46.41	Due to the decrease in bill settlement volume adopted by the Company and engineering customers
Accounts receivable	1,356,804,850.55	4.74	1,011,693,187.67	4.32	34.11	Mainly due to the increase in accounts receivable from engineering customers
Prepayments	107,436,378.36	0.38	148,345,992.40	0.63	-27.58	Mainly due to the decrease of prepaid land transfer fees,

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						materials and advertising fees
Other receivables	197,101,668.61	0.69	95,586,738.83	0.41	106.20	Mainly due to the increase in margin receivable
Non-current assets due within one year	922,210,739.68	3.22	-	-	/	Mainly due to the increase in long-term fixed time deposits due within one year
Other current assets	199,747,707.68	0.70	78,826,684.25	0.34	153.40	Mainly due to the increase of VAT input tax to be deducted and certified by the Company
Long-term equity investments	10,518,308.44	0.04	15,543,367.11	0.07	-32.33	Mainly due to the decrease in investment profits and losses recognized under the equity method
Other non-current financial assets	18,968,837.07	0.07	60,339,938.23	0.26	-68.56	Mainly due to the decrease in foreign equity investment
Construction in progress	1,430,244,831.22	5.00	347,455,504.19	1.49	311.63	Mainly due to the increase in investment in base construction
Right-of-use assets	143,259,299.38	0.50	24,976,072.05	0.11	473.59	Mainly due to the increase in store leasing
Long-term prepaid expenses	100,563,403.28	0.35	79,715,027.09	0.34	26.15	Mainly due to the increase in decoration expenses to be amortized at the current period
Other non-current assets	3,964,225,445.14	13.86	2,143,540,620.17	9.16	84.94	Mainly due to the increase of fixed time deposits for more than one year
Short-term loans	4,584,695,003.58	16.02	2,389,126,170.93	10.21	91.90	Mainly due to the increase in bill financing loans and liquidity loans
Notes payable	70,366,124.74	0.25	139,951,771.71	0.60	-49.72	Mainly due to the decrease of the Company's bill business

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Receipts in advance	364,393,984.51	1.27	885,811,485.23	3.79	-58.86	Mainly due to the decrease in advance receipts from dealers
Contract liabilities	782,289,860.99	2.73	1,202,994,206.12	5.14	-34.97	Mainly due to the increase in customer order conversion
Other payables	840,531,618.28	2.94	667,841,099.64	2.85	25.86	Mainly due to the increase in margin payable
Non-current liabilities due within one year	241,730,653.70	0.84	13,286,652.37	0.06	1,719.35	Mainly due to the increase in store leasing
Other current liabilities	98,158,653.53	0.34	144,631,995.61	0.62	-32.13	Mainly due to the decrease of VAT to be resold
Long-term loans	5,122,020.57	0.02	-	-	/	Mainly due to the increase in borrowing for more than one year
Debentures payable	1,601,701,819.31	5.60	-	-	/	Mainly due to the issuance of convertible bonds
Lease liabilities	101,476,366.50	0.35	12,665,970.28	0.05	701.17	Mainly due to the increase in store leasing
Deferred income tax liabilities	134,412,062.70	0.47	96,615,466.91	0.41	39.12	Mainly due to the increase in interest provision for fixed time deposits and financial management
Other equity instruments	424,351,185.44	1.48	-	-	/	Mainly due to the issuance of convertible bonds
Other comprehensive income	111,426,682.00	0.39	59,580,680.56	0.25	87.02	Mainly due to the increase in investment gains on non-tradable equity instruments

2. Overseas assets

Applicable Not applicable

(1) Asset size

Including: overseas assets 362,779,065.34 (Unit: CNY), accounting for 1.27% of the total assets.

(2) Relevant instructions on the relatively high proportion of overseas assets

Applicable Not applicable

3. Restrictions on major assets by the end of the reporting period

√ Applicable □ Not applicable

Unit: CNY

Item	Ending book value	Reasons for restriction
Cash and bank balances	312,566,682.72	Bank acceptance bill margin, letter of credit margin, letter of guarantee margin, external guarantee margin, court ruling to freeze, restricted funds used by e-commerce platforms
Trading financial assets	803,050,958.90	There is a redemption period and a closure period for financial products
Fixed assets	49,699,840.67	There is mortgage guarantee for house property
Intangible assets	39,497,528.36	There is mortgage guarantee for intangible assets
Notes receivable	39,114,681.94	Pledged for business needs
Total	1,243,929,692.59	—

4. Others

□ Applicable √ Not applicable

(IV) Industry operational information analysis

√ Applicable □ Not applicable

The Company is engaged in wood furniture manufacturing industry (C211) in furniture manufacturing industry (C21).

Analysis of operational information in furniture manufacturing industry**1 Physical stores during the reporting period**

√ Applicable □ Not applicable

Store type	Number at the end of last year (Nos.)	Newly opened this year (Nos.)	Closed this year (Nos.)	Number at the end of this year (Nos.)
Oppein kitchen cabinet (including kitchen and wardrobe)	2,459	361	341	2,479
Oppein wardrobe (whole home customization)	2,201	352	343	2,210
Oppein Sanitary	805	73	62	816
Direct-sale stores of the Company	47	16	5	58
Oppolia	989	266	201	1,054
Ouboni	1,021	242	207	1,056

Note: The statistical caliber of Oppein kitchen cabinet stores and dealers includes Oppein kitchen cabinet single category dealers, kitchen cabinet stores and comprehensive dealers and kitchen cabinet and wardrobe comprehensive stores acting for Oppein kitchen cabinets and wardrobes at the same time.

(1) Store and dealer information during the reporting period

Unit: nos.

Category	Number of dealers at the end of 2021	Number of dealers at the end of 2022	Number of stores at the end of 2021	Number of stores at the end of 2022
Oppein kitchen cabinet (including kitchen and wardrobe)	1,609	1,516	2,459	2,479
Oppein wardrobe (whole home customization)	1,079	1,062	2,201	2,210
Oppolia	852	899	989	1,054
Oppein Sanitary	641	655	805	816
Ouboni	931	902	1,021	1,056

(2) Oppein dealers and stores by market level

Unit: nos.

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Market level	Oppein kitchen cabinet (including kitchen and wardrobe)		Oppein wardrobe (independent)		Ouboni	
	Dealer	Store	Dealer	Store	Dealer	Store
A	67	517	29	428	84	169
B	355	756	226	602	311	365
C	1,094	1,206	807	1,180	507	522
Total	1,516	2,479	1,062	2,210	902	1,056

Market level	Oppein Sanitary		Oppolia	
	Dealer	Store	Dealer	Store
A	30	44	28	103
B	259	337	196	244
C	366	435	675	707
Total	655	816	899	1,054

(3) Store and dealer information by region

Unit: nos.

Region	Oppein kitchen cabinet (including kitchen and wardrobe)		Oppein wardrobe (independent)		Ouboni	
	Dealer	Store	Dealer	Store	Dealer	Store
East China	338	638	258	544	247	273
Central China	297	447	225	388	149	159
South China	160	297	116	257	75	94
North China	222	341	144	343	161	198
Northwest China	112	189	93	204	93	119
Southwest China	278	397	177	338	108	128
Northeast China	109	170	49	136	69	85
Total	1,516	2,479	1,062	2,210	902	1,056

Region	Oppein Sanitary		Oppolia	
	Dealer	Store	Dealer	Store
East China	176	223	243	298
Central China	116	135	159	175
South China	79	90	84	93
North China	88	116	163	180
Northwest China	26	42	52	72
Southwest China	116	153	130	153
Northeast China	54	57	68	83
Total	655	816	899	1,054

2 Profitability of each product type during the reporting period

√ Applicable □ Not applicable

Unit: CNY

Product type	Operating income	Operating cost	Gross profit margin (%)	Increase or decrease in operating income over the previous year (%)	Increase or decrease in operating costs over the previous year (%)	Increase or decrease in gross profit margin over the previous year (%)

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Kitchen cabinets	7,173,091,365.63	4,732,790,483.06	34.02	-4.73	-4.26	-0.33
Wardrobes and accessories	12,139,192,500.13	8,281,753,525.39	31.78	19.34	20.07	-0.41
Bathroom	1,034,631,973.88	763,599,926.60	26.20	4.63	3.51	0.80
Wood door	1,345,660,384.59	1,125,190,957.38	16.38	8.85	5.62	2.56
Other	307,946,204.57	240,782,843.14	21.81	40.64	32.33	4.91

3 Production and sales of each product type during the reporting period

√ Applicable □ Not applicable

Product type	Self-produced products ('0,000 nos.)	Outsourced production ('0,000 nos.)	Purchased finished products ('0,000 nos.)	Other sources ('0,000 nos.)	Sales volume ('0,000 nos.)	Increase or decrease in sales over the previous year (%)
Integrated cabinets	82.91	/	/	/	85.08	-4.65
Wardrobes and supporting furniture products	317.63	/	/	/	327.14	15.79
Integrated bathroom	64.21	/	/	/	62.79	3.14
Integrated wood door	109.97	/	/	/	109.69	7.01

4 Profitability of each brand during the reporting period

√ Applicable □ Not applicable

Unit:CNY '0,000

Brand	Operating income	Operating cost	Gross profit margin (%)	Operating income ratio Increase or decrease in the previous year (%)	Operating cost ratio Increase or decrease in the previous year (%)	Increase or decrease in gross profit margin over the previous year (%)
Oppein	1,881,382.29	1,280,613.87	31.93	7.77	8.68	-0.58
Oppolia	184,110.84	121,278.81	34.13	29.13	27.27	0.96
Ouboni	134,559.11	112,519.10	16.38	8.85	5.62	2.56

5 Profitability of each sales channel during the reporting period

√ Applicable □ Not applicable

Unit:CNY '0,000

Sales channel	Operating income	Operating cost	Gross profit margin (%)	Increase or decrease in operating income over the previous year (%)	Increase or decrease in operating costs over the previous year (%)	Increase or decrease in gross profit margin over the previous year (%)
Total stores	1,828,762.75	1,249,604.92	31.67	12.42	12.19	0.14
Direct-sale stores	70,552.63	31,429.10	55.45	20.12	49.16	-8.67

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Dealership	1,758,210.11	1,218,175.82	30.72	12.13	11.48	0.41
Bulk business	349,472.76	252,065.84	27.87	-4.85	-0.83	-2.92
Online sales	/	/	/	/	/	/
Other	21,816.73	12,741.01	41.60	6.47	-12.48	12.64
Total	2,200,052.24	1,514,411.77	31.16	9.21	9.54	-0.20

(V) Investment analysis**Overall analysis of foreign equity investment**

Applicable Not applicable

I. The Company has set up 12 holding subsidiaries and sub-subsidiaries such as Chengdu Oppein Creative Large Home Furnishing Co., Ltd. and Handan Oppein Large Home Furnishing Sales Co., Ltd., with a total investment amount of about CNY 51 million (calculated according to the investment obligations of each company's registered capital).

II. Oppein (Hong Kong) International Trade Company Limited, a wholly-owned subsidiary of the Company, completed the purchase of 100% equity interest in FORMER S.R.L. held by FASA S.R.L. of Italy at a transaction consideration of 4.63 million euros.

1. Significant equity investments

Applicable Not applicable

2. Significant non-equity investments

Applicable Not applicable

"Oppein Home Intelligent Manufacturing Base in Central China" plans to build a new smart home production line and supporting facilities such as cabinets, wardrobes, wooden doors and bathrooms. About CNY 630 million was invested in the reporting period. Where: In terms of infrastructure construction, 1. The main structure or secondary structure of most factories has been completed; the secondary structure construction of some factories is in progress; the wall decoration of some factories has been completed and is in the stage of installation engineering; 2. The main body of the three-dimensional warehouse and the steel structure roof have been completed, and the secondary mechanism construction is being implemented; 3. The construction of external wall related works of some supporting facilities has been completed, and the construction of waterproof works has been completed; some supporting facilities are still in the main construction stage. In terms of equipment purchase progress, the equipment such as cutting and edge sealing required for the production of wardrobes and kitchen cabinets has been paid in the early stage, and the performance of the equipment purchase contract is normal.

3. Financial assets measured at fair value

√ Applicable □ Not applicable

Unit: CNY

Asset category	Beginning balance	Profits and losses on changes in fair value in the current period	Cumulative changes in fair value recognized in equity	Impairment accrued in the current period	Purchase amount in the current period	Sale/redemption amount in the current period	Other changes	Closing balance
Other	1,677,354,882.08	3,050,958.90			1,100,000,000.00	1,977,354,882.08		803,050,958.90
Other	310,310,218.60		143,805,165.93			5,572,715.38	64,497,384.83	369,234,888.05
Other	60,339,938.23	-36,815,234.41			1,000,000.00	5,555,866.75		18,968,837.07
Total	2,048,005,038.91	-33,764,275.51	143,805,165.93	0.00	1,101,000,000.00	1,988,483,464.21	64,497,384.83	1,191,254,684.02

Notes:

1. The first line of "other": other trading financial assets, bank financial product data;
2. The second line of "other": other are investments in other equity instruments, where "other changes" are 64.4974 million fair value changes included in other comprehensive income in the current period
3. The third line of "other": other are other non-current financial assets.

Securities investment

Applicable Not applicable

Private equity investment

Applicable Not applicable

Derivatives investment

Applicable Not applicable

4. Specific progress of major asset restructuring and integration during the reporting period

Applicable Not applicable

(VI) Disposal of material assets and equity

Applicable Not applicable

(VII) Analysis of major holding and shareholding companies

Applicable Not applicable

Unit: CNY, '0,000

©	Principal activities	Registered Capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Tianjin Oppein Integration Home Co., Ltd.	Manufacturing	5,000.00	179,799.96	102,097.30	235,452.26	18,498.67	16,688.49
Guangzhou Oppein Integration Home Co., Ltd.	Manufacturing	10,000.00	782,199.72	243,966.06	884,835.34	65,326.00	57,112.50
Guangzhou Oppein Creative Home Design Co., Ltd.	Design service	1,000.00	214,484.40	158,362.86	95,516.24	40,766.62	34,958.41
Zhuhai Oppein Creative Home Design Co., Ltd.	Design service	1,000.00	121,511.18	100,484.59	75,050.61	55,873.72	47,697.80

(VIII) Structured subjects controlled by the Company

Applicable Not applicable

VI. Discussion and analysis of the Company's future development

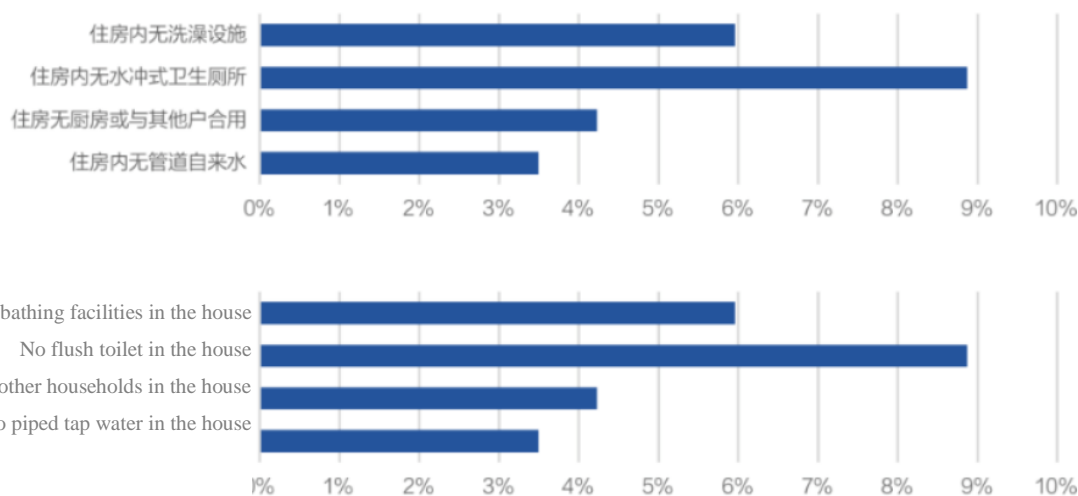
(I) Industry structure and trend

Applicable Not applicable

1. With the adjustment of demand structure, the proportion of stock housing market gradually increases

According to the data of the National Bureau of Statistics, the growth of the new housing market has declined, and the users of stock housing and second-hand housing have become the growth point of the furniture industry. The "14th five year plan" proposes that the urbanization rate of China's permanent population will increase to 65%, and by the end of 2022, the urbanization rate of China's population was 65.22%, an increase of 0.50% over 2021. China's rapid urbanization exceeds the expected progress of the original target, forming a good foundation for the support of the demand side.

China's average building age of the stock houses continues to rise, the demand for demolition also increases accordingly. According to the data of the seventh census, by 2020, households living in houses with housing age of less than 10 years/11-20 years/21-30 years/31-40 years/41-50 years/above 50 years accounted for 36.7%/32.03%/19.65%/8.63%/1.91%/1.08% respectively. From the perspective of the facilities of stock houses, according to the data of the seventh national census, the proportion of stock houses without kitchens or shared kitchens with other households in houses was 4.23%, and the proportion of stock houses without piped tap water was 3.50%. At present, there is still lots of room for optimization of the quality of some houses, and the demand for inventory renovation is expected to provide new incremental demand for the home decoration industry.

Figure: Stock Housing Facilities in 2020

Source: *China Census Yearbook 2020*, National Bureau of Statistics, compiled by Beike Research Institute

According to the calculation of Beike Research Institute, during 2022-2030, the total demand for housing decoration in China will be between 3-5 billion m² per year. Under neutral conditions, the total demand for housing decoration in China will reach 3.971 billion m² in 2025 and 4.596 billion m² in 2030. According to the hard decoration data of complete sets of housing in SD Home Decoration covered cities and the adjustment calculation of Beike Research Institute, the average expenditure of home decoration in China in 2022 is CNY 1,040 per m² from the beginning of decoration to the completion and occupancy. Based on the forecast of demand and decoration unit price, in the neutral case, the scale of China's home decoration market will reach CNY 4.78 trillion in 2025 and CNY 7.06 trillion in 2030.

Table: Forecast of Home Decoration and Home Furnishing Market Size

Year		2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Market scale of home decoration and home furnishing (CNY trillion)	Conservative	3.51	3.88	4.30	4.51	4.80	5.12	5.42	5.78	6.58
	Neutral	3.69	4.12	4.52	4.78	5.12	5.47	5.80	6.19	7.06
	Optimistic	3.88	4.35	4.79	5.06	5.42	5.80	6.23	6.62	7.54

Source: Calculation of Beike Research Institute

According to the classification of CBN · The Rising Lab, Beike Research Institute divides cities into six categories: first tier, new first tier, second tier, third tier, fourth tier and fifth tier cities. According to the forecast of regional market scale, the home decoration market in third tier cities is the largest and the main source of demand. Under the neutral assumption, the third tier home decoration market will be CNY 1.23 trillion in 2025 and CNY 1.82 trillion in 2030. In addition, the decoration of stock house has become the main source of demand in the home decoration market, and its proportion in the total market size has continued to increase. In the neutral case, the market size of incremental house decoration will reach CNY 1.50 trillion in 2025 and CNY 1.92 trillion in 2030.

Table: Forecast of Market Size of Incremental House and Stock House Decoration

Year		2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Market size of incremental housing decoration (CNY trillion)	Conservative	1.12	1.13	1.20	1.24	1.26	1.32	1.35	1.41	1.43
	Neutral	1.30	1.37	1.42	1.50	1.58	1.67	1.73	1.82	1.92
	Optimistic	1.49	1.60	1.70	1.78	1.89	2.00	2.15	2.25	2.39

trillion)									
Market size of stock housing decoration	2.39	2.75	3.09	3.28	3.54	3.80	4.07	4.37	5.15

Source: Calculation of Beike Research Institute

2. The demand for one-stop decoration continues to increase, and the whole home and decoration have gradually become the mainstream and consensus of the industry

Passenger flow structure continues to adjust, traditional channel growth is under pressure, and the integration of traffic fragmentation has become a medium and long-term trend; in terms of categories, many categories are integrated and penetrated into each other, and the boundaries between categories are gradually blurred. One stop decoration can "fast and economically" solve the decoration needs of consumers, allow consumers choose from a certain number of principal and auxiliary material brands and colors and materials, and effectively reduce the cost of information search. Meanwhile, it can reduce the information asymmetry between consumers, decoration enterprises and building materials brands, shorten the decision-making cycle and promote the transformation of transactions, and make the whole home customization and whole decoration gradually develop from market cultivation to market popularization. The whole decoration channel has become an important direction in the development planning of many customized home furnishing enterprises. The whole decoration companies and customized home furnishing enterprises promote the market share from scattered long-tail to concentration in the form of professional division of labor.

In order to meet the needs of stock house, second-hand house user renovation and consumer one-stop decoration, the Company, with its outstanding capabilities in product R&D, supply chain integration, efficient channel operation, digital marketing, large-scale intelligent manufacturing and other aspects precipitated for many years, has put forward "one-stop good appearance whole home customized decoration solutions". In 2022, the Company quickly iterated the whole home customization to "the whole home customization 2.0", upgraded the model of "six space consulting planning of the whole home + cabinet, door and wall products + menu pricing", and truly solved the pain points of consumers' whole home demand. The Company's whole home brand "Baunis" took the lead in putting forward the vision of "one-stop super integrated service provider" in the industry, and continued to open up a new path and model for whole decoration large home furnishing on the basis of "increasing traffic, expanding channels and increasing unit value". Meanwhile, the Company cooperates with pan-home head brands, including the whole chain of home appliances, principal materials, base materials, soft decoration and other home products, to provide consumers with big brands and cost-effective products. In 2023, the Company will build a system to serve decoration enterprises, increase the expansion of whole decoration channels, and comprehensively launch the "thousand cities and ten billion yuan" plan to help the output value of decoration enterprises continue to break through. In addition to strengthening the advantages of customized kitchen cabinets, customized wardrobes and other core categories, the Company continues to expand in integrated kitchens, soft decoration facilities, kitchen appliances and other aspects.

3. The furniture industry is extending from "industry brand" to "consumer brand"

Furniture industry is a durable consumer goods with low frequency and high unit price. Consumers' awareness of brand is still gradually building, and the industry as a whole is developing from "industry brand" to "consumer brand". At present, the furniture industry is showing a situation of brand melee. In different types of target markets and consumer groups, there are many brands competing with each other, and companies seize market share and hope to stabilize their position. Multi-brand strategy is an important measure for home enterprises to open up the growth ceiling and break through their original boundaries. Based on their own strategic advantages, management advantages, product advantages, channel advantages and other comprehensive competitiveness, the Company continues to break through in building consumer brands in the furniture industry, and strengthens the core brand image of "Oppein style". At the same time, according to the structure of different consumer groups, it launched high-end, mid-to-high end, younger and other brands with different levels of user needs, such as Oppolia, Baunis, FITZCARL, miform and other series, to further expand the coverage of market segments and end consumers, provide full choices for consumers, and further enhance the comprehensive strength of market competition, which will help to open up the growth space in an all-round way.

4. Informatization helps to upgrade experience, improve the efficiency of the whole process, and continue to tap the space for cost reduction and efficiency enhancement

With the continuous promotion of the furniture industry, the development of informatization, which goes deep into all links and businesses of the furniture industry chain, is a key factor to improve the operating efficiency of enterprises and reduce production costs. To a certain extent, it can help the landing and implementation of enterprise development strategies, and the importance of building strong informatization capabilities and barriers is becoming increasingly prominent. Informatization capacity is an important basis for the upgrading and improvement of the whole process of furniture consumption experience. The construction of informatization capacity in the furniture industry continues to advance from the design and rendering of front end renderings, the optimization of disassembly and review processes, the design drawings to the one-click connection at the factory end, and provides customized furniture users with WYSIWYG, efficient and timely response, process improvement and other high-quality experiences. After years of

development and market cultivation, the work efficiency of front end designers has been greatly improved, and consumers can see design drawings close to the real scene and effect in a relatively short period of time, which promotes the transformation from intended customers to transaction customers to a certain extent. In the future, the development of informatization will further focus on the production links at the factory side, through the transformation and upgrading of machinery, equipment and production systems, process sorting and efficiency optimization, it will fully tap the optimization space, transfer more profits excavated at the back end to consumers, and promote the further improvement of the cost performance ratio of consumers' home consumption. Around informatization, the Company designs a marketing service management system with the help of MTDS terminal to realize the transformation from "human command machine" to "machine command machine", reduce dependence on people and further improve human efficiency. The Company's informatization advantages are reflected in active investment and comprehensive opening up, from catching up to surpassing, and continuously driving the efficiency improvement and cost optimization of front and back end order design and production and all links of the whole category.

(II) Company development strategy

√ Applicable □ Not applicable

"Home, love and Oppein" is not only a well-known advertising slogan, but also the glory and goal of our 29-year struggle. The Company's corporate vision is positioned to "build Oppein into a world excellent home furnishing enterprise". Looking at the present, in the face of the rapid change of the industry and the world of great change, only by following the trend can we remain in the forefront. To this end, the Company will continue to work around the "three horses and one vehicle" strategy:

1. Informatization strategy: The successful application of Oppein informatization, first, improves the user experience, users can feel the future home through three-dimensional model browsing, high-definition rendering, 720° rendering and small video in the design stage; second, the direct application of design data greatly improves the accuracy and efficiency of quotation, ordering, splitting, technical review, price review and settlement; third, the improvement of the accuracy and efficiency of these links means the shortening of order design, order conversion cycle, product delivery cycle, and fewer errors. In addition, Oppein informatization conforms to the development needs of the future decoration business of the whole Group. In the future, Oppein informatization will also empower dealers to expand new formats through innovative technological means such as Internet, big data, cloud computing, AI artificial intelligence and supply chain collaboration, reconstruct the business ecology, industry chain and value chain of large home furnishing, innovate and transform the traditional customization model and upgrade it into a modern, one-stop delivery and new generation of large home furnishing business model.

2. Building a large home furnishing model: Oppein is the first enterprise in the industry to put forward a breakthrough development strategy for large home furnishing. The core of the strategy is to grow from a single product provider to a home integration solution provider to solve the demand pain points of consumers and channel providers. Driven by the dual advantages of first mover advantage and enterprise organization and operation coordination ability, Oppein's large home furnishing strategy will continue to move forward: On the one hand, we will quickly perceive and deepen the research and building of various large home furnishing models, and explore a large home furnishing development path that conforms to the situation of Oppein and adapts to the market situation; on the other hand, we will continue to explore innovative business models for the integration of cabinets and bathrooms, the customization of good appearance whole home, whole decoration large home furnishing, retail large home furnishing and other categories.

3. Oppein manufacturing 2025: Based on the Company's informatization strategy and large home furnishing strategy, the manufacturing side efficiently realizes the continuous evolution of products from single channel to multi-channel, from whole home customization to whole case customization, effectively promotes the landing of large home furnishing strategy from the source of products and services, continuously deepens the integration of design and production, and continuously upgrades the underlying architecture of CAXA to create an integrated design software more suitable for large home furnishing scenarios, comprehensively improves the overall level of intelligent and automated manufacturing, focuses on the construction of digital factory cloud, and builds Oppein manufacturing 2025 digital lighthouse factory.

4. Comprehensive optimization of terminals: While maintaining the advantages and status of the original channels, the Company will actively lay out home decoration, whole decoration, bag check, online and foreign trade channel business, channel management, system management and innovation management in parallel, constantly optimize management methods, pilot new models multi-dimensionally, and constantly enrich and upgrade terminal sales forms.

5. Brand building: At present, the main home decoration and home furnishing consumers show outstanding characteristics such as youth, branding, health, intellectualization and one-stop, which is the new direction of brand promotion strategy in the future. The Company will gradually build the original "product brand" to "platform brand". As one of the core elements of enterprise development, brand reputation will bring better customer stickiness to the products and services of brand enterprises, and also bring broader imagination space to the development of brand enterprises. The Company will continue to carry out brand building and management through multiple channels and forms, so as to make "home, love and Oppein" more deeply rooted in the hearts of the people.

(III) Business plan

√ Applicable □ Not applicable

Entering 2023, we are pleased to see that the production and living order of the whole society has gradually returned to normal, governments at all levels have introduced various economic stimulus and protection policies, and consumption will probably gradually recover. Faced with the current situation, we generally maintain cautious optimism, and Oppein people will work towards the same goal, gather the strength of the masses, and strive to break through! In 2023, the Company strives to achieve a year-on-year increase in operating income of 10%-15% and a year-on-year increase in net profit of 10%-15%. (Special note: The above indicators are intended to clarify the Company's operating and internal management control objectives, and do not represent the Company's performance guidance or profit forecast for 2023, let alone its performance commitment to investors. Whether the above objectives can be achieved is affected by many factors, such as macroeconomic environment, market conditions, industry development and management team efforts, and there are certain uncertainties. Investors are advised to pay attention to risks.) The specific plans are as follows:

1. Continuously deepen management innovation, use "system" to stimulate the vitality of the whole organization and cope with various changes and challenges

"Extreme climate will force extreme pressure, and under extreme pressure, most enterprises will be crushed into the dust of history, and only a few enterprises will undergo atomic deconstruction and remodeling, just as graphite carbon becomes diamond"! In 2022, the extreme operating pressure forced the Company to reflect deeply and comprehensively. Based on a series of in-depth self-analysis, the Company launched a new round of comprehensive reform. In 2023, the Company will continue to practice, revise and enhance the support capacity of middleground operation, and consolidate the foundation of high-quality development management:

First, the Company should strengthen the construction and reform of the system and incentive mechanism more thoroughly and sparingly, and use the "system" to stimulate and activate the whole organization to cope with various changes and challenges. The Company will fully activate the organization by implementing measures such as the reform of incentive mechanism for timed posts, functional assessment at the Group level and the reform and optimization of incentive policies, stimulate the maximum creativity of various posts, and form a joint force of enterprises to overcome difficulties in overall competitiveness; second, the Company should build a systematic operation capability that matches the strategy with process governance, so as to achieve the construction of end-to-end business capability and support capability of organizational strategic objectives.

2. Continue to explore and practice the road of climbing the peak of large home furnishing strategy on both sides. Oppein whole decoration large home furnishing and a wider range of retail large home furnishing are the two sides of the peak of large home furnishing and the main way to reach the top

(1) Oppein/Baunis whole decoration large home furnishing "advances forward with two wings and collaborates globally". First, the Company should further give full play to the system advantages of the Company's large home furnishing production and management, create a "new whole decoration" strategy, and continue to lead cross-industry integration breakthroughs; second, the Company should fully enable terminals, continue to promote the innovation of V8 operation system and "operation 1+8" system, and enhance terminal traffic acquisition and operation capabilities; third, the Company should further optimize investment promotion, cooperate with the existing business model and enabling system through investment promotion, and transport them to more potential high-quality partners; fourth, product extension, on the premise of having a better sales foundation for kitchen cabinets and wardrobes, through product R&D, package integration, mechanism guidance to increase the sales proportion of wooden doors, bathrooms, supporting products and other products in the whole decoration channel, so as to promote the sustained growth of performance.

(2) Retail large home furnishing is divided into two ways, one way to the Red Sea and the other way to the blue sea. First, conform to the trend of home passenger flow fragmentation, promote online and offline integration, extend the customer acquisition scenarios of traditional stores through "1+N+X", and enhance the customer acquisition ability in all dimensions; second, speed up the integration of categories, provide consumers with the convenience of integrated design, one-stop purchase and package completion of home space through the integration of kitchen and bathroom and the further upgrading of the whole business, enhance the competitive threshold of home industry, and accelerate the expansion of the Company's leading edge; third, the "professional+service" enabling retail system of Oppein large home furnishing is transformed into the whole decoration track, so as to further consolidate and promote Oppein retailer to become the leader of the whole decoration track (blue sea).

3. Forge ahead and deepen the road of Oppein informatization

First, continue to deepen the integration of design and production, upgrade the underlying architecture of CAXA, and build an integrated design software more suitable for large home furnishing scenarios; second, focus on the construction of digital factory cloud and build Oppein manufacturing 2025 digital lighthouse factory; third, comprehensively plan, design, develop and deep integrate automatic sorting, testing, transshipment, packaging, warehousing, processing data acquisition modules and work division management in the workshop; fourth, promote the

transformation of loading and unloading automation, robot electronic saw transformation, drilling line, sorting/packaging automation transformation and other projects, and comprehensively improve the overall level of intelligent manufacturing.

4. Strengthen the core competitiveness of products, continue to iterate and upgrade, and timely meet the needs of consumers for the appearance, function, supporting, quality, cost performance and delivery time of home products

First, increase R&D and reserves of technology and process, and effectively transform products; second, build a complete delivery management system for the whole category, and establish a plan management model and delivery service standards to meet customer needs; third, reconstruct the quality management system in an all-round way, focusing on promoting the Group's quality reform project, terminal design and installation quality assistance and design problem prevention system construction project.

(IV) Possible risks

√ Applicable □ Not applicable

1. Risk of changes in market demand

In 2023, throughout the international community, the economic downturn in the past three years, the haze of risk spillover in the domestic real estate industry has not yet completely dispersed, the economic situation is still in a relatively weak state, the society has begun to be active due to circulation, and the economy has gradually recovered due to activity, but the operating environment and supply chain of domestic and foreign markets also face uncertainty, which will bring uncertainty to the Company's production and operation objectives in 2023.

Through the analysis of consumer demand portraits, the Company will accurately grasp the "consumer demand for the transformation of second-hand houses and stock houses" and "consumer demand for new houses (rough, partial decoration, fine decoration)", through the rectification of the whole house, local rectification, hard decoration and bag check, with the whole home package as the starting point, Oppen whole decoration large home furnishing and retail large home furnishing models should be carried out simultaneously to provide consumers with integrated design, one-stop matching and a package of services, to meet the needs of consumers for "better, faster and more economically", improve the consumption experience of home decoration consumers, and stimulate and awaken their consumption demand.

2. Risk of increased market competition

The Company's customized furniture industry belongs to the furniture subdivision industry. As the industry leader, the Company has strong advantages in design and development, brand, service and channel. However, due to the fact that the customized furniture industry is in a shift period from high speed to medium-high speed growth, coupled with the increase of cross-border entrants in the industry, the release of production capacity of listed companies' investment projects, and the fragmentation of passenger flow, the change of internal and external factors will lead to the industry competition from the low-level competition of product price to the compound competition level composed of brand, network, service, talent, management and scale.

The Company will continue to promote the iteration of business model, optimize its organizational structure, meet the whole decoration business, improve the layout of industrial chain, implement the Company's large home furnishing strategy in multiple dimensions, constantly polish product packages to meet the needs of traditional retail customers, and increase cooperation with decoration enterprises based on the general direction of "product decoration", seize traffic entrances in multiple directions, and obtain incremental traffic.

3. Risk of fluctuations in raw material prices

The raw materials of customized furniture products produced by the Company include particleboard, MDF, functional hardware, quartz plate and some purchased electrical appliances. In the past three years, the Company's direct material cost accounts for a high proportion of production cost, and the change of raw material price has a greater impact on the Company's production cost. Since the end of 2020, the prices of major raw materials have risen, and up to now they are still running at a high level. If the purchase prices of raw materials fluctuate sharply in the future, it may have an uncertain impact on the Company's profitability.

As the largest enterprise in the production and marketing of kitchen cabinets and wardrobes (whole house customization) in the world, under the adverse procurement situation of fluctuations in raw materials and commodity markets in recent years, the Company actively employs its advantages of large purchase scale and abundant operating cash flow to expand and innovate a variety of cost control ideas. The supply chain management center focuses on the four major aspects of "lock strategy", "control rhythm", "optimize structure" and "sustainability" to control the direct impact of sharp fluctuations in raw material prices on the Company's purchase costs.

4. Dealer management risk

Dealer exclusive store sales are the main sales model in the customized furniture industry. The sales model of dealer

exclusive stores is conducive to customized furniture enterprises to expand their marketing network with the help of the regional resource advantages of dealers, effectively penetrate the markets at all levels and improve the market share of products. Although the Company and dealers have agreed on each other's rights and obligations in the cooperation agreement signed, and have unified management of dealers in terms of store image design, personnel training and product pricing, if individual dealers fail to sell and publicize in accordance with the agreement, it may have an uncertain impact on the Company's brand image.

The Company is in a cooperative relationship with dealers. On the premise of conforming to the changing trend of the market and combining with the overall business promotion of the Company, the Company will provide all-round empowerment and supervision for the daily operation and customer service of distributors in a multi-dimensional way, including but not limited to flow empowerment, management empowerment, model empowerment and strategic empowerment. At present, the Company has a relatively perfect dealer introduction, assessment and withdrawal system guarantee, operating in long term, continuously upgrading and iterating on the premise of respecting the law of market change, effectively implementing and landing, which is conducive to more efficient, closer and stable cooperation between headquarters and dealers to jointly provide consumers with better products and services. In addition, the Company has formulated an early warning mechanism for abnormal operation of dealers, and when there are abnormal indications, there will be timely management measures to follow up and effectively safeguard the rights and interests of consumers.

(V) Other

Applicable Not applicable

VII. The Company fails to disclose the situation and reasons in accordance with the standards due to non application of the standards or special reasons such as state secrets and trade secrets

Applicable Not applicable

Section IV Corporate governance

I. Notes on corporate governance

Applicable Not applicable

During the reporting period, the Company strictly complied with the requirements of laws, regulations, departmental rules and normative documents such as the *Company Law*, the *Securities Law*, the *Guidelines for the Governance for Listed Companies*, the *Measures for the Administration of Information Disclosure of Listed Companies*, and the *Rules for the Listing of Stocks on the Shanghai Stock Exchange*. In line with the actual situation of the Company, the Company continuously improved the corporate governance structure, strengthened the management of insider information, strengthened the awareness of responsibility for information disclosure, attached importance to the management of investor relations and earnestly safeguarded the legitimate rights and interests of the Company and shareholders. There is no difference between the corporate governance status and the requirements for *Guidelines for the Governance for Listed Companies*, as follows:

(I) About shareholders and general meetings of shareholders

The Company shall convene the general meetings of shareholders in strict accordance with the provisions and requirements of the *Guidelines for the Governance for Listed Companies*, the *Articles of Association* and the *Rules of Procedure for General Meetings of Shareholders*. The deliberation procedures of various proposals shall be open and transparent, the decision-making shall be fair and equitable, and the resolutions shall be legal and effective. There is no situation in which major matters of the Company have not been deliberated by the general meetings of shareholders, nor is there a situation in which they are implemented first and then deliberated. During the reporting period, the Company held three general meetings of shareholders in 2022, and the specific resolutions are detailed in the "Brief introduction to the general meeting of shareholders". Each meeting adopted a combination of on-site voting and online voting to facilitate the participation of minority shareholders in decision-making, ensure the right of minority shareholders to know, participate and vote on major matters of the Company, and fully protect the interests of the majority of minority investors.

(II) About the Company and controlling shareholders

The controlling shareholders of the Company enjoy the rights of investors through the general meetings of shareholders in accordance with the law, and do not directly or indirectly interfere with the Company's production decisions and business activities beyond the general meetings of shareholders. The Company has independent business and independent operation ability, the controlling shareholders can strictly regulate their own behavior, the Company has no related party transactions with the controlling shareholders, the Company and the controlling shareholders have achieved complete independence in personnel, assets, business, institutions, finance and other aspects, and the Company's board of directors, board of supervisors and internal institutions can operate independently. Since the listing of the Company, there was no situation that major shareholder occupies the Company's funds and assets.

(III) About directors and the board of directors

During the reporting period, the board of directors of the Company was able to conscientiously perform its duties, make prudent and scientific decisions, and effectively implement the relevant decisions of the general meetings of shareholders in strict accordance with the provisions of the *Company Law*, the *Articles of Association* and the *Rules of Procedure of the Board of Directors*. During the reporting period, the board of directors held 12 meetings, and the convening of each meeting met the requirements of relevant regulations. During the reporting period, the Company completed the election of the new board of directors, and the fourth board of directors was composed of 7 directors, including 3 independent directors. The selection and appointment procedures shall be carried out in strict accordance with the provisions of the *Articles of Association*, and the number and composition of the board of directors of the Company shall meet the requirements of laws and regulations.

The board of directors has four committees: Strategy Committee, Audit Committee, Nomination Committee and Remuneration and Assessment Committee. In accordance with the provisions of their respective rules of work, the special committees shall fulfill their duties diligently, conscientiously and responsibly, and promote the scientific decision-making and standardized operation of the board of directors.

During the reporting period, the resolutions of the board of directors and each committee of the Company are detailed in "relevant information of the board of directors held during the reporting period" and "special committees under the board of directors".

(IV) About supervisors and the board of supervisors

During the reporting period, in line with the attitude of being responsible to the Company and all shareholders, the board of supervisors conscientiously performed its duties in accordance with the relevant provisions and requirements of the *Company Law*, the *Articles of Association*, the *Rules of Procedure of the Board of Supervisors* and other relevant provisions and requirements, attended the general meetings of shareholders and the board of directors, convened the board of supervisors, and exercised its supervisory powers in accordance with the law, supervised corporate governance, material matters, financial condition and compliance with the duties performed by directors, managers and other senior managers of the Company and promoted the legitimate and standardized operation of the Company. In 2022, the Company held 11 meetings of the board of supervisors, and the convening of each meeting met the requirements of relevant regulations. During the reporting period, the Company conducted a new election of the board of supervisors, and the fourth board of supervisors set up three supervisors, including one employee representative supervisor. The structure of the members of the board of supervisors is reasonable, and the qualifications and selection procedures meet the requirements of relevant laws, regulations and the *Articles of Association*.

(V) About information disclosure and transparency

The Company's information disclosure work has been evaluated by the Shanghai Stock Exchange for class A again, and has been evaluated by class A for four consecutive years. During the reporting period, the Company also implemented stock option incentive plans, employee stock ownership plans, re-public issuance of convertible bonds and other major projects. The above projects and other daily temporary announcements are in strict accordance with the *Company Law*, the *Securities Law*, the *Measures for the Administration of Information Disclosure of Listed Companies*, and the *Rules for the Listing of Stocks on the Shanghai Stock Exchange* and other relevant laws and regulations, as well as the *Articles of Association*, the *Management System for Information Disclosure of Oppein Home Group*, and the *Regulations on the Administration of Major Information Submission within Oppein Home Group*, fulfill the obligation of information disclosure, and manage the registration and submission of insider information at various stages according to regulations.

(VI) About investor relations management

Temporary announcements are an important channel for investors to learn about the daily operation of the Company and the progress of major matters, and periodic reports are an important reference for investors to make value judgments and investment decisions on the Company's stock. During the reporting period, the Company disclosed periodic reports and various temporary announcements in accordance with regulations, which would truthfully, accurately, completely, timely and fairly disclose information that may have a significant impact on the Company's production and operation and on the Company's stock price. In each periodic report and quarterly report, the Company combines the industry policy and market dynamics, deeply compares and analyzes the Company's industry development trend, business model, core competitiveness, business plan and other industry and operational information, and discloses the social responsibility report (Chinese and English Edition) to the market for the first time in 2022 to further convey the Company's value to domestic and foreign investors.

After the disclosure of each periodic report and quarterly report, the Company held a performance presentation by combining live network broadcasting with telephone access, with the active participation of the president of the Company, the person in charge of finance and other management, so that investors can have a more intuitive and in-depth understanding of the Company's current operation. The total number of views viewed by online investors at each performance presentation exceeded 100,000. During the reporting period, the Company won the new wealth annual best

IR team award, outstanding IR enterprise, performance presentation diligence award, excellent IR team, small and medium-sized investor relations interaction award and best new media operation award.

In 2022, the Company did not fulfill the review procedures for important matters or timely fulfill the information disclosure procedures. Whether there are significant differences between corporate governance and laws, administrative regulations and the provisions of the CSRC on the governance of listed companies; if there are major differences, the reasons shall be explained

Applicable Not applicable

II. Specific measures taken by the controlling shareholders and actual controllers of the Company to ensure the independence of the Company's assets, personnel, finance, institutions and business, as well as solutions, work progress and follow-up work plans taken to affect the independence of the Company

Applicable Not applicable

The controlling shareholders, actual controllers and other units under their control engage in the same or similar business as the Company, as well as the impact of horizontal competition and major changes in interbank competition on the Company, the solutions taken, the progress of solutions and the follow-up solutions

Applicable Not applicable

III. Brief introduction to general meetings of shareholders

Session	Date	Search index of designated websites published in the resolution	Disclosure date published in the resolution	Resolution of the meeting
The first provisional general meeting of shareholders in 2022	February 16, 2022	Shanghai Stock Exchange www.sse.com.cn, Announcement No.: 2022-012	February 17, 2022	The following proposals were deliberated and approved: 1. Proposal on Adjusting the Application of the Company and Its Holding Subsidiaries for Comprehensive Credit Line from Banks in 2021-2022 2. Proposal on the <i>First Phase of Excellent Employee Stock Ownership Plan (Draft) of Oppein Home Group Inc.</i> and its summary 3. Proposal on the <i>Measures for the Administration of the First Phase of Excellent Employee Stock Ownership Plan (Draft) of Oppein Home Group Inc.</i> 4. Proposal on Submitting to the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the First Phase of the Company's Excellent Employee Stock Ownership Plan
Annual General Meetings of Shareholders 2021	May 27, 2022	Shanghai Stock Exchange www.sse.com.cn, Announcement No.: 2022-037	May 28, 2022	The following proposals were deliberated and approved: 1. Report on the Work of the Board of Directors of the Company in 2021 2. Report on the Work of the Board of Supervisors of the Company in 2021 3. Proposal on the <i>Annual Report of the Company for 2021</i> and Its Summary 4. Annual Financial Statement of the Company for 2021 5. Financial Budget Report of the Company for 2022 6. Proposal on Profit Distribution Plan of the Company for 2021 7. Proposal on Determining the External Guarantee Quota of the Company and Its Holding Subsidiaries 8. Proposal on Confirming the

				Remuneration of Non-independent Directors of the Company in 2021 9. Proposal on the Renewal of Huaxing Certified Public Accounts LLP (Special General Partnership) as the Company's Audit Institution in 2022
The second provisional general meeting of shareholders in 2022	September 29, 2022	Shanghai Stock Exchange www.sse.com.cn, Announcement No.: 2022-080	September 30, 2022	The following proposals were deliberated and approved: 1. Proposal on Allowance for Independent Directors of the Fourth Board of Directors 2. Proposal on Reformulating the <i>Management System of Raised Funds of Oppein Home Group Inc.</i> 3. Proposal on Providing Performance Guarantee for Wholly-owned Subsidiaries 4. Proposal on Amending Some Provisions of the <i>Articles of Association</i> 5. Proposal on Amending Some Provisions of the <i>Rules of Procedure of the Board of Directors of Oppein Home Group Inc.</i> 6. Proposal on the Election of Non-independent Directors 7. Proposal on the Election of Independent Directors 8. Proposal on the Election of Supervisors

Preferred shareholders whose voting rights have been restored request the convening of a provisional general meeting of shareholders

Applicable Not applicable

Information note of general meetings of shareholders

Applicable Not applicable

The convening procedures of the above-mentioned general meetings of shareholders shall comply with the relevant laws, regulations, normative documents such as the *Company Law*, the *Rules for General Meetings* and the relevant provisions of the *Articles of Association*; the qualifications of the personnel attending the meeting and the convener are legal and effective; the voting procedures and results of each general meeting of shareholders are legal and effective.

IV. Directors, supervisors and senior managers

(I) Shareholding changes and remuneration of current and resignation directors, supervisors and senior managers during the reporting period

√ Applicable □ Not applicable

Unit: nos.

Name	Post (note)	Gender	Age	Term started on	Term ended on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase and decrease of shares in the year	Reasons for increase or decrease	Total pre-tax remuneration received from the Company during the reporting period (CNY '0,000)	Whether to obtain remuneration from related parties of the Company
Yao Liangsong	Chairman	Male	58	2022/9/29	2025/9/29	403,200,000	403,200,000	0	/	96.71	No
Tan Qinxing	Vice chairman	Male	58	2022/9/29	2025/9/29	1,444,380	1,444,380	0	/	929.65	No
Yao Liangbai	Vice chairman	Male	53	2022/9/29	2025/9/29	51,578,316	51,578,316	0	/	195.64	No
Liu Shunping	Director	Male	46	2022/9/29	2025/9/29	16,544	16,544	0	/	36.42	No
Qin Shuo	Independent director	Male	54	2022/9/29	2025/9/29	0	0	0	/	12.83	No
Jiang Qi	Independent director	Male	42	2022/9/29	2025/9/29	0	0	0	/	12.83	No
Li Xinquan	Independent director	Male	55	2022/9/29	2025/9/29	0	0	0	/	3.75	No
Zhu Yaojun	Chairman of board of supervisors	Male	44	2022/9/29	2025/9/29	0	0	0	/	33.34	No
Zhao Lili	Supervisor	Female	45	2022/9/29	2025/9/29	0	0	0	/	26.27	No
Meng Qingwei	Employee representative supervisor	Male	37	2022/9/29	2025/9/29	0	0	0	/	9.38	No
Wang Huan	Financial administrator	Female	51	2022/9/29	2025/9/29	307,251	307,251	0	/	136.27	No
Ou Yingying	Secretary of the board	Female	42	2022/9/29	2025/9/29	800	800	0	/	9.33	No

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Chu Xiaoping	Independent director (resignation)	Male	67	2019/9/30	2022/9/29	0	0	0	/	9.08	No
Zhong Huawen	Chairman of the board of supervisors (resignation)	Male	54	2019/9/30	2022/9/29	558,719	558,719	0	/	374.92	No
Xie Hang	Supervisor (resignation)	Male	58	2019/9/30	2022/5/27	0	0	0	/	209.11	No
Li Lan	Employee representative supervisor (resignation)	Female	41	2019/9/30	2022/9/29	0	1,000	1,000	/	74.71	No
Yang Yaoxing	Secretary of the board of directors (resignation)	Male	58	2019/9/30	2022/9/29	664,617	664,617	0	/	107.91	No
Total	/	/	/	/	/	457,770,627	457,771,627	1,000	/	2,278.17	/

Notes: 1. The "total pre-tax remuneration received from the Company during the reporting period" in the above Table is calculated on the basis of the actual working hours of directors, supervisors and senior executives; the difference in total is due to rounding.

2. The "number of shares held at the beginning of the year" in the above Table is based on the actual tenure of directors, supervisors and senior executives.

Name	Major work experience
Yao Liangsong	Male, born in August 1964, Chinese nationality, without permanent overseas residency, Han nationality, graduated from Beihang University in 1986, with a bachelor's degree in machinery manufacturing, a senior manager. He was a teacher of Jingdezhen (Jiangxi Province) Changhe Aircraft Manufacturing Factory Technical School, director of Guangzhou Office of Yanliang (Xi'an) Wireless Power Plant, chairman of Guangzhou Kexin New Technology Development Co., Ltd., chairman of Oppein Kitchen Cabinet, vice chairman of the Ninth CPPCC National Committee in Baiyun District, Guangzhou, executive chairman of the China Furniture & Decoration Chamber of Commerce, chairman of the Kitchen Cabinet Professional Committee of the China Furniture & Decoration Chamber of Commerce, founding chairman of the Guangdong Furnishing Industry Federation, vice chairman of Guangdong Entrepreneurs Council and vice chairman of Guangzhou General Chamber of Commerce. He is currently the chairman and president of the Company.
Tan Qinxing	Male, born in April 1964, Chinese nationality, without permanent overseas residency, Han nationality, bachelor of aircraft manufacturing engineering. He was deputy director and senior engineer of Aircraft Technology Department of Jingdezhen (Jiangxi) Changhe Aircraft Industry Co., Ltd., general manager and manufacturing president of Kitchen and Wardrobe Business Department of Oppein Home Group. He is currently the vice chairman, vice president and executive president of the Company.
Yao Liangbai	Male, born in April 1969, Chinese nationality, without permanent overseas residency, Han nationality, bachelor of philosophy. He was a teacher of Guangdong Institute for Nationalities (now Guangdong Polytechnic Normal University), director of Administrative Department and assistant president of Oppein Home Group. He is currently secretary of the party committee, vice chairman and vice president of the Company.
Liu Shunping	Male, born in August 1976, Chinese nationality, without permanent overseas residency, Han nationality, master of business administration, China Europe International Business School. He once served as general manager of Cabinet Business Department of Oppein Home Group, general manager of marketing of

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	Oppein Home Group, general manager of Whole Decoration Large Home Furnishing Business Department of Oppein Home Group and vice president of Marketing of Oppein Home Group; He is currently the general manager of the Whole Home Marketing Department of Oppein.
Qin Shuo	Male, born in December 1968, Chinese nationality, without permanent overseas residency, Han nationality, bachelor of arts, doctor of management. He was the editor in chief of Guangzhou <i>South Wind Window</i> magazine, the editor in chief of Yicai Media Group and the general manager of Shanghai China Business News Media Co., Ltd. He is currently an independent director of the Company, CEO of Shanghai Nalati Network Technology Co., Ltd. and an independent director of China Industrial Securities International Financial Group Limited.
Jiang Qi	Male, born in July 1980, Chinese nationality, without permanent overseas residency, Han nationality, bachelor of law. He was a certified public accountant of Guangdong Branch of Asia Pacific (Group) CPAs (Special General Partnership). He is currently a partner of Guangzhou Chenchang Accounting Firm (General Partnership). In addition to serving as an independent director of the Company, Mr. Jiang Qi is also an independent director of Shenzhen Xinyichang Technology Co., Ltd. and Guangzhou Sie Consulting Co., Ltd.
Li Xinquan	Male, born in November 1967, Chinese nationality, without permanent overseas residency, Han nationality, master of arts. He was deputy secretary general of Guangzhou Municipal Committee, secretary of Shufu County Committee, member of the Standing Committee of Qingyuan Municipal Committee, executive vice mayor, member of the Party Group and deputy director of Human Resources and Social Security Department of Guangdong Province, vice chairman of Guangdong Federation of Trade Unions (part-time) and deputy general manager of CAS Venture Capital; He is currently an independent director of the Company, the chairman and general manager of Guoke Life Sciences (Guangdong) Co., Ltd., and the chairman of Guoao (Guangdong) Science and Technology Co., Ltd.
Zhu Yaojun	Male, born in January 1978, Chinese nationality, without permanent overseas residency, Han nationality, bachelor of engineering. He was deputy general manager of bathroom manufacturing of Oppein Home Group, general manager of cabinet manufacturing of Oppein Home Group and general manager of Integrated Home Business Department of Oppein Home Group; He is currently the chairman and vice president of the board of supervisors of the Company.
Zhao Lili	Female, born in December 1977, Chinese nationality, without permanent overseas residency, Han nationality, bachelor of economics and master of business administration. He was the chief financial officer of Xiwei (China) Investment Co., Ltd. in China; He is currently a supervisor of the Company and an administrative assistant to the president of the Group.
Meng Qingwei	Male, born in June 1985, Chinese nationality, without permanent overseas residency, Manchu, bachelor of law. He was the legal manager of Honz Pharmaceutical Co., Ltd.; He is currently the employee representative supervisor, company lawyer and Legal Department manager of Oppein Home Group.
Wang Huan	Female, born in November 1971, Chinese nationality, without permanent overseas residency, bachelor's degree, major in financial management. He was deputy financial manager, financial manager and deputy general manager of Financial Center of Oppein Home, and is currently the general manager of Financial Center of the Company.
Ou Yingying	Female, born in August 1980, Chinese nationality, without permanent overseas residency, Han nationality, master's degree, bachelor of law and master of business administration. He was the chief of the Securities Department of Guangzhou Iron and Steel Co., Ltd. and the manager of the Securities Affairs Department of Oppein Home Group. He is currently the secretary of the board of directors and the director of the Securities Affairs Department of the Company.
Chu Xiaoping (resignation)	Male, born in September 1955, Chinese nationality, without permanent overseas residency, Han nationality, doctor of management, professor and doctoral supervisor. He was once a professor, vice president and dean of Business School of Shantou University, an independent director of Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd., an independent director of Lafang Household Chemicals Co., Ltd., a professor and doctoral supervisor of Lingnan College Sun Yat-Sen University. During the reporting period, he served as an independent director of the third board of directors of the Company, an independent director of Guangdong Shengyi Technology Co., Ltd., an independent director of Guangzhou Golden Sea Professional Equipment Ltd. and an independent director of Times Neighborhood Holdings Limited.
Zhong Huawen (resignation)	Born in March 1968, Chinese nationality, without permanent overseas residency, Han nationality, bachelor of machinery manufacturing technology and equipment. He was the technical director of Changzheng Machinery Factory of Sichuan Academy of Aerospace Technology, the factory director of Hong Kong Qingfa Lighting Co., Ltd., the manager of the Production Department of Jiangmen Yeebo Semiconductor Co., Ltd. and the general manager of Oppein Home

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	Kitchen Cabinet Manufacturing. During the reporting period, he served as the chairman of the third board of supervisors of the Company and is currently the vice president of the Group.
Xie Hang (departing)	Male, born in August 1964, Chinese nationality, without permanent overseas residency, Han nationality, double bachelor's degree in literature and law. He worked in the Meizhou municipal government department. During the reporting period, he served as a supervisor of the third board of supervisors of the Company.
Li Lan (resignation)	Female, born in December 1981, Chinese nationality, without permanent overseas residency, Han nationality, once served as director of property control of Oppein Home Kitchen Cabinet, director of administrative and internal affairs of Supply Chain Management Department and manager of Supply Chain Planning, Management and Operation Department. During the reporting period, he served as the employee representative supervisor of the third board of supervisors and is currently the manager of Qingyuan Purchase Department.
Yang Yaoxing (resignation)	Male, born in April 1964, Chinese nationality, without permanent overseas residency, Han nationality, bachelor's degree, master's degree in business administration, engineer, senior economist. He was an engineer of the Planning and Control Department of Guangzhou Iron and Steel Co., Ltd., secretary of the Party Committee Office, deputy manager of the Securities Department, deputy director of the General Manager Office, director of the Work Department of the board of directors and secretary of the board of directors of the Company. During the reporting period, he served as secretary of the board of directors of the third board of directors and is currently the deputy general manager of administration, the chairman of the Labor Union and the instructor of master's degree students of Guangzhou University.

Other information note

Applicable Not applicable

In accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and other relevant laws and regulations, as well as the *Articles of Association of Oppein Home Group Inc.*, the Company held the second provisional general meeting of shareholders in 2022 on September 29, 2022, at which the directors of the fourth board of directors and non-employee representative supervisors of the fourth board of supervisors of the Company were elected. On the same day, the Company held the first meeting of the fourth board of directors and the first meeting of the fourth board of supervisors, completed the election of chairman and vice chairman of the fourth board of directors and chairman of supervisor meeting, confirmed the composition of special committees of the board of directors and appointed senior managers. For details, see the *Announcement of Oppein Home on the Completion of the General Election of the Board of Directors and the Board of Supervisors and the Appointment of Senior Managers* (announcement No.: 2022-083).

(II) Current and resignation directors, supervisors and senior managers during the reporting period**1. Employment in shareholders**

□ Applicable √ Not applicable

2. Employment in other companies

√ Applicable □ Not applicable

Name of employee	Name of other companies	Positions held in other companies	Term started on	Term ended on
Yao Liangsong	Guangzhou Ouerben Investment Co., Ltd.	Supervisor	March 2016	-
Yao Liangsong	Beijing Jiaju Technology Co., Ltd.	Chairman	January 2019	-
Yao Liangbai	Meizhou Yuanling Investment Industry Co., Ltd.	Legal representative, manager and executive director	August 2018	-
Yao Liangbai	Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	Chairman	November 2019	-
Yao Liangbai	Zhongju Hejia (Beijing) Investment Fund Management Co., Ltd.	Director	October 2017	-
Qin Shuo	Shanghai Nalati Network Technology Co., Ltd.	Legal representative and executive director	September 2015	-
Qin Shuo	China Taiping Insurance Holdings Company Limited	Director	February 2019	-
Qin Shuo	Ningbo Lanfan Jingshuo Venture Capital Partnership (Limited Partnership)	Legal representative and partner	March 2017	-
Qin Shuo	Shanghai Jiai Hospital Management Co., Ltd.	Director	December 2017	-
Qin Shuo	China Industrial Securities International Financial Group Limited	Independent director	July 2016	-
Qin Shuo	Guangzhou Mircrodream Media Culture Communication Co., Ltd.	Director	December 2015	-
Qin Shuo	Wind Information Co., Ltd.	Director	October 2007	-
Qin Shuo	Guangzhou Wan'gong Enterprise Management Consulting Co., Ltd.	Director	February 2018	-
Qin Shuo	Wanxun Network Technology (Guangzhou) Co., Ltd.	Supervisor	March 2018	-
Qin Shuo	Guangzhou Yuanchuan Information Technology Co., Ltd.	Supervisor	September 2016	-
Jiang Qi	Guangzhou Chenchang Accounting Firm (General Partnership)	Executive partner	August 2018	-
Jiang Qi	Guangzhou Runyan Information Technology Co., Ltd.	Supervisor	October 2021	-
Jiang Qi	Guangdong Zhenyuan Private Equity Fund Management Co., Ltd.	Supervisor	April 2021	-
Jiang Qi	Guangzhou Runyan Enterprise Management	Supervisor	October 2021	-

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Name of employee	Name of other companies	Positions held in other companies	Term started on	Term ended on
	Consulting Co., Ltd.			
Jiang Qi	Guangzhou Runyan Consulting Co., Ltd.	Supervisor	January 2018	-
Jiang Qi	Guangzhou Zhonggong Intellectual Property Service Co., Ltd.	Supervisor	April 2017	-
Jiang Qi	Shenzhen Xinyichang Technology Co., Ltd.	Independent director	June 2019	-
Jiang Qi	Guangdong Phonpa Home Technology Co., Ltd.	Independent director	August 2020	-
Jiang Qi	Guangzhou Tongxin Sports Co., Ltd.	Independent director	December 2020	-
Jiang Qi	Guangdong Tongli Customization Corp Ltd.	Independent director	July 2020	-
Jiang Qi	Huizhou Dongjin Agriculture Co., Ltd.	Independent director	March 2022	-
Jiang Qi	Guangzhou Sie Consulting Co., Ltd.	Independent director	March 2022	-
Chu Xiaoping (resignation)	Guangdong Shengyi Technology Co., Ltd.	Independent director	April 2017	-
Chu Xiaoping (resignation)	Guangzhou Golden Sea Professional Equipment Ltd.	Independent director	July 2019	July 2022
Chu Xiaoping (resignation)	Guangzhou Baiyunshan Biological Products Co., Ltd. (formerly known as Guangzhou Nuocheng Biological Products Co., Ltd.)	Director	September 2020	-
Chu Xiaoping (resignation)	Times Neighborhood Holdings Limited	Independent director	December 2019	-
Explanation of employment in other units	None			

(III) Remuneration of directors, supervisors and senior managers√ Applicable Not applicable

Decision-making procedures for remuneration of directors, supervisors and senior managers	The remuneration of non-independent directors, supervisors and senior managers of the Company is related to their employment in the Company. The Company shall implement it in accordance with the relevant systems and regulations such as the <i>Remuneration Management System of Oppein Home Group</i> , the <i>Measures for the Administration of Remuneration and Performance Appraisal of Directors (Non-independent directors) and Senior Managers of the Company</i> , and its remuneration shall be submitted to the board of directors and the general meeting of shareholders of the Company for deliberation and determination after approval by the Remuneration and Assessment Committee of the Company; non-independent directors and supervisors of the Company have no post allowance; the allowance for independent directors was deliberated and determined by the second provisional general meeting in 2019 and the second provisional general meeting in 2022.
Basis for determining the remuneration of directors, supervisors and senior managers	The remuneration of directors, supervisors and senior managers of the Company is related to their employment in the Company, and the remuneration is determined by combining basic remuneration with performance remuneration. The basic remuneration is determined by referring to the remuneration level of the same industry and combining the position, ability and work intensity; performance compensation is based on the remuneration management system, combined with the Company's performance, personal performance, work completion and contribution. The allowance for

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	independent directors shall be determined by reference to the allowance level for independent directors of listed companies and other factors.
Actual payment of remuneration of directors, supervisors and senior managers	The remuneration of non-independent directors, supervisors and senior managers of the Company shall be paid on a monthly basis; the allowance for independent directors is paid quarterly.
Total actual remuneration received by all directors, supervisors and senior managers at the end of the reporting period	CNY 22.7817 million

(IV) Changes in directors, supervisors and senior managers of the Company√ Applicable Not applicable

Name	Positions held	Changes	Reasons for changes
Liu Shunping	Non-independent director	Election	General election
Li Xinquan	Independent director	Election	General election
Chu Xiaoping	Independent director	Resignation	General election
Zhu Yaojun	Chairman of board of supervisors	Election	General election
Zhao Lili	Supervisor	Election	General election
Meng Qingwei	Employee representative supervisor	Election	General election
Zhong Huawen	Chairman of board of supervisors	Resignation	Term expires
Xie Hang	Supervisor	Resignation	Resigned on May 27, 2022
Li Lan	Employee representative supervisor	Resignation	Term expires
Yang Yaoping	Secretary of the board	Resignation	Term expires
Ou Yingying	Secretary of the board	Appointment	General election

(V) Explanation of punishment by securities regulatory authorities in the past three years Applicable Not applicable**(VI) Others** Applicable Not applicable**V. Relevant information of the board of directors held during the reporting period**

Session	Date	Resolution of the meeting
The 20th meeting of the third board of directors	January 24, 2022	The following proposals were deliberated and approved: 1. <i>Proposal on Adjusting the Plan for the Public Issuance of Convertible Corporate Bonds by the Company</i> ; 2. <i>Proposal on the Plan for the Public Issuance of Convertible Corporate Bonds by the Company (Revised Draft)</i> ; 3. <i>Proposal on the Feasibility Analysis Report on the Use of Funds Raised by the Company's Public Issuance of Convertible Corporation Bonds (Revised Draft)</i> ; 4. <i>Bill on the Dilution of Spot Returns and Filling Measures for the Public Issuance of Convertible Corporate Bonds by the Company and the Commitments of Relevant Subjects (Revised Draft)</i> ; 5. <i>Proposal on Adjusting the Application of the Company and Its Holding Subsidiaries for Comprehensive Credit Line from Banks in 2021-2022</i> ; 6. <i>Proposal on the First Phase of Excellent Employee Stock Ownership Plan (Draft) of Oppein Home Group Inc. and its summary</i> ; 7. <i>Proposal on the Measures for the Administration of the First Phase of Excellent Employee Stock Ownership Plan (Draft) of Oppein Home Group Inc.</i> ; 8. <i>Proposal on Submitting to the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the First Phase of the Company's Excellent Employee Stock Ownership Plan</i> ; 9. <i>Proposal on Convening the First Provisional General Meeting in 2022.</i>

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<p>The 21st meeting of the third board of directors</p>	<p>April 21, 2022</p>	<p>The following proposals were deliberated and approved: 1. <i>Report on the Work of the Board of Directors of the Company in 2021</i>; 2. <i>Business Report of the General Manager of the Company in 2021</i>; 3. <i>Report on the Work of Independent Directors of the Company in 2021</i>; 4. <i>Report on the Performance of the Audit Committee of the Board of Directors of the Company in 2021</i>; 5. <i>Proposal on the Annual Report of the Company for 2021 And Its Summary</i>; 6. <i>Annual Financial Statement of the Company for 2021</i>; 7. <i>Financial Budget Report of the Company for 2022</i>; 8. <i>Proposal on Profit Distribution Plan of the Company for 2021</i>; 9. <i>Internal Control Evaluation Report of the Company in 2021</i>; 10. <i>Proposal on Determining the External Guarantee Quota of the Company and Its Holding Subsidiaries</i>; 11. <i>Proposal on Determining the Amount of Cash Management by the Company and Its Holding Subsidiaries Using Their Own Funds</i>; 12. <i>Proposal on Confirming the Remuneration of Non-independent Directors of the Company in 2021</i>; 13. <i>Proposal on Confirming the Remuneration of Senior Managers of the Company in 2021</i>; 14. <i>Proposal on the Renewal of Huaxing Certified Public Accounts LLP (Special General Partnership) as the Company's Audit Institution in 2022</i>; 15. <i>Social Responsibility Report 2021</i>; 16. <i>Proposal on Convening the Annual General Meeting of Shareholders of the Company in 2021</i>.</p>
<p>The 22nd meeting of the third board of directors</p>	<p>April 28, 2022</p>	<p>The <i>Proposal on the First Quarter Report of the Company in 2022</i> was deliberated and approved</p>
<p>The 23rd meeting of the third board of directors</p>	<p>June 23, 2022</p>	<p>The <i>Proposal on Granting Reserved Stock Options for the 2021 Stock Option Incentive Plan to Incentive Targets</i> was deliberated and approved</p>
<p>The 24th meeting of the third board of directors</p>	<p>July 13, 2022</p>	<p>The following proposals were deliberated and approved: 1. <i>Proposal on Amending the 2021 Stock Option Incentive Plan of Oppein Home Group Inc. and Some Provisions of Its Summary</i>; 2. <i>Proposal on Adjusting the Exercise Price of the Company's Stock Option Incentive Plan in 2021</i>; 3. <i>Proposal on the Achievement of Exercise Conditions in the First Exercise Period of the First Grant of Stock Options under the Company's Stock Option Incentive Plan in 2021</i>; 4. <i>Proposal on Cancellation of Some Stock Options First Granted by the Company's Stock Option Incentive Plan in 2021</i>; 5. <i>Proposal on Reformulating the Investor Relations Management System of Oppein Home Group Inc.</i></p>
<p>The 25th meeting of the third board of directors</p>	<p>August 2, 2022</p>	<p>The following proposals were deliberated and approved: 1. <i>Proposal on Further Clarifying the Plan for the Public Issuance of Convertible Corporation Bonds by the Company</i>; 2. <i>Proposal on the Public Issuance and Listing of Convertible Corporation Bonds by the Company</i>; 3. <i>Proposal on Opening A Special Account for Raising Funds by Publicly Issuing Convertible Corporation Bonds and Signing A Regulatory Agreement.</i></p>
<p>The 26th meeting of the third board of directors</p>	<p>August 19, 2022</p>	<p><i>Proposal on the Use of Idle Raised Funds for Cash Management</i> was deliberated and approved</p>
<p>The 27th meeting of the third board of directors</p>	<p>August 29, 2022</p>	<p><i>Proposal on the Company's Semi Annual Report for 2022 And Its Summary</i> was deliberated and approved</p>
<p>The 28th meeting of the third board of directors</p>	<p>September 13, 2022</p>	<p>The following proposals were deliberated and approved: 1. <i>Proposal on the General Election of the Board of Directors</i>; 2. <i>Proposal on Allowance for Independent Directors of the Fourth Board of Directors</i>; 3. <i>Proposal on reformulating the fund raising management system of Europa home furnishing Group Co., Ltd</i>; 4. <i>Proposal on Amending Some Provisions of the Guidelines for the Management of Shareholdings and Changes of Directors, Supervisors and Senior Managers of Oppein Home Group Inc.</i>; 5. <i>Proposal on Providing Performance Guarantee for Wholly-owned Subsidiaries</i>; 6. <i>Proposal on Amending Some Provisions of the Articles of Association</i>; 7. <i>Proposal on Amending Some Provisions of the Rules of Procedure of the Board of Directors of Oppein Home Group Inc.</i>; 8. <i>Proposal on Convening the Second Provisional General Meetings of</i></p>

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Shareholders the Company in 2022.		
The 1st meeting of the fourth board of directors	September 29, 2022	The following proposals were deliberated and approved: 1. Proposal on Electing Yao Liangsong as Chairman of the Fourth Board of Directors of the Company; 2. Proposal on Electing Tan Qinxing as Vice Chairman of the Fourth Board of Directors of the Company; 3. Proposal on Electing Yao Liangbai as Vice Chairman of the Fourth Board of Directors of the Company; 4. Proposal on Renewing Yao Liangsong as General Manager (President) of the Company; 5. Proposal on Renewing Tan Qinxing as Deputy General Manager (Vice President) of the Company; 6. Proposal on the Appointment of Yao Liangbai as Deputy General Manager (Vice President) of the Company; 7. Proposal on Renewing Wang Huan as the Financial Administrator of the Company; 8. Proposal on the Appointment of Ou Yingying as Secretary of the Board of Directors of the Company; 9. Proposal on the Election of Members of Special Committees under the Fourth Board of Directors.
The 2nd meeting of the fourth board of directors	October 27, 2022	The following proposals were deliberated and approved: 1. Report of the Third Quarter of 2022 of Oppein Home Group Inc.; 2. Proposal on the Use of Raised Funds to Replace Self-raised Funds Invested in Advance; 3. Proposal on the Scheme of Repurchasing Shares by Means of Centralized Bidding Transactions.
The 3rd meeting of the fourth board of directors	November 10, 2022	Proposal on Not Downward Amending the Conversion Price of "Oppein 22 Convertible Bonds" was deliberated and adopted

VI. Performance of directors' duties

(I) Directors' attendance in board meetings and general meetings of shareholders

Name of director	Independent director or not	Attendance in the board of directors						Attendance in the general meetings of shareholders
		Number of board of directors meetings due this year	Number of attendance in person	Number of attendance by means of communication	Number of attendance by proxy	Number of absences	Whether to fail to attend meetings in person twice in a row	Number of attendance in general meetings of shareholders
Yao Liangsong	No	12	12	7	0	0	No	2
Tan Qinxing	No	12	12	7	0	0	No	2
Yao Liangbai	No	12	12	7	0	0	No	3
Liu Shunping	No	3	3	2	0	0	No	1
Qin Shuo	Yes	12	12	12	0	0	No	2
Jiang Qi	Yes	12	12	11	0	0	No	2
Li Xinquan	Yes	3	3	2	0	0	No	1
Chu Xiaoping	Yes	9	9	9	0	0	No	0

Instructions for failing to attend the meeting of the board of directors in person for two consecutive times

Applicable Not applicable

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Number of meeting of the board of directors held during the year	12
Including: number of on-site meetings	0
Number of meetings held by means of communication	7
Number of meetings held on site in combination with communication	5

(II) Objections raised by directors to relevant matters of the Company

Applicable Not applicable

(III) Other

Applicable Not applicable

VII. Special committees under the board of directors

Applicable Not applicable

(1) Members of special committees under the board of directors

Category of special committee	Name of member
Audit Committee	Jiang Qi, Yao Liangbai, Li Xinquan
Nomination Committee	Qin Shuo, Tan Qinxing, Li Xinquan
Remuneration and Assessment Committee	Li Xinquan, Jiang Qi, Liu Shunping
Strategy Committee	Yao Liangsong, Yao Liangbai, Qin Shuo

(2) During the reporting period, the Audit Committee held 4 meetings

Date	Meeting content	Important comments and suggestions	Other performance of duties
April 21, 2022	<i>Proposal on the Annual Report of the Company for 2021 and Its Summary, Internal Control Evaluation Report of the Company in 2021 and Proposal on the Renewal of Huaxing Certified Public Accounts LLP (Special General Partnership) as the Company's Audit Institution in 2022</i> were deliberated and approved	Expressed explicit agreement with each proposal	/
April 28, 2022	<i>The Proposal on the First Quarter Report of the Company in 2022</i> was deliberated and approved	Expressed explicit agreement	/
August 29, 2022	<i>Proposal on the Company's Semi Annual Report for 2022 And Its Summary</i> was deliberated and approved	Expressed explicit agreement	/
October 27, 2022	<i>Report of the Third Quarter of 2022 of Oppein Home Group Inc.</i> was deliberated and approved	Expressed explicit agreement	/

(3) During the reporting period, the Remuneration and Assessment Committee held 5 meetings

Date	Meeting content	Important comments and suggestions	Other performance of duties
January 24, 2022	<i>Proposal on the First Phase of Excellent Employee Stock Ownership Plan (Draft) of Oppein Home Group Inc. and Its Summary and Proposal on the Measures for the Administration of the First Phase of Excellent Employee Stock Ownership Plan (Draft) of Oppein Home Group Inc.</i> of Oppein Home Group Inc. were deliberated and approved	Expressed explicit agreement with each proposal	Related directors recuse from voting
April 21, 2022	<i>Proposal on Confirming the Remuneration of Non-independent Directors of the Company in 2021 and Proposal on Confirming the Remuneration of Senior Managers of the Company in 2021</i> were	Expressed explicit agreement	Related directors recuse from

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	deliberated and approved	with each proposal	voting
June 23, 2022	<i>Proposal on the List of Incentive Targets Reserved for Grant under the Company's Stock Option Incentive Plan in 2021</i> was deliberated and approved	Expressed explicit agreement	/
July 13, 2022	<i>Proposal on the Achievement of Exercise Conditions in the First Exercise Period of the First Grant of Stock Options under the Company's Stock Option Incentive Plan in 2021</i> was deliberated and approved	Expressed explicit agreement	Related directors recuse from voting
September 13, 2022	<i>Proposal on Allowance for Independent Directors of the Fourth Board of Directors</i> was deliberated and approved	Expressed explicit agreement	/

(4) During the reporting period, the Nomination Committee held 1 meeting

Date	Meeting content	Important comments and suggestions	Other performance of duties
September 13, 2022	<i>Proposal on the General Election of the Board of Directors</i> was deliberated and approved	Expressed explicit agreement	/

(5) Details of objections

Applicable Not applicable

VIII. Description of risks found by the board of supervisors

Applicable Not applicable

The board of supervisors has no objection to the supervision matters during the reporting period.

IX. Employees of the parent company and major subsidiaries at the end of the reporting period**(I) Employees**

Number of active employees of the parent company	3,836
Number of active employees in major subsidiaries	20,691
Total number of active employees	24,527
Number of retired employees to be borne by the parent company and major subsidiaries	63
Specialty composition	
Specialty composition category	Number of people of specialty composition
Production personnel	15,525
Sales personnel	3,231
Technical personnel	3,024
Financial personnel	174
Administrative personnel	2,573
Total	24,527
Education background	
Education background category	Quantity (person)
Master's degree and above	147
Bachelor's degree	4,343
Junior college	3,970
High school and technical secondary school	1,434
Junior school or below	14,633
Total	24,527

(II) Remuneration policy

Applicable Not applicable

The Company's overall remuneration policy is closely related to the achievement of the Company's strategic objectives. In order to give full play to the incentive of Remuneration, the Company implements different incentive

policies for employees of different categories and positions. The remuneration of employees not only reflects the value of the post, but also is closely related to the achievement of personal performance and the performance objectives of their business scope. By establishing a remuneration management and performance appraisal system, the Company fully mobilizes the enthusiasm of employees, so that the actual income of employees is highly related to the Company's performance, personal performance and incentive objectives. The higher the target achievement rate, the higher the income of employees, and vice versa. The income level of the Company's employees is highly competitive in the market, and the remuneration payment meets the requirements of relevant national laws and regulations.

(III) Training plan

Applicable Not applicable

In 2022, according to the overall deployment of Human Resources Center and related key work requirements, the Group's training work continued to rely on the "6+1" model, made every effort to create a "double engine" for training and development, refined talent training, and further promoted the construction of talent echelon; through innovative empowerment, it focused on the pain points of marketing and manufacturing business, quickly built a business talent training system close to business and efficient empowerment, and helped business units improve their ability to undertake business plans to better support the realization of performance objectives; it continuously improved the "whole process, targeted and three-dimensional" talent learning and development ecosystem with perfect system and remarkable results, and by taking talents as the cornerstone, business as the driving force and value as the orientation, it supported the realization and transcendence of organizational objectives and personal achievements.

In 2023, the training work took "talent delivery, organizational management upgrading and comprehensive market-oriented operation" as its new orientation, focused on the three key words of "talent empowerment, skill empowerment and business empowerment", comprehensively cultivated the internal training system, and constantly explored external services, so as to build a more systematic, scientific, precise and market-oriented training and development work. Internally, it strengthened the basic training management by means of "rammed earth wall", realized the upgrading of internal management system in line with the times, and gradually covered the dealer system and enabled terminals; it carried out the business of "entering Oppein" and "grading and certification of skilled talents" to achieve the comprehensive output of curriculum system, evaluation system and examination system, flexibly carried out various practical training projects, improved the quality of internal talent supply for key positions, efficiently enabled business development, and enhanced the internal "hematopoietic" ability of enterprises.

(IV) Labor outsourcing

Applicable Not applicable

X. Profit distribution or capital reserve conversion plan

(I) Formulation, implementation or adjustment of cash dividend policy

Applicable Not applicable

1. Formulation of profit distribution policy

In order to improve the Company's scientific, sustained, stable and transparent dividend policy and supervision mechanism, and actively and effectively return investors, according to relevant laws and regulations, the Company has formulated relevant provisions on profit distribution in the *Articles of Association*, clarified the specific conditions, proportion, distribution form and stock dividend distribution conditions of the Company's profit distribution, especially cash dividend, and clarified the decision-making procedures and mechanisms of the Company's profit distribution, and the adjustment principle of profit distribution policy, which strengthens the protection mechanism of the rights and interests of small and medium-sized investors.

2. Profit distribution decisions for the year

The Company intends to distribute a total cash dividend of CNY 1.075 billion (tax inclusive) to all shareholders based on the total share capital on the registration date of equity distribution less the number of shares in the Company's share repurchase account, accounting for 40% of the net profit attributable to shareholders of the parent company in 2022. If the total share capital of the Company changes before the equity registration date for the implementation of equity distribution, the Company intends to maintain the total profit distribution unchanged and adjust the profit distribution ratio per share accordingly.

(II) Special instructions on cash dividend policy

Applicable Not applicable

Whether it conforms to the provisions of the Articles of Association or the requirements of the resolution of the general meetings of shareholders	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the dividend standard and proportion clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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Are the relevant decision-making procedures and mechanisms complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors perform their duties and play their due role	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If it makes profits during the reporting period and the profits available to shareholders of the parent company are positive, but no cash profit distribution plan is put forward, the Company shall disclose in detail the reasons and the purpose and use plan of the undistributed profits

Applicable Not applicable

(IV) Profit distribution and conversion of capital reserve into equity during the reporting period

Applicable Not applicable

Unit: CNY

Number of bonus shares per 10 shares (share)	0
Dividend per 10 shares (CNY) (tax inclusive)	17.68
Increase per 10 shares (share)	0
Cash dividend amount (tax inclusive)	1,075,370,193.40
Net profit attributable to ordinary shareholders of listed companies in the consolidated statement of dividend year	2,688,425,483.50
Ratio to net profit attributable to ordinary shareholders of listed companies in the consolidated statements (%)	40
Amount of shares repurchased in cash to be included in the cash dividend	0
Total dividend amount (tax inclusive)	1,075,370,193.40
Ratio of the total dividend amount to net profit attributable to ordinary shareholders of listed companies in the consolidated statements (%)	40

Notes: 1. Parameter basis for calculation of relevant data in the above Table: (1) On March 31, 2023, the total share capital of the Company was 609,152,327 shares; (2) On March 31, 2023, the Company repurchased 837,180 shares in the special account for shares;

2. If the total share capital of the Company changes before the equity registration date for the implementation of equity distribution, the Company intends to maintain the total profit distribution unchanged and adjust the profit distribution ratio per share accordingly.

XI. The situation and impact of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

(I) Relevant incentives have been disclosed in the interim announcement and there is no progress or change in the follow-up implementation

Applicable Not applicable

Overview	Query index
On June 23, 2022, the reserved stock options of the 2021 stock option incentive plan were granted to the incentive targets, with a number of 1,232,055 granted, a grant price of CNY 146.97 yuan per share and 174 people granted.	<i>The Announcement of Oppein Home on Granting Reserved Stock Options for the 2021 Stock Option Incentive Plan to Incentive Targets (2022-039) and the Announcement of the Resolution of the 15th Meeting of the Third Board of Supervisors of Oppein Home (2022-040) disclosed on the website of Shanghai Stock Exchange.</i>
The 24th meeting of the third board of directors was held on July 13, 2022. The following proposals were deliberated and approved: (1) <i>Proposal on Amending the 2021 Stock Option Incentive Plan of Oppein Home Group Inc. and Some Provisions of Its Summary</i> ; (2) <i>Proposal on Adjusting the Exercise Price of the Company's Stock Option Incentive Plan in 2021</i> , agreeing that the exercise price of the incentive plan will be adjusted from CNY 146.97 per share to CNY 145.22 per share; (3) <i>Proposal on the Achievement of Exercise</i>	<i>Announcement on the Resolution of the 24th Meeting of the Third Board of Directors of Oppein Home (2022-045), Announcement on the Summary of Oppein Home's 2021 Stock Option Incentive Plan (Revised Draft) (2022-046), Announcement on the Adjustment of the Exercise Price of Oppein Home's 2021 Stock Option Incentive Plan (2022-047),</i>

<p>Conditions in the First Exercise Period of the First Grant of Stock Options under the Company's Stock Option Incentive Plan in 2021, agreeing that 439 incentive targets meet the exercise conditions in the first exercise period and 1,042,576 stock options are exercisable. This stock option adopts the independent exercise model, and the exercisable date is from the date of completion of relevant procedures; (4) Proposal on Cancellation of Some Stock Options First Granted by the Company's Stock Option Incentive Plan in 2021, agreeing to cancel a total of 1,841,982 stock options. After the completion of the cancellation, the incentive targets first granted by the Company's stock option incentive plan in 2021 will be changed from 500 to 452; the number of initial stock options granted will be changed from 5,290,951 to 3,448,969.</p>	<p>Announcement of Oppein Home on the First Exercise Period of the First Grant of Stock Options under the Company's Stock Option Incentive Plan in 2021 Meeting the Exercise Conditions (2022-048), Announcement of Oppein Home on the Cancellation of Some Stock Options First Granted under the Company's Stock Option Incentive Plan in 2021 (2022-049), Announcement of Resolutions of the 16th Meeting of the Third Board of Supervisors of Oppein Home (2022-050)</p>
<p>The Company completed the cancellation of 1,841,982 first granted stock options.</p>	<p>Announcement of Oppein Home on the Completion of the Cancellation of Some Stock Options First Granted by the Company's Stock Option Incentive Plan in 2021 (2022-051) disclosed on the website of Shanghai Stock Exchange</p>
<p>On July 27, 2022, the registration of reserved grant was completed. During the period from the date of this reserved grant to the completion of the registration of stock option grant, three incentive targets lost their qualifications to participate in the incentive plan due to resignation and other reasons, involving a total of 21,358 stock options. The actual number of grants was 171, and the actual number of shares granted was 1,210,697.</p>	<p>Announcement of Oppein Home on the Completion of Registration of Reserved Grant Stock Options for 2021 Stock Option Incentive Plan (2022-053) disclosed on the website of Shanghai Stock Exchange</p>
<p>On September 21, 2022, 439 incentive targets who met the exercise conditions in the first exercise period of the first grant of options under the Company's stock option incentive plan in 2021 were eligible for exercise. The exercise method was independent exercise, the exercise price was CNY 145.22 per share, and the number of exercises was 1,042,576.</p>	<p>Announcement on the Implementation of the First Exercise Period of the First Grant of Stock Options under the Company's Stock Option Incentive Plan in 2021 (2022-077) disclosed on the website of Shanghai Stock Exchange</p>
<p>During the period from September 21, 2022 to September 30, 2022, the number of exercise and completion of share transfer registration of stock option incentive targets was 6 shares, accounting for 0.0006% of the total number of exercisable stock options in that period.</p>	<p>Announcement on Quarterly Independent Exercise Results and Share Changes of the Company's Stock Option Incentive Plan in 2021 (2022-084)</p>
<p>Combined with the disclosure plan of the Company's third quarter report in 2022, the Company's restricted exercise period is from October 18, 2022 to October 27, 2022, during which all incentive targets will be restricted.</p>	<p>Indicative Announcement of Oppein Home on the Restricted Exercise Period of the Company's Stock Option Incentive Plan in 2021 (2022-085)</p>
<p>Combined with the disclosure plan of the Company's annual performance forecast for 2022, the restricted exercise period is from January 7, 2023 to January 16, 2023, during which all incentive targets will be restricted.</p>	<p>Indicative Announcement of Oppein Home on the Restricted Exercise Period of the Company's Stock Option Incentive Plan in 2021 (2022-105)</p>

(II) Incentives not disclosed in the provisional announcement or with follow-up progress

Equity incentives

Applicable Not applicable

Others

Applicable Not applicable

Employee stock ownership plans

Applicable Not applicable

Other incentives

Applicable Not applicable

(III) Equity incentives granted to directors and senior managers during the reporting period

√ Applicable Not applicable

Unit: share

Name	Post	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	Exercisable shares during the reporting period	Stock option exercise shares during the reporting period	Exercise price of stock options (CNY)	Number of stock options held at the end of the period	Market price at the end of the reporting period (CNY)
Tan Qinxing	Vice chairman and vice president	94,923	0	23,023	0	145.22	70,484	121.53
Liu Shunping	Director	47,462	0	14,160	0	145.22	37,891	121.53
Yang Yaoxing	Deputy general manager of administration and secretary of the board of directors	25,629	0	3,520	0	145.22	16,334	121.53
Ou Yingying	Secretary of the board	9,018	0	2,273	0	145.22	6,782	121.53
Total	/	177,032	0	42,976	0	/	131,491	/

(IV) Evaluation mechanism for senior managers during the reporting period, as well as the establishment and implementation of incentive mechanism

√ Applicable Not applicable

Combined with the Company's business philosophy and management model, the Company has established a set of fair, transparent and effective performance evaluation standards and incentive and restraint mechanisms. During the reporting period, the Company conducted a comprehensive evaluation of senior managers in accordance with the relevant systems and regulations such as the *Remuneration Management System of Oppein Home Group*, the *Performance Management Regulations of Oppein Home Group*, the *Measures for the Administration of Remuneration and Performance Appraisal of Directors (Non-independent directors) and Senior Managers of the Company*. The Human Resources Center of the Group will comprehensively formulate its remuneration plan for this year in combination with the Company's performance, the completion of senior managers' personal performance work and their contribution, which will be reviewed and approved by the Company's Remuneration and Assessment Committee and then submitted to the board of directors and general meeting of shareholders the Company for deliberation and determination.

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

√ Applicable Not applicable

In order to continuously promote the implementation of the internal control system and the improvement of the internal control management level, the Company takes the management of the business approval process as the starting point, and realizes the integration of business, system, process and IT by implementing the information control process and implementation, so as to promote the effective integration of the Company's system and process. 2022 is the first year for the Company to start process construction. On the one hand, the Company pays attention to "management, approval and governance" to improve "management efficiency" and on the other hand, it pays attention to "business process governance". On the basis of existing system construction, it breaks through from 0 to establish an internal control management model integrating system and process that suits the Company's actual situation.

In 2022, the Company innovated three staffing models in system design to help business departments improve system quality: ① Establish the guidance model of "structured compilation of system content elements", ② Pilot the model of "cross departmental project system improvement team"; ③ Design "similar system compilation framework model" to further strengthen and enhance the institutionalization, normalization and standardization of business management, so as to continuously enhance the Company's overall business synergy and risk resistance. In terms of system implementation and control, the Company regularly carries out system review, and gradually carries out business structure development, system construction, formulation of establishment, reform and abolishment plan, and revision of management systems based on "company strategic planning/business control mode → following system construction model", so as to

effectively promote the scientific and effective implementation of various systems.

Description of major defects in internal control during the reporting period

Applicable Not applicable

XIII. Management control of subsidiaries during the reporting period

Applicable Not applicable

The Company implements the important principle of "compliance with the system is also an important competitiveness" from top to bottom, and has always attached importance to system construction and system governance. This year, the Company and its subsidiaries strictly followed the existing internal system of the Group and the newly issued process management supporting mechanism, adhered to risk prevention as the orientation, process improvement and management efficiency as the goal, and grasped the three cores of "accountability, efficiency enhancement and downstream" through decentralization and accountability, streamline administration and institute decentralization, ineffectiveness cleanup and consumption reduction and low value, so as to realize the internal control management model of system and process integration, thus, the effective operation of the Company's internal management can be standardized, and the overall operation efficiency and anti-risk ability of the Company can be improved. During the reporting period, there was no loss of control of subsidiaries.

XIV. Description of internal control audit report

Applicable Not applicable

Whether to disclose the internal control audit report: Yes

Type of opinion on internal control audit report: standard unqualified opinion

XV. Rectification of self-inspection problems in special actions for governance of listed companies

None

XVI. Other

Applicable Not applicable

Section V Environmental and social responsibility

I. Environmental information

Whether to establish environmental protection related mechanisms	Yes
Environmental protection funds invested during the reporting period (Unit: CNY '0,000)	3,308

(I) Environmental protection information of the Company and its main subsidiaries belonging to the key pollutant discharge units announced by the Environmental Protection Department

Applicable Not applicable

During the reporting period, among the Company and its holding subsidiaries, Qingyuan Oppein, Tianjin Oppein and Wuxi Oppein were among the key pollutant discharge units announced by the Environmental Protection Department.

1. Pollutant discharge information

Applicable Not applicable

1. Wastewater treatment: The Company has formulated a sewage discharge management system to strictly control domestic sewage and production wastewater, regularly monitor the operation and maintenance of sewage treatment facilities, and actively apply new sewage treatment equipment and online water quality monitoring technology to ensure that the concentration and total amount of pollutants discharged meet national and local standards.

A. Domestic sewage: The domestic sewage in the living area is discharged into the municipal sewage pipe network after being pretreated by the septic tank in the living area (The oily sewage in the canteen is first separated by the oil separation tank) and the domestic sewage in the production area is discharged into the municipal sewage pipe network after being pretreated by the septic tank in the production area, and then discharged after centralized treatment by the sewage treatment plant in the industrial park.

B. Production wastewater: The painting wastewater of the painting line is recycled in the water curtain paint mist treatment system and replaced regularly. The replacement wastewater is treated by the self-built painting sewage treatment station (adopting the treatment process of "pre-treatment system (coagulation reaction + air flotation) - pre-

physical and chemical treatment system (Fenton oxidation + coagulation reaction precipitation) - biochemical treatment system (hydrolytic acidification + contact oxidation) - post physical and chemical coagulation and precipitation"). After being treated by the self-built stone wastewater precipitation treatment system, the wastewater generated in the production process of the table is reused in other links except water knife cutting, and is discharged regularly. The production wastewater of quartz blank plate workshop is discharged into the precipitation treatment system set outside the plant for flocculent precipitation treatment, and then recycled without being discharged.

2. Waste gas treatment: The main air pollutants discharged by the Company in production and operation include dust, organic waste gas (VOCs, toluene and xylene, styrene, etc.) and kitchen fumes. Wood processing dust generated in the production process is collected by the central dust collection system after being collected by the gas collecting hood, and the central dust collection device uses the bag dust removal process to control the dust and then passes through the exhaust funnel to meet the standard; spray paint waste gas is treated by automatic water curtain cabinet and paint mixing waste gas. After drying, the waste gas is collected and treated by "multistage filtration + runner adsorption concentration + RTO treatment system" before being discharged at high altitude. The kitchen fumes in the living area is planned to be treated by the electrostatic oil smoke removal process, which will be led to the roof of the building by a special smoke exhaust pipe after reaching the standard of the *Emission Standard of Cooking Fume* (GB18483-2001).

3. Noise treatment: The Company's noise pollution sources mainly come from the cutting, polishing, air compressor operation and motor vehicle operation in the production process, and the operation of fans and water pumps in sewage treatment stations. In view of the noise from different sources, the Company and its subsidiaries take different control measures to control the noise, including selecting low-noise production equipment and taking silencing and sound insulation measures for individual high-noise equipment; high noise equipment shall be kept away from the plant boundary as far as possible; greening and isolation shall be implemented around the plant boundary.

4. Solid waste treatment: The harmless solid waste generated by the Company includes domestic waste and general industrial solid waste. Household waste is collected in garbage cans and handed over to the Environmental Sanitation Department for transportation, treatment and disposal. General industrial solid wastes such as wood scraps, dust, glass, table scraps and aluminum scraps are classified and temporarily stored in the general industrial solid waste temporary storage warehouse, and regularly handed over to qualified solid waste treatment units for treatment. At the same time, the storage site is standardized for construction, maintenance and use in accordance with the requirements of the *Standards for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes* (GB18599-2001).

The hazardous wastes generated by the Company include hazardous wastes in the *National List of Hazardous Wastes*, such as waste paint slag, waste activated carbon, grinding dust and sludge from sewage treatment stations, which are classified and temporarily stored in the temporary storage of hazardous wastes in the plant area, and are transported and disposed of by units with hazardous waste treatment qualifications every month. The temporary storage of hazardous waste is designed in strict accordance with the requirements of the *Standard for Pollution Control of Hazardous Waste Storage* (GB 18597-2001), all of which are subject to anti-seepage and anti-corrosion treatment, and are equipped with trenches or cofferdams after anti-seepage and anti-corrosion treatment.

2. Construction and operation of pollution prevention and control facilities

Applicable Not applicable

Key pollutant discharge units affiliated to the Company shall carry out feasibility study approval, project approval and construction in accordance with national laws and regulations; all of them apply for pollutant discharge licenses in accordance with the regulations, and discharge pollutants in accordance with the types of pollutants, control indicators and prescribed methods approved by the licenses. As of the disclosure date of this report, the environmental protection facilities of the Company and its subsidiaries are operating normally.

3. Environmental impact assessment of construction projects and other administrative permits for environmental protection

Applicable Not applicable

Key pollutant discharge units affiliated to the Company have obtained environmental impact assessment reports and obtained the approval of local environmental protection departments.

4. Emergency plan for environmental emergencies

Applicable Not applicable

All units affiliated to the Company have formulated corresponding emergency plans for environmental emergencies and submitted them to the local competent authorities for filing.

5. Environmental self-monitoring program

Applicable Not applicable

According to the requirements of the environmental self-monitoring guidelines, the Company formulated a self-monitoring plan to clarify the testing points and monitoring frequency. Units lacking self-monitoring conditions shall adopt the method of entrusted monitoring, and carry out self-monitoring in strict accordance with the requirements of the national environmental monitoring technical specifications and environmental monitoring management regulations. The automatic monitoring equipment adopted has passed the acceptance of the Environmental Protection Department, and regularly upload the environmental monitoring results to the pollution source monitoring data release platform for environmental information disclosure.

6. Administrative penalties for environmental problems during the reporting period

Applicable Not applicable

During the reporting period, the Company and its subsidiaries were not subject to administrative penalties for environmental problems.

7. Other environmental information that should be made public

Applicable Not applicable

(II) Statement on environmental protection of companies other than key pollutant discharge units

Applicable Not applicable

1. Administrative penalties for environmental problems

Applicable Not applicable

2. Disclosure of other environmental information with reference to key pollutant discharge units

Applicable Not applicable

Other subsidiaries of the Company conscientiously implement laws and regulations related to environmental protection in their daily production and operation, effectively implement environmental protection measures and fulfill environmental protection responsibilities.

3. Reasons for not disclosing other environmental information

Applicable Not applicable

(III) Relevant information conducive to protecting ecology, preventing and controlling pollution and fulfilling environmental responsibilities

Applicable Not applicable

This year, the Company began to introduce the environmental assessment dimension to screen new suppliers, with a screening ratio of 14.84% (142/957). In the introduction stage, the Company requires suppliers to provide environmental management system and environmental assessment documents during plant audit, conducts a secondary plant audit for suppliers who change their plant sites to investigate the environmental protection data certification and environment of their new sites. For suppliers with poor environment and no strict environmental protection control system, measures shall be taken to rectify, re-evaluate or not adopt.

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

Whether to take carbon reduction measures	Yes
Reduce carbon dioxide emission equivalent (unit: ton)	21,460
Types of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, R&D and production of new products to help reduce carbon, etc.)	After the Company put into use the roof photovoltaic power station of Wuxi Base Plant in 2018, Qingyuan base plant roof photovoltaic power station and Tianjin base plant roof photovoltaic power station were also officially put into operation in 2022.

Specific statement

Applicable Not applicable

In 2021, Oppein cooperated with CEEC Guangdong Institute to pilot the construction of roof photovoltaic power generation project in Qingyuan base, with a total investment of about CNY 76.5388 million and an area of 180,000m², which is the largest roof photovoltaic project ever completed in Guangdong Province. The installed capacity of the project is about 4,266.1kWp, and the generated electricity is preferentially supplied to Oppein for use, adopting the model of

"self-use and surplus electricity on the grid". The project is expected to be connected to the grid at full capacity by May 1, 2023. In 2022, the total power generation of roof photovoltaic equipment in Qingyuan, Wuxi and Tianjin bases of the Company was about 37,632,880 kWh, which was equivalent to reducing carbon dioxide emissions by about 21,460 tons.

II. Social responsibility work

(I) Are social responsibility reports, sustainability reports or ESG reports disclosed separately

Applicable Not applicable

For details, please refer to the *ESG Report for 2022* disclosed by the Company on the website of Shanghai Stock Exchange on the same day.

(II) Details of social responsibility work

Applicable Not applicable

External donations and public welfare projects	Quantity/content	Information note
Total investment (CNY '0,000)	140.00	-
Including: capital (CNY '0,000)	140.00	-
Material discount (CNY '0,000)	-	-
Number of beneficiaries (person)	-	-

Specific statement

Applicable Not applicable

In 2022, the Company helped Liujia Village, Huaqi Town, Zhijin County, Bijie City, Guizhou Province, to promote rural revitalization through Guangzhou Oppein Public Welfare Foundation, directionally helped Xiaosheng Town, Fengshun County, Meizhou City, to repair rural internal roads, and donated to Guyuan No. 1 Middle School.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

Applicable Not applicable

Specific statement

Applicable Not applicable

Section VI Important matters

I. Performance of commitments

(I) Commitments made by the actual controllers, shareholders, related parties, acquirers and the Company during the reporting period or continuing into the reporting period

√ Applicable □ Not applicable

Commitment context	Commitment type	Commitment party	Commitment content	Commitment time and period	Is there a time limit for performance	Whether it is carried out in a timely and strict manner	If it fails to perform in time, the specific reasons for the failure to perform shall be explained	If it fails to perform in time, the next step plan shall be explained
Commitments related to initial public offerings	Share restrictions	Yao Liangsong, controlling shareholder of the Company	During my tenure as director and supervisor of the Company, the number of shares of the Company held by me shall not exceed 25% of the total shares of the Company held by me every year, and I will not transfer the shares of the Company held by me within six months of my resignation.	During the period of serving as director, supervisor and senior manager of the Company and within six months after resignation,	Yes	Yes	N/A	N/A
Commitments related to initial public offerings	Other	Yao Liangsong, controlling shareholder of the Company	if the Company's shares are reduced within two years after the expiration of the lockup period, the reduction price shall not be lower than the issue price. The commitment shall not be terminated due to job change or resignation.	Within two years after the lockup period expires	Yes	Yes	N/A	N/A
Commitments related to initial public offerings	Share restrictions	Yao Liangbai, shareholder of the Company	During my tenure as director, supervisor and senior manager of the Company, the number of shares of the Company held by me shall not exceed 25% of the total shares of the Company held by me every year, and I will not transfer the shares of the Company held by me within six months of my resignation.	During the period of serving as director, supervisor and senior manager of the Company and within six months after resignation,	Yes	Yes	N/A	N/A
Commitments related to initial public offerings	Other	Yao Liangbai, shareholder	if the Company's shares are reduced within two years after the expiration of the lockup period, the reduction price shall not be lower	Within two years after the lockup period expires	Yes	Yes	N/A	N/A

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offerings		of the Company	than the issue price. The commitment shall not be terminated due to job change or resignation.					
Commitments related to initial public offerings	Share restrictions	Wang Huan, a shareholder who is a senior manager of the Company	During my tenure as director, supervisor and senior manager of the Company, the number of shares of the Company held by me shall not exceed 25% of the total shares of the Company held by me every year, and I will not transfer the shares of the Company held by me within six months of my resignation.	During the period of serving as director, supervisor and senior manager of the Company and within half a year of resignation	Yes	Yes	N/A	N/A
Commitments related to initial public offerings	Share restrictions	Tan Qinxing, a shareholder who is a director of the Company	During my tenure as director, supervisor and senior manager of the Company, the number of shares of the Company held by me shall not exceed 25% of the total shares of the Company held by me every year, and I will not transfer the shares of the Company held by me within six months of my resignation.	During the period of serving as director, supervisor and senior manager of the Company and within half a year of resignation	Yes	Yes	N/A	N/A
Commitments related to initial public offerings	Share restrictions	Yang Yaoxing, a shareholder who is a senior manager of the Company	During my tenure as director, supervisor and senior manager of the Company, the number of shares of the Company held by me shall not exceed 25% of the total shares of the Company held by me every year, and I will not transfer the shares of the Company held by me within six months of my resignation.	During the period of serving as director, supervisor and senior manager of the Company and within half a year of resignation	Yes	Yes	N/A	N/A
Commitments related to initial public offerings	Share restrictions	Zhong Huawen, a shareholder who is a supervisor of the Company	During my tenure as director, supervisor and senior manager of the Company, the number of shares of the Company held by me shall not exceed 25% of the total shares of the Company held by me every year, and I will not transfer the shares of the Company held by me within six months of my resignation.	During the period of serving as director, supervisor and senior manager of the Company and within half a year of resignation	Yes	Yes	N/A	N/A

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Commitments related to initial public offerings	Other	The issuer and all its directors, supervisors and senior managers	The prospectus and its abstract do not contain false records, misleading statements or major omissions, and bear individual and joint legal liabilities for its authenticity, accuracy and completeness.	Long term	Yes	Yes	N/A	N/A
Commitment related to the initial public offering	Other	Issuer	If the prospectus of the Company is determined by the relevant regulatory authorities to have false records, misleading statements or major omissions, which has a significant and substantial impact on judging whether the Company meets the issuance conditions stipulated by law, the Company will repurchase all the new shares of the initial public offering according to law at the issuance price. The specific procedures shall be handled in accordance with the provisions of the CSRC and the Shanghai Stock Exchange. If the Company's prospectus contains false records, misleading statements or major omissions, resulting in losses to investors in securities trading, it will compensate investors for losses according to law. The qualification of investors entitled to compensation, the identification of the scope of investor losses, the division of liability among the subjects of compensation and the reasons for exemption shall be implemented in accordance with the <i>Securities Law of the People's Republic of China</i> , the <i>Provisions of the Supreme People's Court on Hearing Civil Compensation Cases Arising from False Statements in the Securities Market</i> (FS [2003] No. 2) and other relevant laws and regulations.	Long term	Yes	Yes	N/A	N/A

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Commitments related to initial public offerings	Other	Yao Liangsong, controlling shareholder	If the prospectus of the Company is determined by the relevant regulatory authorities to have false records, misleading statements or major omissions, which has a significant and substantial impact on judging whether the Company meets the issuance conditions prescribed by law, I will repurchase the transferred original restricted shares according to law. The specific procedures shall be handled in accordance with the provisions of the CSRC and the Shanghai Stock Exchange. If the issuer's prospectus contains false records, misleading statements or major omissions, resulting in losses to investors in securities trading, I will compensate investors for losses in accordance with the law. The qualification of investors entitled to compensation, the identification of the scope of investor losses, the division of liability among the subjects of compensation and the reasons for exemption shall be implemented in accordance with the <i>Securities Law of the People's Republic of China</i> , the <i>Provisions of the Supreme People's Court on Hearing Civil Compensation Cases Arising from False Statements in the Securities Market</i> (FS [2003] No. 2) and other relevant laws and regulations.	Long term	Yes	Yes	N/A	N/A
Commitments related to initial public offerings	Other	The issuer directors, supervisors and senior managers	If the prospectus of the Company is determined by the relevant regulatory authorities to have false records, misleading statements or major omissions, resulting in losses to investors in securities trading, I will compensate investors for losses in accordance with the law.	Long term	Yes	Yes	N/A	N/A
Commitments related to initial public offerings	Other	Shareholders holding more than 5% of the shares	There are two shareholders holding more than 5% of the Company's shares, Yao Liangsong, the controlling shareholder, and Yao Liangbai, the shareholder. Yao	Long term or within two years after the lockup period expires	Yes	Yes	N/A	N/A

			<p>Liangsong and Yao Liangbai issued commitments on their shareholding intention and reduction intention respectively, as follows: 1. I intend to hold the Company's shares for a long time; 2. If I intend to reduce my holdings after the expiration of the lockup period, I will conscientiously abide by the relevant provisions of the CSRC and the stock exchange on shareholder reduction, prudently formulate a share reduction plan in light of the Company's needs to stabilize stock prices, carry out business and capital operation, and gradually reduce my holdings after the expiration of the lockup period; 3. The reduction of the Company's shares shall comply with the provisions of relevant laws, regulations and rules, including but not limited to the centralized bidding trading mode, bulk trading mode and agreement transfer mode of the exchange; 4. Before reducing the Company's shares, I shall make an announcement three trading days in advance, and fulfill the obligation of information disclosure in a timely and accurate manner in accordance with the rules of the stock exchange; unless I hold less than 5% of the Company's shares; 5. If, within two years after the expiration of the lockup period, I intend to reduce my shareholding, the reduction price shall not be lower than the issue price (referring to the issue price of the issuer's initial public offering of shares. If the Company distributes cash dividends, shares, equity conversion, additional issuance of new shares and other reasons after listing, it shall be treated as ex-rights and ex-dividend in accordance with the relevant provisions of the stock exchange). Within two years after the expiration of the</p>					
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			lockup period, the total number of shares of the Company held by me shall not exceed 9% of the total number of shares registered in my name on the last trading day of the previous year. If the Company's shares in the Company change due to equity distribution, capital reduction and stock reduction, the base of shares transferred in the corresponding year shall be changed accordingly; 6. If I fail to fulfill the above intention to reduce my holdings, I will publicly explain the specific reasons for my failure to fulfill my commitments at the general meetings of shareholders and the disclosure media designated by the CSRC, and apologize to the shareholders of the Company and public investors; 7. If I fail to fulfill the above reduction intention, my shares in the Company shall not be reduced within six months from the date of my failure to fulfill the above reduction intention.					
Commitments related to initial public offerings	Solve land and other property rights defects	Yao Liangsong, controlling shareholder and actual controller	Yao Liangsong, the controlling shareholder and actual controller of the Company, leased 5.12 mu (3,411m ²) and 3.50 mu (2,333m ²) of land next to the Company's plant area, and built employee No. 3 canteen and employee dormitory, covering a total area of about 1,902m ² . The two buildings have not yet applied for the property ownership certificate. In view of the above situation, Yao Liangsong, the controlling shareholder and actual controller of the Company, promised: "if the issuer is punished by the relevant administrative departments for the employee canteen and employee dormitory, I will unconditionally bear the responsibility for paying the relevant fines or losses."	Long term	Yes	Yes	N/A	N/A

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<p>Commitments related to initial public offerings</p>	<p>Solve land and other property rights defects</p>	<p>Yao Liangsong, controlling shareholder and actual controller</p>	<p>Some houses leased by the issuer and its subsidiaries have not yet obtained the property ownership certificate, or have not yet gone through the filing and registration of house leasing. In view of this situation, Yao Liangsong, the controlling shareholder and actual controller of the Company, promised: "During the lease term, if the house leased by Oppein Group or its subsidiaries is subject to relevant ownership disputes, overall planning demolition, administrative penalties or other circumstances affecting the normal operation of the Company, resulting in the inability of Oppein Group or its subsidiaries to continue to use the house normally or suffer losses, I will bear the losses caused by Oppein Group or its subsidiaries, including but not limited to all direct and indirect losses caused by the litigation or arbitration, suspension of production or termination of business, finding alternative places, relocation or punishment. "</p>	<p>Long term</p>	<p>Yes</p>	<p>Yes</p>	<p>N/A</p>	<p>N/A</p>
<p>Commitments related to initial public offerings</p>	<p>Resolving horizontal competition</p>	<p>Yao Liangsong, the actual controller of the Company, and his brothers Yao Liangbai and Yao Liangsheng</p>	<p>1. As at the date of this letter of commitment, neither I nor my immediate family/other economic entities controlled by me or my immediate family have produced or developed any products that compete or potentially compete with products produced by Oppein Group and its subsidiaries, or directly or indirectly operate any business that competes or potentially competes with the existing business of Oppein Group and its subsidiaries, or invested in any other enterprise that competes or potentially competes with the existing business and products of Oppein Group and its subsidiaries. 2. From the date of this letter of commitment, I and my immediate family/other economic entities controlled by</p>	<p>Long term</p>	<p>Yes</p>	<p>Yes</p>	<p>N/A</p>	<p>N/A</p>

			<p>me and my immediate family will not produce or develop any products that compete or potentially compete with the products produced by Oppein Group and its subsidiaries, not directly or indirectly operate any business that competes or potentially competes with the business of Oppein Group and its subsidiaries, and not participate in investing in any other enterprise that competes or potentially competes with the products or operations of Oppein Group and its subsidiaries. 3. From the date of signing this letter of commitment, if Oppein Group and its subsidiaries further expand their products and business scope in the future, and the expanded products compete with the business scope and other economic entities of me and my immediate family/controlled by me and my immediate family in terms of products or business, then I and my immediate family/other economic entities controlled by me and my immediate family will actively take the following measures to avoid horizontal competition: (1) Stop the production of competitive or potentially competitive products; (2) Cease to operate a competing or potentially competing business; (3) Incorporate competing or potentially competing businesses into the business system of Oppein Group; (4) Transfer competing or potentially competing businesses to unrelated independent third-party for operations. 4. This letter of commitment shall come into force as of the date of signing and shall remain valid and irrevocable during the period when Yao Liangsong is the actual controller of Oppein Group. If the interests and other shareholders' rights and interests of Oppein Group are damaged due</p>					
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			to the violation of the above commitments by me and my immediate family/other economic entities controlled by me and my immediate family, I agree to bear the corresponding liability for damages.					
Commitments related to initial public offerings	Resolve related party transactions	Yao Liangsong, actual controller of the Company	1. I and my immediate family/other economic entities controlled by me and my immediate family will avoid and minimize related party transactions with Oppein Group; 2. For related party transactions that cannot be avoided or occur for reasonable reasons, I and my immediate family members/other economic entities controlled by me and my immediate family members will follow the commercial principles of equality, voluntariness, equivalence and compensation, and strictly follow the relevant provisions on related party transactions in laws, regulations and normative documents such as the <i>Articles of Association (Draft) of Oppein Home Group Inc.</i> and the <i>Measures for the Administration of Related Party Transactions</i> . By signing a formal related party transaction agreement with Oppein Group, the price of related party transactions is guaranteed to be fair and the transactions are carried out under fair, reasonable and normal commercial transaction conditions. I and my immediate family/other economic entities controlled by me and my immediate family will not require or accept more favorable transaction conditions from Oppein Group than independent third parties in the course of the transaction, so as to effectively safeguard the actual interests of Oppein Group and other shareholders. 3. I guarantee that I will not use my position in Oppein Group to damage the interests of Oppein Group and the legitimate rights and interests of other	Actual controller of Oppein Group/during his tenure in Oppein Group	Yes	Yes	N/A	N/A

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			shareholders through related party transactions. 4. If I and my immediate family/other economic entities controlled by me and my immediate family violate the above commitments, resulting in damage to the interests of Oppein Group or the legitimate rights and interests of other shareholders, I will bear the corresponding liability for compensation according to law. The above commitments shall remain in force while I am the actual controller of Oppein Group/in Oppein Group.					
Commitments related to initial public offerings	Other	Yao Liangsong, controlling shareholder and actual controller	As the actual controller of Oppein Group, Yao Liangsong makes the following commitments on avoiding the occupation of Oppein Group's funds: I will strictly abide by the requirements and provisions of relevant laws, regulations, normative documents and articles of association, and ensure that the assets and resources of Oppein Group will not be occupied or transferred in any way (including but not limited to loans, debt compensation and advances, etc.). I will cause other economic entities, if any, that I directly or indirectly control to comply with the above commitments. If I or other economic entities under my control violate the above commitments, resulting in damage to the rights and interests of Oppein Group or its shareholders, I will bear the corresponding liability for compensation according to law. During the period when I am the controlling shareholder and actual controller of Oppein Group, the above commitments shall remain valid. This letter of commitment shall be governed by the laws of the People's Republic of China, shall come into force as of the date of signing, and shall remain valid and irrevocable during my period as the actual controller of Oppein	As the actual controller of Oppein Group	Yes	Yes	N/A	N/A

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<p>Commitments related to initial public offerings</p>	<p>Other</p>	<p>Yao Liangsong, controlling shareholder and actual controller</p>	<p>Yao Liangsong, the controlling shareholder and actual controller, issued the <i>Letter of Commitment on Employees of Oppein Group to Pay Social Security and Housing Provident Fund</i>: "(1) I will urge Oppein Group and its subsidiaries to fully implement the relevant systems of housing provident fund, maternity, pension, unemployment, industrial injury and medical insurance (hereinafter referred to as "five social insurances and one housing fund") stipulated in laws, regulations and rules, establish accounts for all registered employees of Oppein Group and its subsidiaries and deposit "five social insurances and one housing fund"; (2) If Oppein Group and its subsidiaries are required to make up the unpaid or underpaid "five social insurances and one housing fund" for their employees, or are punished by relevant government departments due to the payment of "five social insurances and one housing fund", I will bear all direct and indirect losses caused by the supplementary payment or punishment in full, and ensure that Oppein Group and its subsidiaries will not suffer any losses as a result.</p>	<p>Long term</p>	<p>Yes</p>	<p>Yes</p>	<p>N/A</p>	<p>N/A</p>
<p>Commitments related to initial public offerings</p>	<p>Other</p>	<p>Yao Liangsong, actual controller of the Company</p>	<p>1. I will urge Oppein Group and its subsidiaries to fully implement the current effective <i>Interim Provisions on Labor Dispatch</i> and the relevant provisions of relevant laws and regulations; 2. If Oppein Group and its subsidiaries are punished by relevant government departments for failing to comply with the relevant provisions of the <i>Interim Provisions on Labor Dispatch</i> in the past or in the future, I will bear all direct and indirect losses incurred due to the punishment in full, and ensure that Oppein Group and its subsidiaries will not suffer any</p>	<p>Long term</p>	<p>Yes</p>	<p>Yes</p>	<p>N/A</p>	<p>N/A</p>

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			losses as a result.					
Commitments related to initial public offerings	Other	All directors and senior managers	1. I will not transfer benefits to other units or individuals free of charge or under unfair conditions, nor will I damage the interests of the Company in other ways. 2. I will strictly abide by the budget management of the Company, and any consumption behavior of my position will occur within the scope necessary to perform my duties, and strictly accept the supervision and management of the Company to avoid waste or excessive consumption. 3. I will not use the Company's assets to engage in investment and consumption activities unrelated to the performance of my duties. 4. I will exercise due diligence to link the remuneration system established by the board of directors or the compensation committee to the implementation of the Company's measures to fill returns. 5. I will exercise my due diligence to link the exercise conditions, if any, of the Company's equity incentives to be announced by the Company in the future to the implementation of the Company's measures to fill returns. 6. I will do my best to promote the realization of the Company's measures to fill the immediate return, will support the relevant bills linked to the implementation of the Company's measures to fill returns, and am willing to vote in favor	Long term	Yes	Yes	N/A	N/A

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			(if entitled to vote). After the date of issuance of this commitment, if the regulatory authorities make other requirements for the relevant provisions on measures to fill returns and their commitments, and the above commitments fail to meet the relevant requirements of the regulatory authorities, I promise to issue supplementary commitments in accordance with the relevant provisions at that time.					
Commitments related to refinancing	Other	Directors and senior managers of the Company	In order to ensure that the Company's measures to fill returns can be effectively implemented, all directors and senior managers of the Company make the following commitments: 1. Promise not to transfer benefits to other units or individuals free of charge or under unfair conditions, nor to damage the interests of the Company in other ways; 2. Promise to restrict my job consumption behavior; 3. Promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of their duties; 4. Promise that the remuneration system formulated by the board of directors or the Remuneration and Assessment Committee will be linked to the implementation of the Company's measures to fill returns; 5. If the Company implements a new equity incentive plan in the future, it is promised that the exercise conditions of the equity incentive plan to be announced will be linked to the implementation of the Company's remuneration measures. As one of the responsible subjects for measures to fill returns, if I violate the above commitments or refuse to fulfill the above commitments, I agree to bear the relevant penalties or management measures imposed on me by the securities regulatory authorities	During the duration of convertible bonds	Yes	Yes	N/A	N/A

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			such as the CSRC and the Shanghai Stock Exchange in accordance with the relevant provisions and rules formulated or issued by them, and am willing to bear the corresponding legal liabilities.					
	Other	Controlling shareholder and actual controller of the Company	In order to ensure that the Company's measures to fill returns can be effectively implemented, the controlling shareholders and actual controllers of the Company make the following commitments: "I will not interfere with the operation and management activities of listed companies beyond my authority and will not infringe on the interests of listed companies. As one of the responsible subjects for measures to fill returns, if I violate the above commitments or refuse to fulfill the above commitments, I agree to bear the relevant penalties or management measures imposed on me by the securities regulatory authorities such as the CSRC and the Shanghai Stock Exchange in accordance with the relevant provisions and rules formulated or issued by them, and am willing to bear the corresponding legal liabilities."	During the duration of convertible bonds	Yes	Yes	N/A	N/A

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Commitments related to refinancing	Other	Shareholders, directors, supervisors and senior managers holding more than 5% of the shares	<p>1. After confirmation on the first day of the issuance of convertible bonds (the announcement date of the prospectus), I will inspect whether I and my spouse, parents and children have reduced their holdings of the issuer's shares within six months before the first day of issuance by myself: (1) If there is a reduction, I and my spouse, parents and children will not participate in the issuance and subscription of convertible bonds, nor will I entrust other subjects to participate in the issuance and subscription of convertible bonds; (2) If there is no reduction, I or my spouse, parents and children will participate in the issuance and subscription of convertible bonds. If the subscription is successful, I, my spouse, parents and children will strictly abide by the relevant provisions of short-term trading, that is, not to reduce the issuer's shares and convertible corporation bonds issued within six months from the first day of the issuance of convertible bonds. 2. If I or my spouse, parents or children reduce our holdings in violation of regulations, the proceeds thus obtained shall belong to the issuer and we will bear the legal liabilities arising therefrom in accordance with the law. 3. I guarantee that I, my spouse, parents and children will strictly abide by the <i>Securities Law</i> and the relevant provisions of the CSRC and the Shanghai Stock Exchange on short-term trading.</p>	Commitment period before confirmation on the first day of issuance of convertible bonds: long term	Yes	Yes	N/A	N/A
Commitments related to equity incentives	Other	The Company	will not provide loans and other forms of financial assistance for incentive targets to obtain relevant stock options under this incentive plan, including providing guarantees for its loans.	Validity period of stock option incentive plan in 2021	Yes	Yes	N/A	N/A

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	Other	Stock option incentive targets in 2021	If the Company does not conform to the arrangement for granting rights and interests or exercising rights and interests due to false records, misleading statements or major omissions in the information disclosure documents, the incentive targets shall return all the benefits obtained from the equity incentive plan to the Company after the relevant information disclosure documents are confirmed to have false records, misleading statements or major omissions.	Validity period of stock option incentive plan in 2021	Yes	Yes	N/A	N/A
Other commitments	Other	The fourth board of directors, board of supervisors and senior managers of the Company	1. Directors, supervisors and senior managers undertake to: (1) Abide by and urge the Company to abide by laws, administrative regulations, departmental rules, etc., and fulfill the obligations of loyalty and diligence; (2) Comply with and cause the Company to comply with these rules and other provisions of the Exchange and accept the supervision of the Exchange; (3) Comply with and cause the Company to comply with the <i>Articles of Association</i> ; 2. The supervisors undertake to supervise directors and senior managers to abide by their commitments. 3. The senior managers undertake to report to the board of directors in a timely manner any matters arising from the operation or finance of the Company that may have a greater impact on the trading price of the Company's shares and their derivatives.	During the term of office of the fourth board of directors and board of supervisors	Yes	Yes	N/A	N/A

(II) If there is a profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company shall explain whether the assets or projects meet the original profit forecast and the reasons

Met Not met Not applicable

(III) Completion of performance commitments and its impact on goodwill impairment test

Applicable Not applicable

II. Non operating occupation of funds by controlling shareholders and other related parties during the reporting period

Applicable Not applicable

III. Illegal guarantee

Applicable Not applicable

IV. Description of the board of directors of the Company on the "non-standard opinion audit report" of the accounting firm

Applicable Not applicable

V. The Company's analysis and description of the reasons and impact of changes in accounting policies, accounting estimates or corrections of major accounting errors**(I) The Company's analysis and description of the reasons and impact of changes in accounting policies and accounting estimates**

Applicable Not applicable

This change in accounting policy is a reasonable change made by the Company in accordance with the requirements of the *Interpretation of Accounting Standards for Business Enterprises No. 15* (CK [2021] No. 35) and the *Interpretation of Accounting Standards for Business Enterprises No. 16* (CK [2022] No. 31) issued by the Ministry of Finance. The changed accounting policy can more objectively and fairly reflect the Company's financial situation, operating results and cash flow, which is in line with the interests of the Company and all shareholders. This change in accounting policy does not involve retrospective adjustment of the Company's previous years, has no significant impact on the Company's financial situation, operating results and cash flow, and does not damage the interests of the Company and all shareholders, especially minority shareholders.

(II) Analysis and description of the Company's reasons and impact for the correction of major accounting errors

Applicable Not applicable

(III) Communication with previous accounting firms

Applicable Not applicable

(IV) Other instructions

Applicable Not applicable

VI. Appointment and dismissal of accounting firms

Unit: '0,000 Currency: CNY

	Current appointment
Name of domestic accounting firms	Huaxing Certified Public Accounts LLP (Special General Partnership)
Remuneration of domestic accounting firms	234
Audit years of domestic accounting firms	3
Name of certified public accountant of domestic accounting firms	Feng Jun, Fu Peng
Continuous years of audit services provided by certified public accountant of domestic accounting firms	3

Note: Feng Jun, an accountant, provides audit services for the Company for one consecutive year.

	Name	Remuneration
Internal control audit accounting firms	Huaxing Certified Public Accounts LLP (Special General Partnership)	80

Description of the appointment and dismissal of accounting firms

Applicable Not applicable

On May 27, 2022, the Company held the 2021 annual general meetings of shareholders, which deliberated and approved the *Proposal on the Renewal of Huaxing Certified Public Accounts LLP (Special General Partnership) as the Company's Audit Institution in 2022*, and the Company hired Huaxing Certified Public Accounts LLP (Special General Partnership) as the audit institution for 2022.

Description of the change of accounting firm during the audit period

Applicable Not applicable

VII. Situations at risk of delisting**(I) Reasons for delisting risk warning**

Applicable Not applicable

(II) Measures to be taken by the Company

Applicable Not applicable

(III) Circumstances and reasons for termination of listing

Applicable Not applicable

VIII. Matters related to bankruptcy reorganization

Applicable Not applicable

IX. Major litigation and arbitration matters

The Company has major litigation and arbitration matters this year The Company has no major litigation and arbitration matters this year

(I) The litigation and arbitration matters have been disclosed in the interim announcement and there is no follow-up progress

Applicable Not applicable

(II) Litigation and arbitration that are not disclosed in the interim announcement or have follow-up progress

Applicable Not applicable

(III) Other notes

Applicable Not applicable

X. Listed companies and their directors, supervisors, senior managers, controlling shareholders and actual controllers are suspected of violating laws and regulations, being punished and rectified

Applicable Not applicable

XI. Description of the integrity of the Company, its controlling shareholders and actual controllers during the reporting period

Applicable Not applicable

During the reporting period, the Company, the controlling shareholder and the actual controller of the Company, Mr. Yao Liangsong, did not have bad faith such as outstanding debts due.

XII. Material related party transactions**(I) Related party transactions related to day-to-day operation****1. Matters that have been disclosed in the interim announcement and have no progress or change in subsequent implementation**

Applicable Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or change in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in the provisional announcement

Applicable Not applicable

(II) Related party transactions arising from the acquisition and sale of assets or equity**1. Matters that have been disclosed in the interim announcement and have no progress or change in subsequent implementation**

Applicable Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or change in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in the provisional announcement

Applicable Not applicable

4. If the performance agreement is involved, the performance realization during the reporting period shall be disclosed

Applicable Not applicable

(III) Major related party transactions of joint foreign investment

1. Matters that have been disclosed in the interim announcement and have no progress or change in subsequent implementation

Applicable Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or change in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in the provisional announcement

Applicable Not applicable

(IV) Related creditor's rights and debts

1. Matters that have been disclosed in the interim announcement and have no progress or change in subsequent implementation

Applicable Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or change in subsequent implementation

Applicable Not applicable

3. Matters not disclosed in the provisional announcement

Applicable Not applicable

(V) Financial business between the Company and related financial companies, the Company's holding financial companies and related parties

Applicable Not applicable

(VI) Others

Applicable Not applicable

XIII. Major contracts and their performance

(I) Trusteeship, contracting and leasing

1. Trusteeship

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantees

√ Applicable □ Not applicable

Unit: CNY

External guarantees of the Company (excluding guarantees to subsidiaries)														
Guarantor	Relationship between guarantor and listed company	Guaranteed party	Guarantee amount	Guarantee occurrence date (agreement signing date)	Guarantee start date	Guarantee expiration date	Type of guarantee	Collateral, if any	Has the guarantee been fulfilled	Is the guarantee overdue	Guarantee overdue amount	Counter guarantee	Whether to guarantee for related parties	Relevance relationship
Total amount of guarantees incurred during the reporting period (excluding guarantees to subsidiaries)														
Total guarantee balance at the end of the reporting period (A) (excluding guarantees to subsidiaries)														
Guarantees provided by the Company and its subsidiaries to subsidiaries														
Total amount of guarantees to subsidiaries during the reporting period							2,204,332,837.12							
Total guarantee balance to subsidiaries at the end of the reporting period (B)							988,765,204.81							
Total guarantee amount of the Company (including guarantee to subsidiaries)														
Total guarantee (A+B)							988,765,204.81							
Proportion of total guarantee to net assets of the Company (%)							5.99							
Of which:														
Amount of guarantee provided for shareholders, actual controllers and their related parties (C)							0.00							
Amount of debt guarantee directly or indirectly provided for the guaranteed object with an asset liability ratio of more than 70% (D)							18,385,260.74							
Amount of the total guarantee exceeding 50% of the net assets (E)							0.00							
Total amount of the above three guarantees (C+D+E)							18,385,260.74							
Description of possible joint and several liability for repayment of unexpired guarantee							None							
Guarantee description							None							

(III) Entrust others to manage cash assets**1. Entrusted financial management****(1) General situation of entrusted financial management**

√ Applicable □ Not applicable

Unit:CNY '0,000

Type	Source of funds	Amount incurred	Outstanding balance	Overdue uncollected amount
Bank financing	Own funds	55,000.00	50,000.00	0.00
Bank financing	Fund raising	55,000.00	30,000.00	0.00

Other circumstances

□ Applicable √ Not applicable

(2) Single entrusted financial management

√ Applicable □ Not applicable

Unit:CNY '0,000

Trustee	Type of entrusted financial management	Amount of entrusted financial management	Start date of entrusted financial management	Termination date of entrusted financial management	Source of funds	Capital investment	Remuneration determination method	Annualized yield	Expected earnings (if any)	Actual gains or losses	Actual recovery	Whether it has gone through legal procedures	Is there an entrusted financial management plan in the future	Amount of provision for impairment (if any)
China Merchants Bank Guangzhou Branch	China Merchants Bank Company Dingding A Type 65170 financial management plan	20,000.00	2021/5/26	2021/12/9	Own funds		Contract	4.00%	-	431.78	Recovery	Yes	Yes	-
China Merchants Bank Guangzhou Branch	China Merchants Bank Company Dingding A Type 65170 financial management plan		2021/5/26	2022/1/10	Own funds		Contract	4.00%	-	69.93	Recovery	Yes	Yes	-

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China Merchants Bank Company Guangzhou Branch	Dingding A Type financial management plan		2021/5/26	2022/2/14	Own funds		Contract	4.00%	-		Recovery	Yes	Yes	-
ICBC Guangzhou Tianpingjia Sub-branch	ICBC wealth management · Wishful life core preferred fixed income closed net value special account customized wealth management products (21GS5309)	30,000.00	2021/7/21	2022/7/20	Own funds		Contract	3.80%	-	603.00	Recovery	Yes	Yes	-
Bank of China Guangzhou Jianggao Sub-branch	Linked structured deposits	10,000.00	2021/8/26	2022/3/1	Own funds		Contract	3.80%	-	194.68	Recovery	Yes	Yes	-
ICBC Guangzhou Tianpingjia Sub-branch	ICBC wealth management. Core preferred fixed income closed net value special account customized wealth management products 21GS5256	20,000.00	2021/8/30	2022/8/29	Own funds		Contract	3.80%	-	318.00	Recovery	Yes	Yes	-
China Construction Bank	China Construction Bank "Qianyuan -	10,000.00	2021/9/22	2022/1/5	Own funds		Contract	3.61%	-	103.85	Recovery	Yes	Yes	-

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Guangzhou Jianggao Sub-branch	Huizhong" (Purchase by daily subscription and redemptions are made quarterly) open net value CNY financial products													
China Bohai Bank Tianjin Pilot Free Trade Zone Branch	China Bohai Bank No. 21060 closed fixed income non-net value financial products	20,000.00	2021/9/29	2022/3/28	Own funds		Contract	4.20%	-	414.25	Recovery	Yes	Yes	-
China Construction Bank Guangzhou Jianggao Sub-branch	China Construction Bank "Qianyuan - Huizhong" (Purchase by daily subscription and redemptions are made quarterly) open net value CNY financial products	15,000.00	2021/10/12	2022/1/5	Own funds		Contract	3.63%	-	140.19	Recovery	Yes	Yes	-
China Construction Bank Guangzhou Jianggao Sub-branch	China Construction Bank "Qianyuan - Huizhong" (Purchase by daily subscription and redemptions are made quarterly) open net value CNY financial products	25,000.00	2021/10/12	2022/1/5	Own funds		Contract	3.63%	-	225.09	Recovery	Yes	Yes	-
China	China	25,000.00	2021/10/	2022/1/5	Own		Contract	3.63%	-	225.	Recovery	Yes	Yes	-

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Construct ion Bank Guangzh ou Jianggao Sub-branch	Construction Bank "Qianyuan - Huizhong" (Purchase by daily subscription and redemptions are made quarterly) open net value CNY financial products		12		fund s					09	ry			
CGB Qingyuan Branch	CGB's "salary increase No.16" W Type 99th CNY structural deposit in 2021 (institutional version) (linked to Euro - dollar euro binary bearish structure)	5.00	2021/12/23	2022/1/27	Own fund s		Contract	3.25%	-	0.02	Recove ry	Yes	Yes	-
Ping An Bank Guangzh ou Branch	Ping An Bank's public structured deposits (100% principal guaranteed linked interest rate) rolling open 7-day 2020 Issue 01 TGA20000001	5,000.00	2022/7/29	2022/8/4	Own fund s		Contract	1.82%	-	1.99	Recove ry	Yes	Yes	-
China Construct ion Bank Guangzh ou Jianggao Sub-branch	CNY customized structured deposits	50,000.00	2022/9/2	2023/3/6	Own fund s		Contract	3.55%	-	-	—	Yes	Yes	-
China Merchant	China Merchants Bank Zhihui	20,000.00	2022/9/20	2022/12/20	Fund raisi		Contract	2.85%	-	142.11	Recove ry	Yes	Yes	-

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s Bank Guangzh ou Branch	series aggressive bearish three-tier interval three- month structural deposits				ng									
China Merchant s Bank Guangzh ou Branch	China Merchants Bank Zhihui series aggressive bearish three-tier interval one- month structural deposit product description structured deposit product description (Product Code: FGZ00011)	5,000.00	2022/11/ 11	2022/12/ 12	Fund raisi ng		Contract	2.70%	-	11.4 7	Recove ry	Yes	Yes	-
China Merchant s Bank Guangzh ou Branch	China Merchants Bank Zhihui series bullish three-tier interval 33-day structural deposit risk disclosure FGZ00012	30,000.00	2022/12/ 28	2023/1/3 0	Fund raisi ng		Contract	2.90%	-	-	—	Yes	Yes	-

Other circumstances

Applicable Not applicable

(3) Provision for impairment of entrusted financial management

Applicable Not applicable

2. Entrusted loan

(1) General situation of entrusted loan

Applicable Not applicable

Other circumstances

Applicable Not applicable

(2) Single entrusted loan

Applicable Not applicable

Other circumstances

Applicable Not applicable

(3) Provision for impairment of entrusted loan

Applicable Not applicable

3. Other circumstances

Applicable Not applicable

(IV) Other major contracts

Applicable Not applicable

XIV. Descriptions of other major matters that have a significant impact on investors' value judgments and investment decisions

Applicable Not applicable

Section VII Changes in shares and shareholders

I. Changes in equity

(I) Statement of Changes in Shares

1. Statement of changes in shares

Unit: nos.

	Before this change		Increase or decrease in this change (+, -)					After this change	
	Quantity	Proportion (%)	New issue	Dividend	Provident fund conversion	Other	Sub-total	Quantity	Proportion (%)
I. Shares with limited conditions of sale	0	0	0	0	0	0	0	0	0
1. Shares held by State	0	0	0	0	0	0	0	0	0
2. Shares held by State-owned legal persons	0	0	0	0	0	0	0	0	0
3. Shares held by other domestic capital	0	0	0	0	0	0	0	0	0
Including: shares held by domestic non state-owned legal persons	0	0	0	0	0	0	0	0	0
Shares held by domestic natural persons	0	0	0	0	0	0	0	0	0
4. Foreign shareholding	0	0	0	0	0	0	0	0	0
Including: shares held by overseas legal persons	0	0	0	0	0	0	0	0	0
Shares held by overseas natural person	0	0	0	0	0	0	0	0	0
II. Unrestricted tradable shares	609,151,948	100	6	0	0	0	6	609,151,954	100
1. CNY ordinary share	609,151,948	100	6	0	0	0	6	609,151,954	100
2. Domestic listed foreign share	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign share	0	0	0	0	0	0	0	0	0
4. Other	0	0	0	0	0	0	0	0	0
III. Total shares	609,151,948	100	6	0	0	0	6	609,151,954	100

2. Description of changes in shares

√ Applicable □ Not applicable

During the period from September 21, 2022 to September 30, 2022, the number of incentive targets who met the exercise conditions and completed the registration of share transfer in the first exercise period of stock options granted by the Company for the first time was 6 shares, accounting for 0.0006% of the total number of exercisable stock options in that period. For details, please refer to the *Announcement on Quarterly Independent Exercise Results and Share Changes of the Company's Stock Option Incentive Plan in 2021 (2022-084)* disclosed by the Company on the website of Shanghai Stock Exchange.

3. Impact of share changes on financial indicators such as earnings per share and net assets per share in the latest year and the latest period (if any)

Applicable Not applicable

During the reporting period, due to the impact of stock option exercise, the Company's total equity at the end of the period increased by 6 shares compared with the total equity at the beginning of the period, which had little dilution effect on earnings per share and net assets per share in the latest period.

4. Other contents deemed necessary by the Company or required to be disclosed by the securities regulatory authority

Applicable Not applicable

(II) Changes in restricted shares

Applicable Not applicable

II. Securities issuance and listing

(I) Securities issuance as of the reporting period

Applicable Not applicable

Unit: share Currency: CNY

Types of stocks and their derivatives	Issue date	Issue price (or interest rate)	Number of issues	Listing date	Number of transactions approved for listing	Transaction termination date
Convertible corporation bonds and convertible bonds with separate transactions						
Oppein 22 convertible bonds	August 5, 2022	100	20 million	September 1, 2022	20 million	August 4, 2028
Other derivative securities						
Option for the first exercise period of the first grant of stock options	September 21, 2022	145.22	1,042,576	September 21, 2022	1,042,576	July 1, 2023

Notes on the issuance of securities during the reporting period (please explain separately for bonds with different interest rates during the duration):

Applicable Not applicable

1. With the approval of "ZJXK [2022] No.1328" of CSRC, the Company publicly issued 20 million convertible corporation bonds on August 5, 2022, with a face value of CNY 100 each and a total issuance amount of CNY 2 billion. The term of the bonds is six years from the date of issuance (from August 5, 2022 to August 4, 2028). The coupon rate of the bonds is 0.30% in the first year, 0.50% 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.

On September 1, 2022, "Oppein 22 convertible bonds" (Bond Code: 113655) were listed and traded on the Shanghai Stock Exchange. The initial conversion price of "Oppein 22 convertible bonds" was CNY 125.46 per share, and the conversion time was from February 13, 2023 to August 4, 2028 (in case of legal holidays or rest days, it was postponed to the first working day thereafter).

2. In the first exercise period of the first grant of stock options under the Company's stock option incentive plan in 2021, 439 incentive targets met the exercise conditions, totaling 1,042,576 exercisable stock options. The exercise time was from September 21, 2022 to July 1, 2023. The exercise method was independent exercise, and the exercise price was CNY 145.22 per share. During the period from September 21, 2022 to September 30, 2022, the number of exercise and completion of share transfer registration of stock option incentive targets was 6 shares, accounting for 0.0006% of the total number of exercisable stock options in that period.

(II) Changes in the total number of shares and shareholder structure of the Company and changes in the structure of assets and liabilities of the Company

√ Applicable □ Not applicable

During the reporting period, due to the impact of stock option exercise, the Company's total equity at the end of the period increased by 6 shares compared with the total equity at the beginning of the period, which had little impact on the Company's asset and liability structure.

(III) Existing internal employee stocks

□ Applicable √ Not applicable

III. Shareholders and actual controllers**(I) Total shareholders**

Total number of ordinary shareholders (nos.) by the end of the reporting period	9,668
Total number of ordinary shareholders (nos.) at the end of the previous month before the disclosure date of the annual report	10,365
Total number of preferred shareholders whose voting rights were restored by the end of the reporting period (nos.)	0
Total number of preferred shareholders whose voting rights were restored at the end of last month before the disclosure date of the annual report (nos.)	0

(II) By the end of the reporting period, the shareholding of the top ten shareholders and the top ten circulating shareholders (or shareholders with unlimited selling conditions)

Unit: share

Shareholding of the top ten shareholders							
Name of shareholder (full name)	Increase or decrease during the reporting period	Number of holdings at the end of the period	Proportion (%)	Number of shares with limited conditions of sale	Pledge, marking or freezing		Nature of shareholder
					Share status	Quantity	
Yao Liangsong	0	403,200,000	66.19	0	None	0	Domestic natural person
Yao Liangbai	0	51,578,316	8.47	0	None	0	Domestic natural person
Hong Kong Securities Clearing Company Limited	-16,562,487	27,504,266	4.52	0	None	0	Unknown
Agricultural Bank of China Limited - Yifangda consumer industry stock securities investment fund	-450,002	8,607,719	1.41	0	None	0	Other
ICBC - Guangfa steady growth securities investment fund	1,300,000	6,800,000	1.12	0	None	0	Other
National Social Security Fund 115 portfolio	1,450,000	5,350,000	0.88	0	None	0	Other
Social Security	526,195	2,853,322	0.47	0	None	0	Other

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Fund of the People's Republic of China 114 portfolio							
Basic endowment insurance fund 805 portfolio	350,000	2,650,000	0.44	0	None	0	Other
ICBC - Guangfa steady return hybrid securities investment fund	914,120	2,316,620	0.38	0	None	0	Other
Kuwait Investment Authority - own funds	1,529,251	1,763,212	0.29	0	None	0	Other
Shareholding of the top ten shareholders with unlimited selling conditions							
Name of shareholder	Number of tradable shares with unrestricted conditions	Class and number of shares					
		Classification	Quantity				
Yao Liangsong	403,200,000	CNY ordinary share	403,200,000				
Yao Liangbai	51,578,316	CNY ordinary share	51,578,316				
Hong Kong Securities Clearing Company Limited	27,504,266	CNY ordinary share	27,504,266				
Agricultural Bank of China Limited - Yifangda consumer industry stock securities investment fund	8,607,719	CNY ordinary share	8,607,719				
ICBC - Guangfa steady growth securities investment fund	6,800,000	CNY ordinary share	6,800,000				
National Social Security Fund 115 portfolio	5,350,000	CNY ordinary share	5,350,000				
Social Security Fund of the People's Republic of China 114 portfolio	2,853,322	CNY ordinary share	2,853,322				
Basic endowment insurance fund 805 portfolio	2,650,000	CNY ordinary share	2,650,000				
ICBC - Guangfa steady return hybrid securities investment fund	2,316,620	CNY ordinary share	2,316,620				
Kuwait Investment Authority - own funds	1,763,212	CNY ordinary share	1,763,212				
Description of repurchase account among the top ten shareholders	N/A						
Description on the entrusting voting rights, entrusted voting rights and waiver of voting rights of the above-mentioned shareholders	Unknown						
Description of the above shareholder's association or concerted action	Among the top ten shareholders with unlimited selling conditions, Yao Liangsong is the actual controller of the Company, Yao Liangbai is a close family member of Yao Liangsong, and Yao Liangsong and Yao Liangbai constitute a relationship. The Company does not know whether there is a related relationship between other social shareholders, nor does it know whether other social shareholders belong to the concerted actors stipulated in the <i>Measures for the Administration of the Acquisition of Listed Companies</i> .						
Description of preferred shareholders with voting rights restored and the number of shares held	N/A						

Number of shares held by the top ten shareholders with limited selling conditions and restricted selling conditions

Applicable Not applicable

(III) Strategic investors or general legal persons become the top 10 shareholders due to the placement of new shares

Applicable Not applicable

IV. Controlling shareholders and actual controllers

(I) Controlling shareholders

1 Legal person

Applicable Not applicable

2 Natural Persons

Applicable Not applicable

Name	Yao Liangsong
Nationality	China
Have you obtained residency in other countries or regions	No
Main occupation and position	Chairman and president of the Company

3 Special description about no controlling shareholder of the Company

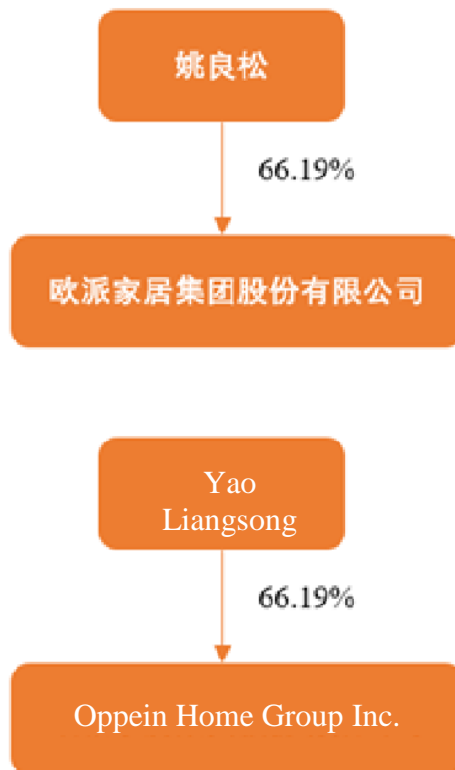
Applicable Not applicable

4 Description of changes in controlling shareholders during the reporting period

Applicable Not applicable

5 Block diagram of property rights and control relationship between the Company and controlling shareholders

Applicable Not applicable



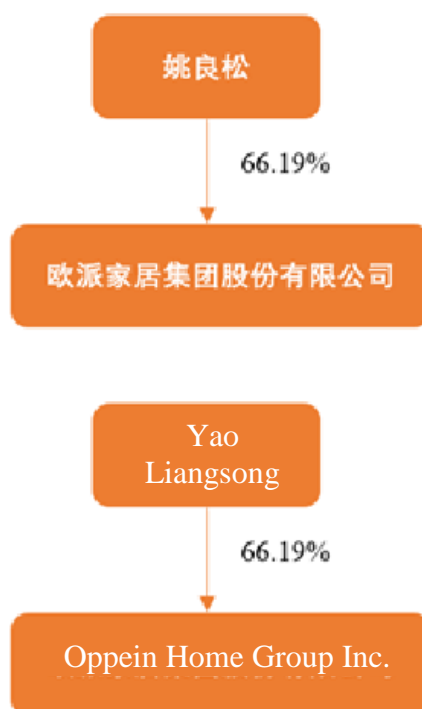
(II) Actual controllers

1 Legal person

Applicable Not applicable

2 Natural Persons√ Applicable Not applicable

Name	Yao Liangsong
Nationality	China
Have you obtained residency in other countries or regions	No
Main occupation and position	Chairman and general manager
Domestic and foreign listed companies that have controlled in the past 10 years	N/A

3 Special description about no actual controller of the Company Applicable Not applicable**4 Description of changes in the Company's control rights during the reporting period** Applicable Not applicable**5 Block diagram of property rights and control relationship between the Company and actual controller**√ Applicable Not applicable**6 The actual controller controls the Company through trust or other asset management methods** Applicable Not applicable**(III) Other information about controlling shareholders and actual controllers** Applicable Not applicable**V. The controlling shareholder or the largest shareholder of the Company and its concerted actors have pledged more than 80% of the Company's shares** Applicable Not applicable**VI. Other corporate shareholders holding more than 10% of the shares** Applicable Not applicable**VII. Description of share restriction and reduction** Applicable Not applicable

VIII. Specific implementation of share repurchase during the reporting period√ Applicable Not applicable

Unit: CNY

Name of share repurchase plan	Oppein Home's plan to repurchase the Company's shares through centralized bidding transactions
Disclosure time of share repurchase plan	October 28, 2022
Number of shares to be repurchased and proportion in total equity (%)	0.27
Proposed repurchase amount	≥ CNY 125,000,000 and ≤ CNY 250,000,000
Proposed repurchase period	Within 12 months from the date of approval of the share repurchase plan at the second meeting of the fourth board of directors
Repurchase purpose	Employee stock ownership plan, equity incentive, convertible bond conversion
Number of repurchased shares	0
Proportion of repurchased quantity to the underlying shares involved in the equity incentive plan (%) (if any)	—
Progress of the Company's reduction of repurchased shares by means of centralized bidding transactions	—

Note: "The number of shares to be repurchased and the proportion (%) to the total equity" is calculated based on the repurchase price not exceeding CNY 155 per share. If all shares are repurchased, it is estimated that the number of repurchased shares will be about 1,612,903 shares, accounting for about 0.27% of the Company's total equity.

Section VIII Preferred shares Applicable Not applicable**Section IX Bonds****I. Corporate bonds, corporation bonds and non-financial corporate debt financing instruments** Applicable Not applicable**II. Convertible corporation bonds**√ Applicable Not applicable**(I) Issuance of convertible bonds**√ Applicable Not applicable

With the approval of "ZJXK [2022] No.1328" of CSRC, the Company publicly issued 20 million convertible corporation bonds on August 5, 2022, with a face value of CNY 100 each and a total issuance amount of CNY 2 billion. The term of the bonds is six years from the date of issuance (from August 5, 2022 to August 4, 2028). The coupon rate of the bonds is 0.30% in the first year, 0.50% 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.

On September 1, 2022, "Oppein 22 convertible bonds" (Bond Code: 113655) were listed and traded on the Shanghai Stock Exchange. The initial conversion price of "Oppein 22 convertible bonds" was CNY 125.46 per share, and the conversion time was from February 13, 2023 to August 4, 2028 (in case of legal holidays or rest days, it was postponed to the first working day thereafter).

(II) Holders and guarantors of convertible bonds during the reporting period√ Applicable Not applicable

Name of convertible corporation bonds	Oppein 22 convertible bonds
Number of convertible bond holders at the end of the period	11,313

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Guarantor of the Company's convertible bonds	None	
The top ten convertible bond holders are as follows:		
Name of convertible corporation bond holders	Number of bonds held at the end of the period (CNY)	Holding ratio (%)
Yao Liangsong	1,323,706,000	66.19
Yao Liangbai	169,332,000	8.47
Agricultural Bank of China Limited - Yifangda consumer industry stock securities investment fund	32,002,000	1.60
CNPC enterprise annuity plan - Industrial and Commercial Bank of China Limited	19,544,000	0.98
PSBC Wealth Management Co., Ltd. - PSBC wealth · bonds issue 299, 2018 (bimonthly fixed growth net value type)	13,589,000	0.68
China Merchants Bank Co., Ltd. - Huabao convertible bond securities investment fund	11,923,000	0.60
China Construction Bank Co., Ltd. - Zheshang Fengli enhanced bond securities investment fund	10,000,000	0.50
Harvest new opportunity fixed income pension product - China Construction Bank Co., Ltd.	10,000,000	0.50
China Life Asset Management - PSBC - CLAM - steady profit and fixed income enhanced 2276 asset management products	8,353,000	0.42
Agricultural Bank of China - Dacheng bond investment fund	8,056,000	0.40

(III) Changes in convertible bonds during the reporting period

Applicable Not applicable

Cumulative conversion of convertible bonds during the reporting period

Applicable Not applicable

(IV) Previous adjustments to conversion prices

Applicable Not applicable

(V) The Company's liabilities, credit changes and cash arrangements for debt repayment in future years

Applicable Not applicable

At the end of the reporting period, the Company's total liabilities were CNY 12.097 billion, of which current liabilities were CNY 9.675 billion, non-current liabilities were CNY 2.422 billion, and the balance of liabilities to be repaid in the next year was CNY 6.977 billion. As of December 31, 2022, the monetary funds that can be withdrawn at any time were CNY 3.631 billion, the time deposits were CNY 8.877 billion, with small liquidity risk. The Company's operation is stable in all aspects, its asset structure is reasonable, and its credit standing is good, which can provide stable and sufficient funds for the payment of convertible corporation bonds interest or the repayment of bond principal in the coming years.

(VI) Other information on convertible bonds

Applicable Not applicable

Section X Financial Reports

I. Audit report

√ Applicable □ Not applicable

All shareholders of Oppein Home Group Inc.:

I. Opinion

We have audited the financial statements of Oppein Home Group Inc. (hereinafter referred to as "Oppein Home"), including the consolidated and parent company's balance sheet as of December 31, 2022, the consolidated and parent company's profit statement, the consolidated and parent company's cash flow statement, the consolidated and parent company's Statement of Changes in Equity and notes to relevant financial statements as of 2022.

In our opinion, the accompanying financial statements have been prepared in accordance with the provisions of the Accounting Standards for Business Enterprises in all material aspects and fairly reflect the consolidation of Oppein Home and parent company's financial position as of December 31, 2022, as well as the consolidation and parent company's operating results and cash flows as of 2022.

II. Basis for Opinion

We performed the audit in accordance with the Chinese Certified Public Accountants Auditing Standards. The section of "CPA's Responsibility for Auditing Financial Statements" of the audit report further elaborated our responsibilities under these standards. We are independent of Oppein Home in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for issuing an audit opinion.

III. Key audit matters

Key audit matters are the most important matters we believe to audit the current financial statements according to our professional judgment. The response to these matters is based on the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an opinion on these matters separately.

(I) Revenue recognition

1. Description of matters

As described in Section X Financial report "V. Important accounting policies and accounting estimates 38. Revenue" and "Section X Financial report VII. Notes to major items in the consolidated financial statements 61. Operating income and operating costs", Oppein Home sales model is mainly divided into dealer exclusive store sales model, direct-sale exclusive store sales model, bulk user business model and export sales model. In 2022, the operating income was CNY 22.480 billion, and compared with the previous year, operating income increased by 9.97%. As income is the key operating indicator of Oppein Home, there is an inherent risk that management manipulates revenue recognition in order to achieve specific goals or expectations. Therefore, we identify revenue recognition as a key audit item.

2. Audit response

The main audit procedures we performed for the revenue recognition of Oppein Home include, but are not limited to:

(1) Understand and evaluate the internal control design related to Oppein Home income, and test the effectiveness of the implementation of internal control;

(2) For different sales models, identify the relevant contract terms and conditions related to the transfer of commodity control, and evaluate whether the revenue recognition time of different sales models meets the requirements of Accounting Standards for Business Enterprises;

(3) Analytically review the different product categories, sales models and regional sales of Oppein Home, and analyze the rationality of changes in sales revenue and gross profit margin;

(4) Check the supporting documents related to revenue recognition, including sales contracts, orders, sales invoices, product delivery orders and logistics transportation documents;

(5) Sample the current sales and balance of customers to verify the authenticity, accuracy and completeness of revenue;

(6) Perform a cutoff test on revenue and confirm whether revenue is included in the correct accounting period.

(II) Book value of fixed assets and construction in progress

1. Description of matters

As described in Section X Financial report "V. Important accounting policies and accounting estimates 23. Fixed assets, 24. Construction in progress" and "VII. Notes to major items in the consolidated financial statements 21. Fixed assets, 22. Construction in progress", as of December 31, 2022, the total book value of fixed assets and construction in progress of Oppein Home was CNY 8.119 billion, accounting for 28.38% of the total assets of Oppein Home, mainly the plant, equipment and engineering of six production bases in Guangzhou, Qingyuan, Tianjin, Wuxi, Chengdu and Wuhan, which are an important part of Oppein Home assets. As the determination of the book value of fixed assets and construction in progress involves management judgment and has a significant impact on the financial statements, we determine the book value of fixed assets and construction in progress of Oppein Home as a key audit item.

2. Audit response

For the book value of fixed assets and construction in progress, our main audit procedures include but are not limited to:

(1) Understand and test the effectiveness of key internal control design and operation related to the integrity, existence and accuracy of fixed assets and construction in progress;

(2) Check the project acceptance report or project progress report to evaluate whether the fixed assets are confirmed in an appropriate period;

(3) Check the new project cost in this period, check the project contract, settlement documents, progress payment application, invoices and payment vouchers, and check whether the amount of construction in progress is accurate; check the new fixed assets in the current period, and check the supporting documents such as contracts, invoices and acceptance certificates;

(4) Check the construction in progress and fixed assets on the spot, implement the fixed assets supervision procedures, check the status and use of construction in progress and fixed assets, understand whether the construction in progress has reached the usable status, understand whether there are problems such as backward technology and long-term idleness of fixed assets, and value about the load rate of fixed assets;

(5) Evaluate the management's estimate of the economic useful life and residual value rate of fixed assets, recalculate the cumulative depreciation provision amount of fixed assets and check the book records, and check the accuracy of the cumulative depreciation provision amount;

(6) Check the rationality and accuracy of capitalized expenditure and expensed expenditure, check the capitalized expenditure incurred during the reporting period by checking the capitalized expenditure with relevant supporting documents, and evaluate whether it meets the relevant conditions of capitalization.

IV. Other information

The management of Oppein Home (hereinafter referred to as the management) is responsible for other information. The other information comprises the information included in the 2022 Report of Oppein Home, but does not include the financial statements and our audit report thereon.

Our audit opinions published in the financial statements do not cover other information and we do not publish any form of assured conclusion on other information.

In combination with our audit of the financial statements, our responsibility is to read other information. In the process, we consider whether there is significant inconsistency in other information with the financial statements or what we have learned during the audit process, or other material misstatement existed.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report. In this regard, we have nothing to report.

V. Responsibilities of management and governance for the financial statements

The management is responsible for the preparation of financial statements that give a fair view in accordance with the Accounting Standards for Business Enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statements, the management is responsible for assessing the Oppein Home's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumption unless the management either intends to liquidate Oppein Home or to cease operations, or has no realistic alternative but to do so.

The governance is responsible for overseeing Oppein Home's financial reporting process.

VI. CPA's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing an audit opinion. Reasonable assurance is a high-level assurance, but it does not guarantee that an audit performed in accordance with auditing standards can always be discovered when a major misstatement exists. Misstatement may be caused by fraud or error and is generally considered material if it is reasonably expected that the misstatement, individually or collectively, may affect the economic decisions made by the users of the financial statements on the basis of the financial statements.

In the process of conducting audit work in accordance with auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks: At the same time, we also perform the following tasks:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Since fraud may involve collusion, falsification, intentional omission, misrepresentation or override of internal controls, the risk of failing to detect a material misstatement due to fraud is higher than the risk of failure to detect a material misstatement due to an error.

(2) Understand the audit-related internal control to design appropriate audit procedures.

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

(4) Conclude on the appropriateness of 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 Oppein Home's ability to continue as a going concern. If we conclude that there is material uncertainty, audit standards require us to bring the relevant disclosures in the financial statements to the attention of the users of the statements in the audit report; if the disclosure is insufficient, we should issue a modified opinion. Our conclusions are based on the information available as of the date of the audit report. However, future events or conditions may cause Oppein Home to cease to continue as a going concern.

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

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Oppein Home to express an opinion on the financial statements. We are responsible for directing, supervising and executing the audits on the Group and assume full responsibility for audit opinions.

We communicated with the governance layer of CCCC First Navigation Co., Ltd. on planned audit scope, schedule, and major audit findings, including communication of the internal control deficiencies that we identified during the audit.

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

From the matters communicated with the governance, we determine which matters are most important to the audit of the current financial statements, thus constituting key audit matters. We describe these matters in the audit report unless laws and regulations prohibit public disclosure of these matters, or in rare cases, if the negative consequences of communicating a matter in the audit report are reasonably expected to exceed the benefits in the public interest, we determine that the matter should not be communicated in the audit report.

Huaxing Certified Public Accounts LLP
(Special General Partnership)

Fuzhou, China

Certified Public Accountant of China: Feng Jun
(Project partner)

Certified Public Accountant of China: Fu Peng

April 24, 2023

II. Financial statements

Consolidated Balance Sheet

December 31, 2022

2022 Annual Report

Prepared by: Oppein Home Group Inc.

Unit: CNY

Item	Notes	December 31, 2022	December 31, 2021
Current assets:			
Cash and bank balances		8,269,801,977.25	6,561,937,418.36
Balances with clearing companies			
Loans to banks and other financial institutions			
Trading financial assets		803,050,958.90	1,677,354,882.08
Derivative financial assets			
Notes receivable		110,434,205.93	206,073,671.76
Accounts receivable		1,356,804,850.55	1,011,693,187.67
Financing of accounts receivable			
Prepayments		107,436,378.36	148,345,992.40
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables		197,101,668.61	95,586,738.83
Including: Interest receivable			
Dividend receivable			
Financial assets purchased under resale agreements			
Inventories		1,414,007,319.05	1,463,127,856.96
Contract assets			
Assets held for sale			
Non-current assets due within one year		922,210,739.68	
Other current assets		199,747,707.68	78,826,684.25
Total current assets		13,380,595,806.01	11,242,946,432.31
Non-current assets:			
Disbursement of loans and advances			
Debt investment			
Investment in other creditor's rights			
Long-term receivables			
Long-term equity investments		10,518,308.44	15,543,367.11
Investment in other equity instruments		369,234,888.05	310,310,218.60
Other non-current financial assets		18,968,837.07	60,339,938.23
Investment properties		1,298,575,277.50	1,334,165,016.86
Fixed assets		6,688,959,701.47	6,648,220,021.88
Construction in progress		1,430,244,831.22	347,455,504.19
Productive biological assets			
Oil and gas assets			
Right-of-use assets		143,259,299.38	24,976,072.05
Intangible assets		1,060,621,773.48	1,064,392,442.29
Capitalized development expenditure			
Goodwill			
Long-term prepaid expenses		100,563,403.28	79,715,027.09
Deferred income tax assets		145,239,617.57	121,128,704.45
Other non-current assets		3,964,225,445.14	2,143,540,620.17

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Item	Notes	December 31, 2022	December 31, 2021
Total non-current assets		15,230,411,382.60	12,149,786,932.92
TOTAL ASSETS		28,611,007,188.61	23,392,733,365.23
Current liabilities:			
Short-term loans		4,584,695,003.58	2,389,126,170.93
Borrowings from central bank			
Loans from other banks and other financial institutions			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		70,366,124.74	139,951,771.71
Accounts payable		1,908,743,254.29	2,018,248,874.11
Receipts in advance		364,393,984.51	885,811,485.23
Contract liabilities		782,289,860.99	1,202,994,206.12
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposits			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee benefits payable		514,648,710.27	561,430,166.62
Taxes payable		269,205,746.47	261,332,987.33
Other payables		840,531,618.28	667,841,099.64
Including: Interest payable			
Dividend payable			
Handling charges and commissions payable			
Accounts payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year		241,730,653.70	13,286,652.37
Other current liabilities		98,158,653.53	144,631,995.61
Total current liabilities		9,674,763,610.36	8,284,655,409.66
Non-current liabilities:			
Reserves for insurance contracts			
Long-term loans		5,122,020.57	
Debentures payable		1,601,701,819.31	
Of which: preferred shares			
Perpetual bond			
Lease liabilities		101,476,366.50	12,665,970.28
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities		43,770.00	59,715.00
Deferred income		469,701,073.18	471,292,317.05
Deferred income tax liabilities		134,412,062.70	96,615,466.91
Other non-current liabilities		109,986,691.00	118,488,814.29
Total non-current liabilities		2,422,443,803.26	699,122,283.53
TOTAL LIABILITIES		12,097,207,413.62	8,983,777,693.20
Owners' equity (or stockholders' equity):			
Paid-in capital (or equity capital)		609,151,954.00	609,151,948.00
Other equity instruments		424,351,185.44	
Of which: preferred shares			
Perpetual bond			

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Item	Notes	December 31, 2022	December 31, 2021
Capital reserve		4,360,144,069.29	4,361,363,807.54
Less: treasury stock			
Other comprehensive income		111,426,682.00	59,580,680.56
Special reserve			
Surplus reserve		304,575,977.00	304,575,974.00
General risk reserve			
Undistributed profits		10,698,497,383.97	9,074,118,319.30
Owners' equity (or shareholders' equity) attributable to the parent company		16,508,147,251.70	14,408,790,729.40
Non-controlling interests		5,652,523.29	164,942.64
Total owners' equity (or stockholders' equity)		16,513,799,774.99	14,408,955,672.04
Total liabilities and owners' equity (or stockholders' equity)		28,611,007,188.61	23,392,733,365.23

Principal of the Company: Yao Liangsong Principal of accounting: Yao Liangsong Principal of accounting institution: Wang Huan

Balance Sheet of Parent Company

December 31, 2022

Prepared by: Oppein Home Group Inc.

Item	Notes	December 31, 2022	December 31, 2021
Current assets:			
Cash and bank balances		6,557,734,232.20	5,229,686,023.69
Trading financial assets		300,071,506.85	971,205,892.83
Derivative financial assets			
Notes receivable		109,434,205.93	206,073,671.76
Accounts receivable		1,213,959,851.27	952,202,553.97
Financing of accounts receivable			
Prepayments		67,726,582.85	59,493,828.98
Other receivables		6,733,661,374.43	5,433,781,485.95
Including: Interest receivable			
Dividend receivable			
Inventories		308,854,288.51	405,727,821.66
Contract assets			
Assets held for sale			
Non-current assets due within one year		271,289,972.61	
Other current assets		62,619,813.82	37,934,970.98
Total current assets		15,625,351,828.47	13,296,106,249.82
Non-current assets:			
Debt investment			
Investment in other creditor's rights			
Long-term receivables			
Long-term equity investments		1,135,214,838.43	726,910,984.40
Investment in other equity instruments		1,015,000.00	1,015,000.00
Other non-current financial assets			
Investment properties		1,298,575,277.50	1,334,165,016.86
Fixed assets		559,154,142.42	582,971,078.72
Construction in progress		18,547,824.67	6,851,735.24
Productive biological assets			
Oil and gas assets			
Right-of-use assets		16,364,613.01	10,764,315.24
Intangible assets		108,516,973.13	111,757,531.13
Capitalized development expenditure			
Goodwill			
Long-term prepaid expenses		15,382,947.15	17,614,583.37
Deferred income tax assets		45,622,433.68	37,265,949.79
Other non-current assets		2,670,545,901.40	773,392,446.15
Total non-current assets		5,868,939,951.39	3,602,708,640.90
TOTAL ASSETS		21,494,291,779.86	16,898,814,890.72
Current liabilities:			
Short-term loans		738,607,920.25	1,015,126,170.93
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		2,885,404,773.60	1,251,055,572.70
Accounts payable		870,752,585.97	790,524,285.54
Receipts in advance		197,885,660.31	427,872,118.87
Contract liabilities		373,876,519.62	577,505,868.61

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Item	Notes	December 31, 2022	December 31, 2021
Employee benefits payable		144,113,112.86	137,160,220.43
Taxes payable		51,253,871.73	88,494,253.07
Other payables		5,382,917,460.93	4,373,451,321.57
Including: Interest payable			
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year		206,984,890.59	6,645,581.30
Other current liabilities		48,849,360.04	69,444,917.14
Total current liabilities		10,900,646,155.90	8,737,280,310.15
Non-current liabilities:			
Long-term loans			
Debtures payable		1,601,701,819.31	
Of which: preferred shares			
Perpetual bond			
Lease liabilities		8,953,901.07	4,790,224.81
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities		43,770.00	59,715.00
Deferred income		53,562,327.24	75,137,379.17
Deferred income tax liabilities		31,434,480.85	11,683,357.75
Other non-current liabilities		109,986,691.00	118,488,814.29
Total non-current liabilities		1,805,682,989.47	210,159,491.02
TOTAL LIABILITIES		12,706,329,145.37	8,947,439,801.18
Owners' equity (or stockholders' equity):			
Paid-in capital (or equity capital)		609,151,954.00	609,151,948.00
Other equity instruments		424,351,185.44	
Of which: preferred shares			
Perpetual bond			
Capital reserve		4,347,036,614.94	4,348,256,353.19
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve		304,575,977.00	304,575,974.00
Undistributed profits		3,102,846,903.11	2,689,390,814.35
Total owners' equity (or stockholders' equity)		8,787,962,634.49	7,951,375,089.54
Total liabilities and owners' equity (or stockholders' equity)		21,494,291,779.86	16,898,814,890.72

Principal of the Company: Yao Liangsong Principal of accounting: Yao Liangsong Principal of accounting institution: Wang Huan

Consolidated Profit Statement

January - December 2022

Unit: CNY

Item	Notes	2022	2021
I. Revenue from operations		22,479,503,474.56	20,441,604,591.50
Of which: operating income		22,479,503,474.56	20,441,604,591.50
Interest income			
Premium earned			
Revenue from handling charges and commissions			
II. Total operating cost		19,432,679,782.07	17,430,601,165.22
Of which: operating cost		15,374,184,716.14	13,978,340,522.59
Interest expense			
Expenses from handling charges and commissions			
Surrender value			
Net amount of compensation payout			
Net provisions for policy reserves			
Policy dividend expenses			
Reinsurance expenses			
Tax and surcharge		168,018,312.28	142,764,878.95
Selling expenses		1,678,894,114.14	1,385,772,778.03
Administrative expenses		1,335,732,876.37	1,131,445,694.80
R&D expense		1,123,248,931.13	907,758,166.73
Financial expenses		-247,399,167.99	-115,480,875.88
Of which: interest expenses		152,770,445.92	132,807,862.73
Interest income		380,881,220.85	266,051,753.30
Add: other income		119,639,886.58	91,106,575.44
Return on investment ("-" for loss)		23,426,338.55	20,576,163.13
Including: return on investment in associates and joint ventures		-1,525,058.67	-6,461,645.66
Income from derecognition of financial assets measured at amortized cost			
Exchange gains (loss expressed with "-")			
Net exposure hedging income (loss expressed with "-")			
Income from change in fair value ("-" for loss)		-33,764,275.51	52,292,566.27
Credit impairment loss (loss expressed with "-")		-99,787,553.98	-108,305,951.75
Asset impairment loss (loss expressed with "-")			
Asset disposal income (loss expressed with "-")		-267,179.73	-6,782,217.94
III. Operating profit ("-" for loss)		3,056,070,908.40	3,059,890,561.43
Add: non-operating income		26,533,945.10	32,385,628.55
Less: non-operating expenses		14,919,954.27	17,320,213.90
IV. Total profit ("-" for loss)		3,067,684,899.23	3,074,955,976.08
Less: income tax expenses		385,171,835.08	410,802,592.06
V. Net profit ("-" for net loss)		2,682,513,064.15	2,664,153,384.02
(I) Classification by business continuity			
1. Net profit from continuing operations (net loss expressed with "-")		2,682,513,064.15	2,664,153,384.02
2. Net profit from discontinued operations (net loss expressed with "-")			

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Item	Notes	2022	2021
(II) Classification by ownership			
1. Net profit attributable to shareholders of the parent company (net loss expressed with -)		2,688,425,483.50	2,665,588,441.38
2. Minority shareholders' profit and loss (net loss expressed with "-")		-5,912,419.35	-1,435,057.36
VI. Other comprehensive income - after tax		53,815,494.61	29,623,688.67
(I) Net after tax of other comprehensive income attributable to the owner of the parent company		53,815,494.61	29,623,688.67
1. Other comprehensive income that cannot be reclassified into profits and losses		50,342,531.78	29,903,289.16
(1) Remeasurement of changes in defined benefit plans			
(2) Other comprehensive income that cannot be transferred to profit and loss under equity method			
(3) Change in fair value of other equity instrument investments		50,342,531.78	29,903,289.16
(4) Change in fair value of enterprise's own credit risk			
2. Other comprehensive income to be reclassified into profits and losses		3,472,962.83	-279,600.49
(1) Other comprehensive income of transferable profit and loss under equity method			
(2) Change in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedging reserve			
(6) Translation difference of foreign currency financial statements		3,472,962.83	-279,600.49
(7) Other			
(II) Net of tax of other comprehensive income attributable to minority shareholders			
VII. Total comprehensive income		2,736,328,558.76	2,693,777,072.69
(I) Total comprehensive income attributable to owners of the parent company		2,742,240,978.11	2,695,212,130.05
(II) Total comprehensive income attributable to minority shareholders		-5,912,419.35	-1,435,057.36
VIII. Earnings per share (EPS):			
(I) Basic earnings per share (CNY/share)		4.41	4.40
(II) Diluted earnings per share (CNY/share)		4.38	4.40

In the event of a business merger under the same control in the current period, the net profit realized by the merged party before the merger is CNY 0.00, and the net profit realized by the combined party in the previous period is CNY 0.00.

Principal of the Company: Yao Liangsong Principal of accounting: Yao Liangsong Principal of accounting institution: Wang Huan

Profit Statement of Parent Company

January - December 2022

Unit: CNY

Item	Notes	2022	2021
I. Operating revenue		11,328,325,920.48	10,741,019,908.28
Less: operating cost		9,026,484,085.30	8,335,436,524.34
Tax and surcharge		48,513,540.77	41,081,445.16
Selling expenses		867,008,084.54	653,092,411.77
Administrative expenses		260,061,063.81	246,076,265.62
R&D expense		404,196,243.18	340,632,238.04
Financial expenses		-208,351,097.19	-80,190,047.66
Of which: interest expenses		111,591,807.97	84,369,868.45
Interest income		291,122,527.61	179,494,407.47
Add: other income		20,602,877.38	16,074,419.51
Return on investment ("-" for loss)		704,642,873.65	-3,745,892.24
Of which: return on investment in associates and joint ventures		-4,149,938.51	-6,461,645.66
Income from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss expressed with "-")			
Income from change in fair value ("-" for loss)		71,506.85	15,911,156.14
Credit impairment loss (loss expressed with "-")		-76,213,355.39	-103,599,879.64
Asset impairment loss (loss expressed with "-")			
Asset disposal income (loss expressed with "-")		73,596.50	265,524.11
II. Operating profit (loss expressed with "-")		1,579,591,499.06	1,129,796,398.89
Add: non-operating income		14,180,566.07	22,062,774.96
Less: non-operating expenses		5,492,773.23	8,553,000.88
III. Total profits (total losses expressed with "-")		1,588,279,291.90	1,143,306,172.97
Less: income tax expenses		108,807,291.14	157,970,798.95
IV. Net profit (net loss expressed with "-")		1,479,472,000.76	985,335,374.02
(I) Net profit from continuing operations (net loss expressed with "-")		1,479,472,000.76	985,335,374.02
(II) Net profit from discontinued operations (net loss expressed with "-")			
V. Net of tax of other comprehensive income			
(I) Other comprehensive income not reclassified into profit or loss subsequently			
1. Remeasure changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Change in fair value of other equity instrument investments			
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that			

2022 Annual Report

Item	Notes	2022	2021
can be converted to profit or loss under the equity method			
2. Change in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's right investment			
5. Cash flow hedging reserve			
6. Translation difference of foreign currency financial statements			
7. Other			
VI. Total comprehensive income		1,479,472,000.76	985,335,374.02
VII. Earnings per share:			
(I) Basic earnings per share (CNY/share)			
(II) Diluted earnings per share (CNY/share)			

Principal of the Company: Yao Liangsong Principal of accounting: Yao Liangsong Principal of accounting institution: Wang Huan

Consolidated Cash Flow Statement

January - December 2022

Unit: CNY

Item	Notes	2022	2021
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		24,493,758,108.70	24,453,251,450.26
Net increase in deposits from customers and deposits in banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charges and commissions			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Tax refunds		21,099,815.48	
Cash received relating to other operating activities		488,458,072.86	506,542,876.91
Sub-total of cash inflow from operating activities		25,003,315,997.04	24,959,794,327.17
Cash paid to purchase goods or accept labor services		15,650,359,672.31	14,937,583,277.60
Net increase in loans and advances to customers			
Net increase in deposits in central bank and other banks and financial institutions			
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		3,805,430,961.82	3,254,598,408.64
Taxes and fees paid		1,419,087,955.16	1,302,770,073.53
Other cash payments relating to operating activities		1,718,677,240.20	1,418,875,897.01
Sub-total of cash outflow from operating activities		22,593,555,829.49	20,913,827,656.78
Net cash flows from operating activities		2,409,760,167.55	4,045,966,670.39
II. Cash flows from investing activities:			
Cash received from disposal of		7,048,238,715.44	3,320,615,263.32

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Item	Notes	2022	2021
investments			
Cash received from returns on investments		31,543,690.29	38,736,831.64
Net cash received from the disposal of fixed assets, intangible assets and other long term assets		10,996,064.30	3,463,541.11
Net cash received from the disposal of subsidiaries and other business entities			
Other cash received relating to investing activities		91,497,876.71	43,398,342.05
Sub-total of cash inflow from investing activities		7,182,276,346.74	3,406,213,978.12
Cash paid to acquire fixed assets, intangible assets and other long-term assets		2,257,299,834.51	1,234,793,995.85
Cash paid to acquire investments		11,937,991,000.00	4,236,550,000.00
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units		33,160,265.17	
Other cash paid relating to investing activities		100,000,000.00	
Sub-total of cash outflow from investing activities		14,328,451,099.68	5,471,343,995.85
Net cash flows from investing activities		-7,146,174,752.94	-2,065,130,017.73
III. Cash flows from financing activities:			
Cash received from capital contribution		2,006,400,871.32	1,600,000.00
Of which: cash received by the subsidiary from absorbing the investments of minority stockholders		11,400,000.00	1,600,000.00
Cash received from borrowings		6,473,997,889.26	3,675,893,338.14
Other cash received relating to financing activities		3,218,348.22	481,821.60
Sub-total of cash inflow from financing activities		8,483,617,108.80	3,677,975,159.74
Cash paid for settlement of debt		4,071,309,737.10	2,920,830,972.93
Cash payments for interest expenses and distribution of dividends or profits		1,229,680,952.88	843,199,431.22
Of which: dividends and profits paid to minority stockholders by the subsidiary			
Other cash payments relating to financing activities		197,310,244.15	100,981,922.25
Sub-total of cash flows from financing activities		5,498,300,934.13	3,865,012,326.40
Net cash flows from financing activities		2,985,316,174.67	-187,037,166.66
IV. Effect of exchange rate changes on cash and cash equivalents		39,711,066.92	-10,450,359.35
V. Net increase in cash and cash equivalents		-1,711,387,343.80	1,783,349,126.65
Add: opening balance of cash and cash equivalents		5,341,817,438.33	3,558,468,311.68
VI. Closing balance of cash and cash equivalents		3,630,430,094.53	5,341,817,438.33

Principal of the Company: Yao Liangsong Principal of accounting: Yao Liangsong Principal of accounting

institution: Wang Huan

Cash Flow Statement of Parent Company

January - December 2022

Unit: CNY

Item	Notes	2022	2021
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		12,088,681,859.20	11,890,961,591.54
Tax refunds			
Cash received relating to other operating activities		216,180,891.80	2,216,632,556.05
Sub-total of cash inflow from operating activities		12,304,862,751.00	14,107,594,147.59
Cash paid to purchase goods or accept labor services		8,090,005,136.27	8,337,870,244.46
Cash paid to and for employees		828,168,197.12	703,592,135.61
Taxes and fees paid		478,460,499.69	453,102,031.63
Other cash payments relating to operating activities		1,077,760,152.58	603,108,750.87
Sub-total of cash outflow from operating activities		10,474,393,985.66	10,097,673,162.57
Net cash flows from operating activities		1,830,468,765.34	4,009,920,985.02
II. Cash flows from investing activities:			
Cash received from disposal of investments		5,771,620,536.68	1,938,615,263.32
Cash received from returns on investments		715,939,088.46	6,028,835.62
Net cash received from the disposal of fixed assets, intangible assets and other long term assets		9,682,417.77	6,995,814.43
Net cash received from the disposal of subsidiaries and other business entities			
Other cash received relating to investing activities		91,497,876.71	43,398,342.05
Sub-total of cash inflow from investing activities		6,588,739,919.62	1,995,038,255.42
Cash paid to acquire fixed assets, intangible assets and other long-term assets		169,420,688.89	433,805,436.45
Cash paid to acquire investments		10,900,841,000.00	2,646,100,000.00
Net cash paid to acquire subsidiaries and other business units			
Other cash paid relating to investing activities		100,000,000.00	
Sub-total of cash outflow from investing activities		11,170,261,688.89	3,079,905,436.45
Net cash flows from investing activities		-4,581,521,769.27	-1,084,867,181.03
III. Cash flows from financing activities:			
Cash received from capital contribution		1,995,000,871.32	
Cash received from borrowings		2,627,997,889.26	2,301,893,338.14
Other cash received relating to financing activities			
Sub-total of cash inflow from financing activities		4,622,998,760.58	2,301,893,338.14
Cash paid for settlement of debt		2,696,576,242.49	2,122,830,972.93
Cash payments for interest expenses		1,150,984,625.97	793,484,789.52

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Item	Notes	2022	2021
and distribution of dividends or profits			
Other cash payments relating to financing activities		123,016,539.83	72,676,433.65
Sub-total of cash flows from financing activities		3,970,577,408.29	2,988,992,196.10
Net cash flows from financing activities		652,421,352.29	-687,098,857.96
IV. Effect of exchange rate changes on cash and cash equivalents		39,495,530.91	-10,130,340.77
V. Net increase in cash and cash equivalents		-2,059,136,120.73	2,227,824,605.26
Add: opening balance of cash and cash equivalents		4,061,868,195.49	1,834,043,590.23
VI. Closing balance of cash and cash equivalents		2,002,732,074.76	4,061,868,195.49

Principal of the Company: Yao Liangsong Principal of accounting: Yao Liangsong Principal of accounting institution: Wang Huan

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Consolidated Statement of Changes in Equity

January - December 2022

Unit: CNY

Item	2022														
	Owners' equity attributable to the parent													Non-controlling interests	Total owners' equity
	Paid-in capital (or equity capital)	Other equity instruments			Capital reserve	Less : treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Other	Sub-total		
	Preference shares	Perpetual bond	Other												
I. Closing balance of previous year	609,151,948.00				4,361,363,807.54		59,580,680.56		304,575,974.00		9,074,118,319.30		14,408,790,729.40	164,942.64	14,408,955,672.04
Add: Change in accounting policy															
Correction of previous errors															
A business combination involving enterprises under common control															
Other															
II. Balance at the beginning of this year	609,151,948.00				4,361,363,807.54		59,580,680.56		304,575,974.00		9,074,118,319.30		14,408,790,729.40	164,942.64	14,408,955,672.04
III.	6.00			424,351,	-		51,846,0		3.00		1,624,379,0		2,099,356,5	5,487,58	2,104,844,1

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Amount increase/d ecrease of the current period ("-" for decreases)				185.44	1,219,738. 25		01.44				64.67		22.30	0.65	02.95
(I) Total comprehen sive income							53,815,4 94.61				2,688,425,4 83.50		2,742,240,9 78.11	5,912,41 9.35	2,736,328,5 58.76
(II) Contributi on and withdrewa l of capital by owners	6.00			424,351, 185.44	1,219,738. 25								423,131,45 3.19	11,400,0 00.00	434,531,45 3.19
1. Common stock contribute d by owners	6.00			424,351, 185.44	865.32								424,352,05 6.76	11,400,0 00.00	435,752,05 6.76
2. Capital invested by holders of other equity instrument s															
3. Share- based payment recognized in owners' equity					1,220,603. 57								1,220,603.5 7		1,220,603.5 7
4. Others															
(III) Profit distributio									3.00		- 1,066,015,9		- 1,066,015,9		- 1,066,015,9

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n											12.00		09.00		09.00
1. Provision for surplus reserve									3.00		-3.00				
2. Withdrawal of general risk reserves															
3. Distribution to owners (or shareholders)											- 1,066,015,909.00		- 1,066,015,909.00		- 1,066,015,909.00
4. Others															
(IV) Internal carryover of owner's equity											- 1,969,493.17				
1. Capital surplus transfer to capital (or equity capital)															
2. Surplus reserve transfer to capital (or equity capital)															
3. Surplus reserve offsetting losses															

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4. Changes in defined benefit plans carried forward to retained earnings															
5. Retained income carried forward from other comprehensive income							1,969,493.17				1,969,493.17				
6. Others															
(V) Special reserve															
1. Withdraw of the current period															
2. Use of the current period															
(VI) Others															
IV. Ending balance of current period	609,151,954.00			424,351,185.44	4,360,144,069.29		111,426,682.00		304,575,977.00		10,698,497,383.97		16,508,147,251.70	5,652,523.29	16,513,799,774.99

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Item	2021														
	Owners' equity attributable to the parent													Non-controlling interests	Total owners' equity
	Paid-in capital (or equity capital)	Other equity instruments			Capital reserve	Less : treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Other	Sub-total		
Preference shares		Perpetual bond	Other												
I. Closing balance of previous year	601,531,902.00			112,041,743.43	3,743,673,599.49		29,956,991.89		288,523,469.29		7,149,700,284.23		11,925,427,990.33		11,925,427,990.33
Add: error correction in the early stage of accounting policy change															
A business combination involving enterprises under common control															
Other															
II. Balance at the beginning of this year	601,531,902.00			112,041,743.43	3,743,673,599.49		29,956,991.89		288,523,469.29		7,149,700,284.23		11,925,427,990.33		11,925,427,990.33
III. Amount increase/decrease of the current period ("-")	7,620,046.00			112,041,743.43	617,690,208.05		29,623,688.67		16,052,504.71		1,924,418,035.07		2,483,362,739.07	164,942.64	2,483,527,681.71

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for decreases)															
(I) Total comprehensive income							29,623,688.67				2,665,588,441.38		2,695,212,130.05	1,435,057.36	2,693,777,072.69
(II) Contribution and withdrawal of capital by owners	7,620,046.00				617,690,208.05								625,310,254.05	1,600,000.00	626,910,254.05
1. Common stock contributed by owners	7,620,046.00				605,954,751.65								613,574,797.65	1,600,000.00	615,174,797.65
2. Capital invested by holders of other equity instruments															
3. Share-based payment recognized in owners' equity					11,735,456.40								11,735,456.40		11,735,456.40
4. Others															
(III) Profit distribution								16,052,504.71		741,170,406.31		-	725,117,901.60		725,117,901.60
1. Provision for surplus reserve								16,052,504.71		16,052,504.71		-			

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2. Withdrawal of general risk reserves															
3. Distribution to owners (or shareholders)											725,117,901.60		725,117,901.60		725,117,901.60
4. Others															
(IV) Internal carryover of owner's equity															
1. Capital surplus transfer to capital (or equity capital)															
2. Surplus reserve transfer to capital (or equity capital)															
3. Surplus reserve offsetting losses															
4. Changes in defined benefit plans carried															

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forward to retained earnings															
5. Retained income carried forward from other comprehensive income															
6. Others															
(V) Special reserve															
1. Withdraw of the current period															
2. Use of the current period															
(VI) Others				- 112,041,743.43								- 112,041,743.43		- 112,041,743.43	
IV. Ending balance of current period	609,151,948.00				4,361,363,807.54		59,580,680.56		304,575,974.00		9,074,118,319.30		14,408,790,729.40	164,942.64	14,408,955,672.04

Principal of the Company: Yao Liangsong Principal of accounting: Yao Liangsong Principal of accounting institution: Wang Huan

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Statement of Changes in Equity of the Parent Company

January - December 2022

Unit: CNY

Item	2022										
	Paid-in capital (or equity capital)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bond	Other							
I. Closing balance of previous year	609,151,948.00				4,348,256,353.19				304,575,974.00	2,689,390,814.35	7,951,375,089.54
Add: Change in accounting policy											
Correction of previous errors											
Other											
II. Balance at the beginning of this year	609,151,948.00				4,348,256,353.19				304,575,974.00	2,689,390,814.35	7,951,375,089.54
III. Amount increase/decrease of the current period ("-" for decreases)	6.00	-	-	424,351,185.44	-1,219,738.25	-	-	-	3.00	413,456,088.76	836,587,544.95
(I) Total comprehensive income										1,479,472,000.76	1,479,472,000.76
(II) Contribution and withdrawal of capital by owners	6.00			424,351,185.44	-1,219,738.25						423,131,453.19
1. Common stock	6.00			424,351,185.44	865.32						424,352,056.76

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contributed by owners											
2. Capital invested by holders of other equity instruments											
3. Share-based payment recognized in owners' equity					-1,220,603.57						-1,220,603.57
4. Others											
(III) Profit distribution								3.00	-	1,066,015,912.00	-
1. Provision for surplus reserve								3.00	-3.00		
2. Distribution to owners (or shareholders)									-	1,066,015,909.00	-
3. Others											
(IV) Internal carryover of owner's equity											
1. Capital surplus transfer to capital (or equity capital)											
2. Surplus reserve transfer to capital (or equity capital)											
3. Surplus reserve offsetting losses											
4. Changes in defined benefit plans carried											

2022 Annual Report

forward to retained earnings											
5. Retained income carried forward from other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdraw of the current period											
2. Use of the current period											
(VI) Others											
IV. Ending balance of current period	609,151,954. 00			424,351,185. 44	4,347,036,614. 94				304,575,977. 00	3,102,846,903. 11	8,787,962,634. 49

Item	2021										
	Paid-in capital (or equity capital)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bond	Other							
I. Closing balance of previous year	601,531,902. 00			112,041,743. 43	3,730,566,145. 14				288,523,469. 29	2,445,225,846. 64	7,177,889,106. 50
Add: Change in accounting policy											
Correction of previous errors											
Other											

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II. Balance at the beginning of this year	601,531,902.00			112,041,743.43	3,730,566,145.14				288,523,469.29	2,445,225,846.64	7,177,889,106.50
III. Amount increase/decrease of the current period ("-" for decreases)	7,620,046.00			112,041,743.43	617,690,208.05				16,052,504.71	244,164,967.71	773,485,983.04
(I) Total comprehensive income										985,335,374.02	985,335,374.02
(II) Contribution and withdrawal of capital by owners	7,620,046.00				617,690,208.05						625,310,254.05
1. Common stock contributed by owners	7,620,046.00				605,954,751.65						613,574,797.65
2. Capital invested by holders of other equity instruments											
3. Share-based payment recognized in owners' equity					11,735,456.40						11,735,456.40
4. Others											
(III) Profit distribution									16,052,504.71	-	-
1. Provision for surplus reserve									16,052,504.71	-16,052,504.71	
2. Distribution to owners (or shareholders)										-	-
										725,117,901.60	725,117,901.60

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3. Others											
(IV) Internal carryover of owner's equity											
1. Capital surplus transfer to capital (or equity capital)											
2. Surplus reserve transfer to capital (or equity capital)											
3. Surplus reserve offsetting losses											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Retained income carried forward from other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdraw of the current period											
2. Use of the current period											
(VI) Others				112,041,743.43							112,041,743.43

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IV. Ending balance of current period	609,151,948. 00				4,348,256,353. 19				304,575,974. 00	2,689,390,814. 35	7,951,375,089. 54
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Principal of the Company: Yao Liangsong Principal of accounting: Yao Liangsong Principal of accounting institution: Wang Huan

III. Basic information of the Company

1. Company overview

√ Applicable □ Not applicable

Oppein Home Group Inc. (hereinafter referred to as the "company"), formerly known as Guangzhou Kangjie Kitchen Equipment Co., Ltd., was invested and established by Hu Xuhui and Yao Liangbai with monetary funds of CNY 450,000 and CNY 50,000 respectively on July 1, 1994.

In May 1997, Yao Liangsong increased his capital by CNY 1 million with monetary funds, and the registered capital of the Company was changed to CNY 1.5 million after the capital increase; in October 1997, Hu Xuhui transferred CNY 350,000 and CNY 100,000 of his CNY 450,000 shares to Yao Liangsong and Yao Liangbai respectively. After this equity change, Yao Liangsong and Yao Liangbai held 90% and 10% respectively.

From 2001 to 2011, Yao Liangsong and Yao Liangbai increased their capital by CNY 88.65 million and CNY 9.85 million respectively, and the registered capital after the capital increase was CNY 100 million, of which Yao Liangsong invested CNY 90 million, accounting for 90.00% of the registered capital of the Company, and Yao Liangbai invested CNY 10 million, accounting for 10.00% of the registered capital of the Company. The name of the Company was changed to Guangdong Oppein Home Group Co., Ltd., with the registration number of enterprise legal person business license of 440101000002519.

In October 2013, according to the approved sponsor agreement and articles of association, Yao Liangsong and Yao Liangbai, the former shareholders, were the sponsors to reorganize Guangdong Oppein Home Group Co., Ltd. into a joint stock limited company. The Company converted audited net assets as of August 31, 2013 into 320 million shares, with a par value of CNY 1 per share. After the change, the registered capital of the Company was CNY 320 million, of which Yao Liangsong contributed CNY 288 million, accounting for 90.00% of the Company's registered capital, and Yao Liangbai contributed CNY 32 million, accounting for 10.00% of the Company's registered capital.

In November 2013, other 111 natural persons including Yao Liangbai increased their capital by CNY 23,503,096.00, and the registered capital after the increase was CNY 343,503,096.00. Including: Yao Liangsong contributed CNY 288,000,000.00, accounting for 83.8420% of the registered capital after the change; Yao Liangbai contributed CNY 36,841,654.00, accounting for 10.7253% of the registered capital after the change; other 110 natural persons including Tan Qinxing contributed CNY 18,661,442.00, accounting for 5.4327% of the registered capital after the change.

In December 2013, Hongxing Xizhao Investment Co., Ltd., Ganzhou Tianou Investment Partnership (Limited Partnership) and Beijing MidSky Investment Management Co., Ltd. increased their capital by CNY 18,641,697.00, CNY 7,886,872.00 and CNY 3,549,447.00 respectively, and the cumulative paid in capital after the increase was CNY 373,581,112.00. Including: Yao Liangsong contributed CNY 288,000,000.00, accounting for 77.0917% of the registered capital after the change; Yao Liangbai contributed CNY 36,841,654.00, accounting for 9.8618% of the registered capital after the change; Hongxing Xizhao Investment Co., Ltd. contributed CNY 18,641,697.00, accounting for 4.9900% of the registered capital after the change; Ganzhou Tianou Investment Partnership (Limited Partnership) contributed CNY 7,886,872.00, accounting for 2.1112% of the registered capital after the change; Beijing MidSky Investment Management Co., Ltd. contributed CNY 3,549,447.00, accounting for 0.9501% of the registered capital after the change; 110 natural persons including Tan Qinxing contributed CNY 18,661,442.00, accounting for 4.9952% of the registered capital after the change.

In March 2017, according to the Reply on the *Approval of the Initial Public Offering of Shares of Oppein Home Group Inc.* issued by the CSRC (ZJXK [2017] No. 311), the Company publicly issued 41,510,000.00 CNY ordinary shares (A shares) to the public, and the Company's share capital was changed to 415,091,112.00 shares after issuance.

In June 2017, according to the resolution of the general meeting of shareholders and the resolution of the board of directors of the Company, the Company granted 5,505,352.00 shares of CNY restricted shares to 835 equity incentive targets, and the share capital of the Company was changed to 420,596,464.00 shares after the grant.

In June 2018, the Company repurchased and cancelled 313,010 restricted shares granted to 48 resignation incentive targets but not yet lifted the restrictions on sales, and completed the registration procedures for industrial and commercial changes to reduce registered capital in October 2018. After the completion of this repurchase, the Company's share capital was changed to 420,283,454.00 shares.

In January 2019, the Company repurchased and cancelled 91,903 restricted shares granted to 33 resignation incentive targets but not yet lifted the restrictions on sales, and completed the registration procedures for industrial and commercial changes to reduce registered capital in March 2019. After the completion of this repurchase, the Company's share capital was changed to 420,191,551.00 shares.

In May 2019, the Company repurchased and cancelled 21,386 restricted shares granted to 8 resignation incentive targets but not yet lifted the restrictions on sales, and completed the registration procedures for industrial and commercial

changes to reduce registered capital in November 2019. After the completion of this repurchase, the Company's share capital was changed to 420,170,165.00 shares.

In August 2019, with the approval of "ZJXK [2019] No. 475" of the CSRC, the Company publicly issued 14.95 million convertible corporation bonds with a total issuance amount of CNY 1.495 billion. The "Oppein convertible bonds" issued this time can be converted into shares from February 24, 2020. In 2020, a total of 13,292,696.00 convertible bonds were converted into shares.

In July 2020, according to the profit distribution plan for 2019 deliberated and approved by the general meeting of shareholders of the Company, the Company increased 0.4 shares per share and 168,069,041.00 shares to all shareholders based on the total capital stock of the Company before the implementation of the profit distribution plan of 420,172,603 shares (including the number of convertible bonds converted before the implementation of the profit distribution plan).

At the end of 2020, after the Company's equity distribution and convertible bond conversion, the Company's share capital was changed to 601,531,902.00 shares.

In 2021, the Company's convertible bonds were converted into 7,620,046 shares, and after the conversion, the Company's total share capital increased to 609,151,948.00 shares.

In July 2021, according to the resolution of the general meeting of shareholders and the resolution of the board of directors of the Company, the Company granted stock options to the incentive targets. In September 2022, the incentive targets exercised 6 shares, and the Company's share capital was changed to 609,151,954.00 shares after exercise.

2. Scope of consolidated financial statements

Applicable Not applicable

The Company includes all subsidiaries in the scope of consolidated financial statements. In 2022, 12 newly established subsidiaries of the Company were included in the scope of consolidated financial statements from the date of establishment, one subsidiary was acquired and included in the scope of consolidated financial statements from the date of acquisition, and there was no cancellation of subsidiaries in the current period. For details, see "Section X Financial report VIII. Change of consolidation scope" and "Section X Financial report IX. Rights and interests in other entities".

IV. Basis of preparation of financial statements

1. Basis of preparation

On the basis of continuous operation, according to the actual transactions and events, the Company shall recognize and measure them in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and other specific accounting standards, application guidelines, interpretation of standards and other relevant provisions (hereinafter collectively referred to as the accounting standards for business enterprises). On this basis, the financial statements are prepared in accordance with the provisions of the *Rules for the Compilation and Reporting of Information Disclosure of Companies Offering Securities Publicly No.15 - General Provisions on Financial Reporting* (revised in 2014) of the CSRC.

2. Going concern

Applicable Not applicable

The Company has the ability to continue as a going concern for at least 12 months from the end of the reporting period, and there are no major events affecting the ability to continue as a going concern.

V. Significant accounting policies and accounting estimates

Tips on specific accounting policies and accounting estimates:

Applicable Not applicable

The Company determines the specific accounting policies and accounting estimates according to the actual production and operation characteristics, which are mainly reflected in Section X Financial report V. Bad debt provision method of receivables in important accounting policies and estimates, inventory valuation and provision for depreciation, depreciation of fixed assets and amortization of intangible assets, revenue recognition, etc.

1. Statement on Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the accounting standards for business enterprises and truly and completely reflect the financial situation and operating results, changes in shareholders' equity, cash flow and other information.

2. Accounting period

The fiscal year of the Company is from January 1 to December 31 of the Gregorian calendar.

3. Operating cycle

Applicable Not applicable

The Company takes 12 months as a business cycle.

4. Functional currency

The Company's bookkeeping V base currency is CNY.

5. Accounting treatment methods of business merger under the common control and not under the common control

Applicable Not applicable

1. Business merger under the same control: The assets and liabilities obtained by the Company in the business merger shall be measured according to the book value of the assets and liabilities of the merged party (including the goodwill formed by the acquisition of the merged party by the final controller) in the consolidated financial statements of the final controller on the merger date. The difference between the book value of net assets obtained in the merger and the book value of the merger consideration paid (or the total face value of the shares issued) shall be adjusted for the capital premium or equity premium in the capital reserve. If the capital premium or equity premium in the capital reserve is insufficient to offset, the retained income shall be adjusted.

2. Business merger not under the same control: On the acquisition date, the Company shall measure the assets paid, liabilities incurred or assumed as the consideration for business combination at fair value, and the difference between the fair value and its book value shall be included in the current profits and losses. The Company recognizes the difference between the merger cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger as goodwill; the difference between the merger cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger shall be reviewed for the fair value of the assets and liabilities obtained in the merger, the non-cash assets as merger consideration or the equity securities issued. The review results show that the fair value of the identifiable assets and liabilities determined is appropriate. The difference between the cost of business merger and the fair value share of the identifiable net assets obtained by the acquiree shall be included in the non-operating income of the current period of merger.

The business merger not under the same control is realized step by step through multiple transactions, and the merger cost is the sum of the consideration paid on the acquisition date and the fair value of the equity of the acquiree held before the acquisition date on the acquisition date; the equity of the acquiree held before the acquisition date shall be re-measured at the fair value on the acquisition date, and the difference between the fair value and its book value shall be included in the current investment income. Other comprehensive income of the long-term equity investment of the acquiree held before the acquisition date under the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee. Changes in shareholders' equity other than net profit and loss, other comprehensive income and profit distribution shall be transferred to the current profits and losses on the acquisition date. For other equity instrument investments held by the acquiree before the acquisition date, the changes in fair value of the equity instrument investment accumulated in other comprehensive income before the acquisition date are transferred to retained profits and losses.

3. Treatment of related expenses in business merger: Intermediary expenses such as audit, legal services, evaluation and consultation and other related management expenses incurred in business merger shall be included in the current profits and losses when incurred; the transaction costs of equity securities or debt securities issued as merger consideration are included in the initial recognition amount of equity securities or debt securities.

6. Preparation method for the consolidated financial statements

Applicable Not applicable

1. Scope of preparation of consolidated statements

The scope of consolidation of the consolidated financial statements is determined on the basis of control, including not only subsidiaries determined based on voting rights (or similar rights) themselves or in combination with other arrangements, but also structured entities determined based on one or more contractual arrangements. Control means the investor has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to the investor's return by using the power over the investee.

2. Procedures for consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Company and its subsidiaries and in accordance with other relevant information.

The Company unifies the accounting policies and accounting periods adopted by subsidiaries to make the accounting policies and accounting periods adopted by subsidiaries consistent with the Company. In the preparation of the consolidated financial statements, the principle of materiality shall be followed to offset the internal transactions, intra-transactions and equity investment projects between the parent company and subsidiaries, and between subsidiaries and subsidiaries.

The equity and profits and losses attributable to minority shareholders of subsidiaries are listed separately under the owner's equity item in the consolidated balance sheet and the net profit item in the consolidated income statement. If the current losses shared by a minority shareholder of a subsidiary exceed the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be offset accordingly.

(1) Increase subsidiaries or business

During the reporting period, the opening balance of the consolidated balance sheet shall be adjusted when the consolidated balance sheet is prepared for subsidiaries or businesses increased due to business merger under the same control; when preparing the profit statement, the income, expenses and profits of the subsidiary or business from the beginning of the current period to the end of the reporting period shall be included in the consolidated profit statement; when consolidating the cash flow statement, the cash flow of the subsidiary or business from the beginning of the current period to the end of the reporting period shall be included in the consolidated cash flow statement; at the same time, the relevant items of the comparative statement shall be adjusted, and the consolidated reporting entity shall be deemed to have existed since the time when the final controller began to control.

During the reporting period, the opening balance of the consolidated balance sheet shall not be adjusted when the consolidated balance sheet is prepared for subsidiaries or businesses increased by business merger or other means not under the same control. When preparing the income statement, the income, expenses and profits of the subsidiary or business from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. When preparing the cash flow statement, the cash flow of the subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated cash flow statement.

The Company prepares the consolidated financial statements based on the amount of identifiable assets, liabilities and contingent liabilities determined on the basis of fair value on the acquisition date as reflected in the individual financial statements of subsidiaries on the balance sheet date of the current period. The difference between the merger cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger is recognized as goodwill. The difference between the merger cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger shall be included in the current profits and losses after review.

If the business merger not under the same control is realized step by step through multiple transactions, in the consolidated financial statements, the equity of the acquiree held before the acquisition date shall be re-measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in the current investment income. Other comprehensive income of the long-term equity investment of the acquiree held before the acquisition date under the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee. Changes in shareholders' equity other than net profit and loss, other comprehensive income and profit distribution shall be transferred to the current profits and losses on the acquisition date. For other equity instrument investments held by the acquiree before the acquisition date, the changes in fair value of the equity instrument investment accumulated in other comprehensive income before the acquisition date are transferred to retained profits and losses.

(2) Disposal of subsidiaries or businesses

A. General treatment method

During the reporting period, if the Company disposed of a subsidiary or business, the income, expenses and profits of the subsidiary or business from the beginning of the period to the disposal date were included in the consolidated income statement; the cash flow of the subsidiary or business from the beginning of the period to the disposal date is included in the consolidated cash flow statement.

If the Company loses its control over the original subsidiary due to the disposal of part of the equity investment and other reasons, in the consolidated financial statements, the remaining equity shall be re-measured at its fair value on the date of loss of control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original subsidiary continuously calculated from the acquisition date or the merger date calculated according to the original shareholding ratio shall be included in the investment income of the current period when the control right is lost, and the goodwill shall be offset. Other comprehensive income related to equity investment in the original subsidiary shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the subsidiary when the control right is lost. Shareholders' equity recognized due to changes in other shareholders' equity related to the original subsidiary other than net profit and loss,

other comprehensive income and profit distribution shall be transferred to current profits and losses when the control right is lost.

B. Disposal of equity step by step to loss of control

Where an enterprise disposes of equity investment in a subsidiary step by step through multiple transactions until it loses control, if the transactions of disposing of equity investment in a subsidiary until it loses control belong to a package transaction, the transactions shall be accounted for as a transaction of disposing of a subsidiary and losing control; however, before the loss of control, the difference between each disposal price and the share of net assets of the subsidiary corresponding to the disposal of investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the profits and losses of the current period when the control is lost.

If the terms, conditions and economic impact of the disposal of equity investments in subsidiaries conform to one or more of the following circumstances, it usually indicates that multiple transactions should be accounted for as a package transaction:

(A) These transactions were entered into simultaneously or with mutual influence in mind;

(B) These transactions as a whole can achieve a complete business outcome;

(C) The occurrence of one transaction depends on the occurrence of at least one other transaction;

(D) One transaction is uneconomical when considered alone, but it is economical when considered with other transactions.

(3) Purchase of minority shares of subsidiaries

The difference between the long-term equity investment newly obtained by the Company due to the purchase of minority equity and the share of identifiable net assets attributable to the subsidiary calculated according to the new shareholding ratio from the purchase date (or the merger date) shall be adjusted for the capital premium or equity premium in the capital reserve in the consolidated balance sheet. If the capital premium or equity premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(4) Disposal of partial equity investment in subsidiaries without loss of control

Without losing control, the difference between the disposal price obtained from the partial disposal of long-term equity investment in subsidiaries and the share of net assets continuously calculated by subsidiaries from the acquisition date or the merger date corresponding to the disposal of long-term equity investment shall be adjusted for the capital premium or equity premium in the capital reserve in the consolidated balance sheet. If the capital premium or equity premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

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

Applicable Not applicable

A joint venture arrangement is an arrangement jointly controlled by two or more participants. Joint arrangement can be classified into joint operations and joint ventures.

1. Joint operation refers to the joint venture arrangement in which the Company enjoys the assets related to the arrangement and undertakes the liabilities related to the arrangement. The following items related to the quantum of interest in joint operation are recognized by the Company:

(1) Recognize the assets held separately and the assets held jointly according to their shares;

(2) Recognize the liabilities assumed separately and the liabilities assumed jointly according to their shares;

(3) Recognize the income generated by the sale of its share of joint operating output;

(4) Recognize the income generated by the sale of output in the joint operation according to its share;

(5) Recognize the expenses incurred separately and the expenses incurred in joint operation according to their share.

2. A joint venture refers to a joint venture arrangement in which the Company has rights only to the net assets of the arrangement. The Company shall account for the investment of joint ventures in accordance with the provisions of equity method accounting for long-term equity investment.

8. Determination standards for cash and cash equivalents

When preparing the cash flow statement, the Company recognizes the cash on hand and deposits that can be used for payment at any time as cash. Investments with short term (generally due within three months from the purchase date), strong liquidity, easy conversion to known amounts of cash and little risk of value change are recognized as cash equivalents. Restricted bank deposits are not used as cash and cash equivalents in the cash flow statement.

9. Accounting method and translation method for foreign currency transactions and statements√ Applicable Not applicable

1. Foreign currency business

When foreign currency business occurs, the amount of foreign currency is converted into CNY at the spot exchange rate on the date of transaction, and foreign currency monetary items and foreign currency non-monetary items are treated according to the following methods at the end of the period:

(1) Foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate on the initial recognition or the previous balance sheet date shall be included in the current profits and losses.

(2) Non-monetary items in foreign currencies measured at historical cost shall still be converted at the spot exchange rate on the date of transaction, and the amount of their functional currency shall not be changed.

(3) Non-monetary items in foreign currencies measured at fair value shall be converted at the spot exchange rate on the date of determination of fair value, and the difference between the amount of the converted bookkeeping functional currency and the amount of the original bookkeeping functional currency shall be included in the current profits and losses or other comprehensive income according to the nature of non monetary items.

(4) Foreign currency exchange gains and losses, except for exchange gains and losses arising from special foreign currency borrowings related to the purchase and construction or production of assets eligible for capitalization, shall be included in the cost of assets eligible for capitalization before the assets reach the expected usable or saleable state, and the rest shall be included in the current profits and losses.

2. Translation of foreign currency financial statements

(1) The assets and liabilities in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; except for the "undistributed profit" item, other items of owner's equity are converted at the spot exchange rate at the time of occurrence.

(2) The income and expense items in the profit statement are translated at the approximate exchange rate of the spot exchange rate.

(3) The translation difference of foreign currency financial statements arising from the above conversion is included in other comprehensive income. Upon the disposal of overseas businesses, the translation differences of foreign currency financial statements related to overseas businesses should be transferred from owners' equity to the disposal of current profit and loss.

(4) The cash flow statement is translated at the approximate exchange rate of the spot exchange rate. The impact of exchange rate changes on cash is listed separately in the cash flow statement as a reconciliation item.

10. Financial instruments√ Applicable Not applicable

When the Company becomes a party to the financial instrument contract, a financial asset or financial liability related to it is recognized.

1. Classification, recognition basis and measurement method of financial assets

According to the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company divides the financial assets into three categories: financial assets measured at amortized cost, financial assets measured at fair value with changes included in other comprehensive income, and financial assets measured at fair value with changes included in current profits and losses.

Financial assets are measured at fair value on initial recognition. For financial assets measured at fair value through current profits and losses, the related transaction expense is directly recognized in current profits and losses. For other types of financial assets, related transaction costs are included in the initial recognition amount. If the accounts receivable initially recognized by the Company does not include a significant financing component as defined in the *Accounting Standards for Business Enterprises No. 14 - Revenues* or does not consider the financing component in a contract not exceeding one year in accordance with the *Accounting Standards for Enterprises No. 14 - Revenues*, the initial measurement shall be made according to the transaction price of the consideration expected to be entitled to receive.

(1) Financial assets measured at amortized costs

The Company's business model for managing such financial assets is to collect contract cash flow, and the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. The Company adopts the effective interest rate method for such financial assets, which are subsequently measured at amortized

cost, and the gains or losses arising from amortization or impairment are included in the current profits and losses.

(2) Financial assets measured at fair value with changes included in other comprehensive income

The Company's business model for managing such financial assets is to target both the receipt of contract cash flow and the sale, and the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Such financial assets are measured at fair value and the changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest rate method are included in the current profits and losses.

For non-tradable equity instrument investments, the Company may irrevocably designate them as financial assets measured at fair value and whose changes are included in other comprehensive income at initial recognition. The designation is made on the basis of a single investment, which conforms to the definition of equity instruments from the perspective of the issuer. The Company includes the dividend income related to such financial assets in the current profits and losses, and the change in fair value in other comprehensive income. When the financial assets are derecognised, the accumulated gains or losses previously recognised in other comprehensive income are transferred from other comprehensive income to retained earnings, which are not recognised in current profits or losses.

(3) Financial assets measured at fair value with changes included in current profits and losses

Except for the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and whose changes are included in current profits and losses. In addition, at the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company designates some financial assets as financial assets measured at fair value and whose changes are included in the current profits and losses. Such financial assets are subsequently measured at fair value, and changes in fair value are included in current profits and losses.

2. Classification, recognition basis and measurement method of financial liabilities

At the time of initial recognition, the Company's financial liabilities are classified as: financial liabilities measured at fair value with changes included in the current profits and losses, and other financial liabilities. For financial liabilities measured at fair value through current profits and losses, the related transaction expense is directly recognised in current profits and losses. The related transaction expense of other financial liabilities is included in the initial recognition amount.

(1) Financial liabilities measured at fair value with changes included in current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses include trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value with changes included in current profits and losses.

Transactional financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. In addition to related to hedge accounting, changes in fair value are recognised in current profits and losses. At the time of initial recognition of financial liabilities, the Company is designated as financial liabilities measured at fair value and whose changes are included in the current profits and losses,

Changes in fair value caused by changes in the Company's own credit risk are included in other comprehensive income, and when the liability is terminated, the cumulative changes in fair value caused by changes in its own credit risk included in other comprehensive income are transferred to retained earnings. Other changes in fair value are included in the current profits and losses. If the impact of changes in the credit risk of such financial liabilities is treated in the above manner, which will cause or expand the accounting mismatch in profits and losses, the Company will include all gains or losses of such financial liabilities (including the amount affected by changes in the credit risk of the enterprise itself) in the current profits and losses.

(2) Other financial liabilities

Financial liabilities other than financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets are classified as financial liabilities measured at amortized cost, which are subsequently measured at amortized cost, and the gains or losses arising from termination of recognition or amortization are included in the current profits and losses.

3. Determination method of fair value of financial assets and financial liabilities

For a financial instrument with active market, its fair value shall be recognized based on its price in the active market. For a financial instrument without active market, its fair value shall be recognized by adopting the estimation technique. During estimation, the Company adopts the estimation technique that is currently applicable and is supported by sufficient available data and other information, and selects the input value with characteristics consistent with the assets or liabilities

considered by market participants in relevant transactions of assets or liabilities. The related observable input value is preferred. The non-observable input value can be used only when it is impossible or not feasible to obtain relevant observable input value.

4. Recognition basis and measurement method of transfer of financial assets

Recognition of transfer of financial assets

		Recognition results
Almost all the risks and rewards of ownership of transferred financial assets		Termination of recognition of the financial asset (recognition of new assets/liabilities)
It neither transfers nor retains almost all the risks and rewards of ownership of financial assets	It abandons its control of the financial asset	
	It does not abandon its control over the financial asset	Relevant assets and liabilities are recognized according to the degree of continued involvement in the transferred financial assets
It retains almost all the risks and rewards of ownership of financial assets	It continues to recognize the financial asset and recognizes the consideration received as a financial liability	

The Company divides the transfer of financial assets into entire transfer and partial transfer.

(1) If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the following two amounts shall be included in the current profits and losses: The book value of the transferred financial assets on the date of termination of recognition; the sum of the consideration received from the transfer of financial assets and the cumulative amount of changes in fair value originally directly included in other comprehensive income (The financial assets involved in the transfer are classified as financial assets measured at fair value and whose changes are included in other comprehensive income in Article 18 of *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*).

(2) If a part of a financial asset is transferred and the transferred part as a whole meets the conditions for termination of recognition, the overall book value of the financial asset before transfer shall be apportioned between the part of termination of recognition and the part of continuing recognition (In this case, the retained service assets shall be regarded as part of continuing recognition of financial assets) according to their respective relative fair values on the transfer date, and the difference between the following two amounts shall be included in the current profits and losses: the book value of the part whose recognition is terminated on the date of recognition; the consideration received for the derecognition portion (including all new assets acquired less all new liabilities assumed), and the sum of the amount corresponding to the termination of recognition in the cumulative amount of changes in fair value originally included in other comprehensive income (financial assets involving partial transfer are classified as financial assets measured at fair value and whose changes are included in other comprehensive income in Article 18 of *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*).

If the transfer of financial assets does not meet the conditions for termination of recognition, the overall financial assets transferred shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

5. Conditions for termination of recognition of financial liabilities

If the current obligation of a financial liability (or part of it) has been discharged, the recognition of the financial liability (or part of it) shall be terminated. If the following conditions exist:

(1) Where the Company transfers assets used to repay financial liabilities to an institution or establishes a trust, and the obligation to repay debts still exists, the recognition of the financial liabilities shall not be terminated.

(2) If the Company (borrower) enters into an agreement with the lender to replace the original financial liability (or part of it) by assuming a new financial liability, and the terms of the contract are substantially different, the Company shall terminate the recognition of the original financial liability (or part of it) and recognize a new financial liability.

Where a financial liability (or part of it) is derecognized, the Company shall include the difference between its book value and the consideration paid (including non-cash assets transferred out or liabilities assumed) in the current profits and losses.

6. Impairment of financial assets

(1) Recognition method of impairment provision

The Company conducts impairment accounting treatment and recognizes loss reserves for financial assets (including

receivables) measured at amortized cost, debt instrument investments and lease receivables measured at fair value and whose changes are included in other comprehensive income on the basis of expected credit losses. In addition, for contract assets, loan commitments and financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also made in accordance with the accounting policies described in this part.

Expected credit losses refer to the weighted average value of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original effective interest rate, that is, the present value of all cash shortages.

Except for financial assets purchased or originated that have suffered credit impairment, the Company assesses whether the credit risk of related financial assets has increased significantly since initial recognition on each balance sheet date. If the credit risk has not increased significantly since initial recognition and is in the first stage, the Company measures the loss reserve according to the amount equivalent to the expected credit loss of the financial asset in the next 12 months; if the credit risk has increased significantly since initial recognition but has not been impaired, it is in the second stage, the Company shall measure the loss reserve according to the amount equivalent to the expected credit loss of the financial asset throughout its life; if a financial asset has suffered credit impairment since its initial recognition, it is in the third stage, and the Company measures the loss reserve according to the amount equivalent to the expected credit loss during the whole duration of the financial asset. In assessing the expected credit losses, the Company considers reasonable and evidence-based information about past events, current conditions and forecasts of future economic conditions, including forward-looking information, which can be obtained without unnecessary additional costs or efforts at the balance sheet date.

The expected credit loss in the next 12 months refers to the expected credit loss caused by the possible default of financial assets within 12 months after the balance sheet date (if the expected duration of financial assets is less than 12 months, it is the expected duration), which is part of the expected credit loss for the whole duration.

For financial instruments with lower credit risk on the balance sheet date, the Company assumes that its credit risk has not increased significantly since the initial recognition, and measures the loss according to the expected credit losses in the next 12 months.

For financial assets in the first and second stages and with low credit risk, the Company calculates interest income according to their book balance and effective interest rate without deducting impairment provisions. For financial assets in the third stage, interest income shall be calculated according to the amortized cost and effective interest rate of their book balance minus the provision for impairment.

(2) Financial assets that have been impaired

When one or more events that the expected future cash flow of a financial asset has an adverse impact occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- A. Significant financial difficulties of the issuer or the debtor;
- B. The debtor violates the contract, such as default or overdue payment of interest or principal;
- C. The creditor grants concessions that the debtor would not otherwise make for economic or contractual reasons related to the debtor's financial difficulties;
- D. The debtor is likely to go bankrupt or undergo other financial restructuring;
- E. The financial difficulties of the issuer or the debtor lead to the disappearance of the active market of the financial asset;
- F. A financial asset is purchased or originated at a substantial discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the joint action of multiple events, not necessarily by individually identifiable events.

(3) Purchased or originated financial assets with credit impairment

For financial assets purchased or originated by the Company that have suffered credit impairment, only the cumulative changes in expected credit losses during the whole duration after initial recognition are recognized as loss reserves on the balance sheet date. On each balance sheet date, the change amount of expected credit loss during the whole duration shall be included in the current profits and losses as impairment losses or gains. Even if the expected credit loss determined on the balance sheet date for the whole duration is less than the amount of the expected credit loss reflected in the estimated cash flow at the time of initial recognition, the favorable change in the expected credit loss is recognized as impairment gains.

(4) Criteria for a significant increase in credit risk

If the probability of default of a financial asset during the expected duration determined on the balance sheet date is significantly higher than the probability of default during the expected duration determined at the time of initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company adopts the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole duration to determine whether the credit risk has increased significantly since initial recognition.

(5) Methods for evaluating expected credit losses of financial assets

The Company assesses the expected credit losses of financial assets based on individual and portfolio. Credit risk is assessed individually for financial assets with significantly different credit risks, such as accounts receivable from related parties; receivables from government agencies; receivables that have obvious signs that the debtor is likely to be unable to fulfill its repayment obligations.

In addition to financial assets for which credit risk is assessed individually, the Company divides financial assets into different groups based on common risk characteristics, and assesses the credit risk on the basis of such groups.

(6) Accounting treatment of impairment of financial assets

The Company calculates the estimated credit losses of various financial assets on the balance sheet date, and the increase or reversal of loss reserves thus formed is included in the current profits and losses as impairment losses or gains.

If the Company actually incurred credit losses and determined that the relevant financial assets could not be recovered and approved to be written off, the book balance of the financial assets shall be directly written down. If the written down financial assets are recovered later, they shall be included in the profits and losses of the current period as a reversal of impairment losses.

7. Financial guarantee contract

A financial guarantee contract refers to a contract in which the issuer pays a specific amount to the contract holder who has suffered losses when the debtor is unable to pay its debts at maturity in accordance with the terms of the original or revised debt instrument. Financial guarantee contracts are measured at fair value at the time of initial recognition. Financial guarantee contracts that are not designated as financial liabilities measured at fair value and whose changes are included in the current profits and losses shall be subsequently measured according to the balance of the expected credit loss reserve amount determined on the balance sheet date and the initial recognition amount after deducting the accumulated amortization amount determined in accordance with the revenue recognition principle, whichever is higher.

8. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are listed separately in the balance sheet and do not offset each other. However, if the following conditions are met at the same time, the net amount after mutual offset shall be listed in the balance sheet:

(1) The Company has the legal right to offset the recognized financial assets and financial liabilities, and such legal right is now enforceable;

(2) The Company plans to settle at a net amount, or realize the financial assets and settle the financial liabilities at the same time.

9. Equity instruments

Equity instruments refer to contracts that can prove the ownership of the Company's remaining equity in assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company shall be treated as changes in equity. The Company does not recognize changes in fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity.

The Company's various distributions to the holders of equity instruments (excluding stock dividends) shall be used as profit distribution to reduce the owner's equity. The stock dividend issued does not affect the total owner's equity.

10. Determination method of fair value of financial instruments

The Company measures the fair value of related assets or liabilities at the price of the main market. If there is no main market, the Company measures the fair value of related assets or liabilities at the price of the most favorable market.

The main market refers to the market with the largest trading volume and the highest trading activity of related assets or liabilities; the most favorable market refers to the market that can sell related assets at the highest amount or transfer related liabilities at the lowest amount after considering transaction costs and transportation costs. The Company adopts the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability.

(1) Valuation technology

The Company adopts valuation technologies applicable in the current situation and supported by sufficient available data and other information, and the valuation technologies used mainly include market method, income method and cost method. The Company uses one or more valuation technologies to measure fair value. If multiple valuation technologies are used to measure fair value, considering the rationality of each valuation result, the amount that can best represent fair value in the current situation is selected as fair value.

In the application of valuation technology, the Company gives priority to the use of relevant observable inputs, and only when the relevant observable inputs can not be obtained or are not feasible can the unobservable inputs be used. Observable input value refers to the input value that can be obtained from market data. This input value reflects the assumptions used by market participants in pricing related assets or liabilities. Unobservable input values refer to input values that cannot be obtained from market data. The input value is obtained based on the best information available on the assumptions used by market participants in pricing related assets or liabilities.

(2) Fair value hierarchy

The Company divides the input values used in fair value measurement into three levels, and first uses the first level of input values, followed by the second level of input values, and finally uses the third level of input values. The first level of input is an unadjusted quote for the same asset or liability that can be obtained on the measurement date in an active market. The second level input value is an input value that is directly or indirectly observable for related assets or liabilities other than the first level input value. Input value at Hierarchy III refers to unobservable input value of relevant assets or liabilities.

11. Notes receivable**Determination method and accounting treatment method of expected credit loss of notes receivable**

Applicable Not applicable

The Company measures the loss provision for bills receivable according to the expected credit loss amount during the entire duration. The Company believes that the acceptance bank credit rating of the bank acceptance bill held by it is high, there is no significant credit risk, and no provision for loss is made. The determination method and accounting treatment method of the expected credit loss of the commercial acceptance bills held by the Company are consistent with the determination method and accounting treatment method of the expected credit loss of accounts receivable. Based on the credit risk characteristics of bills receivable, they are divided into different portfolios:

Item	Basis for determining portfolio
Notes receivable portfolio 1	Bank acceptance draft
Notes receivable portfolio 2	Commercial acceptance draft

12. Accounts receivable**Determination method and accounting treatment method of expected credit loss of accounts receivable**

Applicable Not applicable

The Company shall measure its loss reserve at an amount equivalent to the expected credit loss during the whole duration of the receivables specified in the *Accounting Standards for Business Enterprises No. 14 - Revenues* and excluding major financing components (including the financing components in contracts not exceeding one year according to the standards).

Based on the common risk characteristics, the Company divides accounts receivable into different groups according to the common credit risk characteristics such as customer categories:

Item	Basis for determining portfolio
Accounts receivable portfolio 1	Franchised dealers
Accounts receivable portfolio 2	Engineering clients
Accounts receivable portfolio 3	Other clients
Accounts receivable portfolio 4	Related parties within the scope of consolidation

13. Receivables financing

Applicable Not applicable

Receivables financing reflects notes receivable and accounts receivable measured at fair value at the balance sheet date and whose changes are included in other comprehensive income. For the accounting treatment method, please refer to 10. Financial instruments of this accounting policy, which are classified as financial assets measured at fair value and whose changes are included in other comprehensive income.

14. Other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

Applicable Not applicable

For other receivables, the expected credit loss is determined according to historical experience data and forward-looking information. The Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss according to whether the credit risk of other receivables has increased significantly since initial recognition.

Based on the common risk characteristics, the Company divides other receivables into different groups:

Item	Basis for determining portfolio
Other receivables portfolio 1	Interest receivable
Other receivables portfolio 2	Dividend receivable
Other receivables portfolio 3	Margin receivable
Other receivables portfolio 4	Reserve for business receivables
Other receivables portfolio 5	Deposit receivables
Other receivables portfolio 6	Receivables from consolidated related parties
Other receivables portfolio 7	Other receivables

15. Inventory

Applicable Not applicable

1. Classification of inventory

The Company's inventory refers to the materials or supplies held for sale in the process of production and operation, or still in the process of production, or will be consumed in the process of production or provision of labor services, including all kinds of raw materials, products in progress, finished products (inventory commodities), issued commodities, etc.

2. Valuation method for acquisition and delivery of inventory

Cost method is employed for initial measurement of inventories. Inventory costs include purchase cost, processing cost and other costs. Borrowing costs that shall be included in inventory costs shall be treated in accordance with the *Accounting Standards for Business Enterprises No. 17 - Borrowing Costs*. The cost of inventory invested by an investor shall be determined according to the value stipulated in the investment contract or agreement, except that the value stipulated in the contract or agreement is unfair.

Valuation method of issued inventory: Weighted average method is adopted for accounting.

3. Inventory taking system

A perpetual inventory system is adopted.

4. Amortization method of low-value consumables and packaging materials

The "one-time amortization method" is adopted for accounting.

5. Basis for determining the net realizable value of inventory and method for withdrawing inventory depreciation reserves

Inventory at the end of the period shall be valued at the lower of cost and net realizable value. If the net realizable value of inventory at the end of the period is lower than the book cost, the provision for inventory depreciation shall be made according to the difference. Net realizable value refers to the amount of the estimated selling price of inventory in daily activities after deducting the estimated cost to be incurred at completion, the estimated selling expenses and related taxes.

(1) Basis for determining the net realizable value of inventory: materials held for production, etc., the net realizable value of finished products produced by them is higher than the cost, and the materials are still measured at cost; if the decline in the price of materials indicates that the net realizable value of finished products is lower than the cost, the

materials shall be measured at the net realizable value.

The net realizable value of inventories held for the execution of sales contracts or labor contracts shall be calculated on the basis of the contract price. If the quantity of inventory held by the enterprise is more than the quantity ordered in the sales contract, the net realizable value of the excess inventory shall be calculated on the basis of the general sales price.

(2) Provision method for inventory falling price reserves: Provision for inventory falling price shall be made according to the lower of the cost and net realizable value of a single inventory item; however, for inventory with large quantity and low unit price, provision for inventory depreciation shall be made according to inventory category.

16. Contract assets

(1) Recognition method and standard of contract assets

Applicable Not applicable

Contract assets refer to the right of the Company to receive consideration for the transfer of goods to customers, and the right depends on other factors other than the passage of time.

(2) Determination method and accounting treatment method of expected credit loss of contract assets

Applicable Not applicable

For contract assets, whether they contain significant financing components, the Company always measures its loss reserve at an amount equivalent to the expected credit loss during the whole duration, and the increase or reversal of the loss reserve thus formed is included in the current profits and losses as impairment losses or gains.

The Company calculates the expected credit loss of contract assets on the balance sheet date, and if the expected credit loss is greater than the carrying amount of the current provision for impairment of contract assets, the difference is recognized as an impairment loss; the expected credit loss is remeasured on each balance sheet date, and the reversal amount of the loss provision thus formed is recognized as impairment gains.

17. Held-for-sale assets

Applicable Not applicable

1. Basis for classification as held-for-sale

The Company recognizes the components (or non-current assets) that meet the following conditions as held-for-sale categories at the same time:

(1) In accordance with the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions;

(2) The sale is likely to occur, that is, the enterprise has made a decision on a sale plan and obtained a definite purchase commitment, and the sale is expected to be completed within one year. If the relevant provisions require the approval of the relevant authorities or regulatory authorities of the enterprise before it can be sold, it shall have been approved.

The determined purchase commitment refers to the legally binding purchase agreement signed between the enterprise and other parties, which contains important clauses such as transaction price, time and sufficiently severe penalty for breach of contract, so that the possibility of major adjustment or cancellation of the agreement is extremely small.

2. Accounting treatment of held-for-sale

When the Company initially measures or remeasures the non-current assets or disposal groups held for sale on the balance sheet date, if the book value is higher than the net value of fair value minus selling expenses, the book value shall be written down to the net value of fair value minus selling expenses, and the amount written down shall be recognized as asset impairment loss and included in the current profits and losses. At the same time, provision for impairment of assets held for sale shall be made. If the net amount of the fair value of non-current assets held for sale minus the selling expenses increases on the subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of asset impairment loss recognized after being classified as held for sale, and the reversed amount shall be included in the current profits and losses. The impairment loss of assets recognized before being classified as held for sale shall not be reversed.

For the amount of asset impairment loss recognized by the disposal group held for sale, the book value of goodwill in the disposal group shall be offset first, and then the book value of non-current assets in the disposal group shall be offset proportionally according to the proportion of the book value of non-current assets in the disposal group. The subsequent reversal amount of asset impairment losses recognized by the disposal group held for sale shall be increased proportionally according to the proportion of the book value of non-current assets other than goodwill in the disposal

group.

The non-current assets held for sale or the non-current assets of the disposal group are not depreciated or amortized, and the interest on debt and other fees of the disposal group held for sale shall be recognized further.

When the Company terminates the recognition of non-current assets or disposal groups held for sale, the unrecognized gains or losses shall be included in the current profits and losses.

When non-current assets or disposal groups are no longer classified as held for sale categories or non-current assets are removed from the disposal groups held for sale because they no longer meet the classification conditions of held for sale categories, they shall be measured according to the lower of the following two:

(1) The book value before being classified as held for sale is adjusted according to the depreciation, amortization or impairment that should have been recognized under the assumption that it is not classified as held for sale;

(2) Recoverable amount.

18. Debt investment

(1) Determination method and accounting treatment method of expected credit loss of creditor's rights investment

Applicable Not applicable

For creditor's rights investment and other creditor's rights investment, the Company determines the expected credit loss on each balance sheet date according to the various types of counterparties and risk exposures, taking into account historical defaults and industry forward-looking information or various external actual and expected economic information. For the determination method and accounting treatment method of expected credit loss, please refer to 10. Financial instruments of accounting policy.

19. Other debt investments

(1) Determination method and accounting treatment method of expected credit loss of other creditor's rights investment

Applicable Not applicable

For creditor's rights investment and other creditor's rights investment, the Company determines the expected credit loss on each balance sheet date according to the various types of counterparties and risk exposures, taking into account historical defaults and industry forward-looking information or various external actual and expected economic information. For the determination method and accounting treatment method of expected credit loss, please refer to 10. Financial instruments of accounting policy.

20. Long-term receivables

(1) Determination method and accounting treatment method of expected credit loss of long-term receivables

Applicable Not applicable

21. Long-term equity investments

Applicable Not applicable

1. Basis for determining joint control and significant impact on the investee

Joint control refers to the common control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be agreed upon by the participants sharing control rights before decisions can be made. In judging whether there is joint control, we shall first judge whether all participants or a combination of participants collectively control the arrangement. If all participants or a group of participants must act together to determine the relevant activities of an arrangement, all participants or a group of participants are considered to collectively control the arrangement. Secondly, it is judged whether the decision-making of the activities related to the arrangement must be unanimously agreed by the participants who collectively control the arrangement, and joint control can be formed only when the decision-making of the activities requires the unanimous consent of the participants who collectively control the arrangement. If there are two or more combinations of participants who can collectively control an arrangement, it does not constitute joint control. When determining whether there is joint control, the protective rights enjoyed are not taken into account.

Significant impact means that the investor has the power to participate in the decision-making of the financial and operating policies of the investee, but is not able to control or jointly control the formulation of these policies with other parties. When determining whether it can exert significant impact on the investee, the impact of the investor's direct or indirect holding of the voting shares of the investee and the current enforceable potential voting rights held by the investor and other parties on the assumption of conversion into equity of the investee, including the impact of the current

convertible warrants, share options and convertible corporation bonds issued by the investee. When the foreign investment meets the following conditions, it is generally determined to have a significant impact on the investor: ① Send representatives to the board of directors or similar authorities of the investee; ② Participate in the formulation process of financial and operating policies of the investee; ③ Important transactions with the investee; ④ Dispatch managers to the investee; ⑤ Provide key technical data to the investee. It is generally considered to have a significant impact on the investee when it directly or indirectly owns more than 20% but less than 50% of the voting shares of the invested enterprise through subsidiaries.

2. Determination of initial investment cost

(1) Long-term equity investment formed by business merger

A. For the business merger under the same control, if the consideration of the merger is to pay cash, transfer non-cash assets or bear debts, and to issue equity securities, the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the final controller shall be regarded as the initial investment cost of the long-term equity investment on the merger date. If the investee under the same control can be controlled due to additional investment and other reasons, the initial investment cost of long-term equity investment shall be determined on the merger date according to the share of the book value of the net assets of the merged party in the consolidated financial statements of the final controller after the merger. The difference between the initial investment cost of the long-term equity investment on the merger date and the sum of the book value of the long-term equity investment before the merger plus the book value of the new payment consideration for the shares obtained on the merger date shall be adjusted for the capital premium or equity premium. If the capital premium or equity premium is insufficient to offset, the retained earnings shall be offset.

B. For the business merger not under the same control, the merger cost determined in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 20 - Business Merger* on the acquisition date shall be regarded as the initial investment cost of long-term equity investment. If the investee not under the same control can be controlled due to additional investment and other reasons, the sum of the book value of the equity investment originally held and the new investment cost shall be regarded as the initial investment cost calculated according to the cost method.

(2) In addition to the long-term equity investment formed by the business merger, the initial investment cost of long-term equity investment obtained by other means shall be determined in accordance with the following provisions:

A. A long-term equity investment obtained by paying cash shall be regarded as the initial investment cost according to the actual purchase price paid. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investment.

B. For long-term equity investment obtained by issuing equity securities, the fair value of issuing equity securities shall be regarded as the initial investment cost.

C. The initial investment cost of long-term equity investment obtained through the exchange of non-monetary assets shall be determined in accordance with the *Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets*.

D. The initial investment cost of long-term equity investment obtained through debt restructuring shall be determined in accordance with the *Accounting Standards for Business Enterprises No.12 - Debt Restructuring*.

3. Subsequent measurement and profit and loss recognition method

(1) Cost method accounting: long-term equity investment that can control the investee shall be accounted for by cost method. When the cost method is adopted for accounting, the cost of long-term equity investment shall be adjusted by adding or recovering investment. For long-term equity investments accounted for by the cost method, in addition to the declared but not yet distributed cash dividends or profits included in the actual payment or consideration when obtaining the investment, the Company shall recognize the investment income according to the cash dividends or profits declared by the investee, and no longer divide whether it belongs to the net profit realized by the investee before and after investment.

(2) Equity method accounting: For long-term equity investment jointly controlled or significantly affected by the investee, in addition to equity investment in associated enterprises, part of which is indirectly held through venture capital institutions, mutual funds, trust companies or similar entities including investment linked insurance funds, regardless of whether the above entities have a significant impact on this part of investment. In accordance with the relevant provisions of *Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*, the Company chooses to measure this part of the investment indirectly held at fair value and the changes are included in profits and losses, and adopts the equity method for accounting. When the equity method is adopted for accounting, after the Company obtains the long-term equity investment, the investment income and other comprehensive income shall be recognized respectively according to the share of net profit and loss and other comprehensive income realized by the

investee that should be enjoyed or shared, and the book value of the long-term equity investment shall be adjusted; the Company shall calculate the attributable part according to the profits or cash dividends declared to be distributed by the investee, and reduce the book value of long-term equity investment accordingly; the Company shall adjust the book value of long-term equity investment and include it in the owner's equity for other changes in the owner's equity of the invested entity other than net profits and losses, other comprehensive income and profit distribution. The Company recognizes the net loss incurred by the investee to the extent that the book value of the long-term equity investment and other long-term rights and interests that substantially constitute the net investment in the investee are written down to zero, except where the Company has the obligation to bear additional losses. If the investee realizes net profit in the future, the Company shall resume the recognition of income sharing after the income sharing makes up for the unrecognized loss sharing. When the Company confirms its share of the net profit and loss of the investee, it shall adjust the net profit of the investee on the basis of the fair value of the identifiable assets of the investee at the time of acquisition of investment, and offset the internal transaction gains and losses between the Company and associates and joint ventures, on which the investment profits and losses are recognized. Internal transaction losses between the Company and the investee shall be recognized in full if they belong to asset impairment losses in accordance with the *Accounting Standards for Business Enterprises No. 8 - Asset Impairment* and other provisions. If the accounting policy and accounting period adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policy and accounting period of the Company, and the investment profits and losses shall be recognized.

For the long-term equity investment in associates and joint ventures held before the first execution date, if there is a debit balance of equity investment related to the investment, it shall be amortized according to the straight line method of the original remaining period, and the amortization amount shall be included in the current profits and losses.

(3) For the disposal of long-term equity investment, the difference between its book value and the actual price obtained shall be included in the current profits and losses. If a long-term equity investment accounted for by the equity method is included in the owner's equity due to other changes in the owner's equity of the investee other than the net profits and losses, the part originally included in the owner's equity shall be transferred to the current profits and losses according to the corresponding proportion when disposing of the investment, except for other comprehensive income arising from the change of net liabilities or net assets of the newly measured and defined benefit plan by the investee.

22. Investment properties

(1) If the cost measurement model is adopted:

Depreciation or amortization method

Investment properties refer to the assets holding for capital appreciation or lease earning as well as the aims of both. It mainly includes leased land use rights, land use rights held and ready to be transferred after appreciation, and leased buildings. When the Company can obtain rental income or value-added income related to investment real estate and the cost of investment real estate can be reliably measured, the Company will initially measure it according to the actual expenditure on purchase or construction.

The Company adopts the cost model for subsequent measurement of investment real estate on the balance sheet date. Under the cost model, the Company measures, depreciates or amortizes investment real estate in accordance with 23. Fixed assets and 29. Intangible assets of this accounting policy. When an investment real estate is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the recognition of the investment real estate shall be terminated. When the Company sells, transfers or scraps investment real estate or damages investment real estate, the amount of disposal income after deducting its book value and relevant taxes and fees shall be included in the current profits and losses.

23. Fixed assets

(1) Confirmation conditions

Applicable Not applicable

Fixed assets refer to tangible assets held for the production of commodities, the provision of labor services, the rental or operation and management with a service life of more than one fiscal year.

(2) Depreciation method

Applicable Not applicable

Category	Depreciation method	Depreciable life (years)	Residual value rate	Annual depreciation rate
Property and building	Straight-line method	20 years	3-10	4.5-4.85

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Machinery and equipment	Straight-line method	10 years	3-10	9-9.70
Transportation equipment	Straight-line method	5 years	3-10	18-19.40
Other equipment	Straight-line method	5 years	3-10	18-19.40

At the end of each year, the Company reviews the service life, estimated net residual value and depreciation method of fixed assets.

(3) Recognition basis, valuation and depreciation method of fixed assets under financing lease

Applicable Not applicable

24. Construction in progress

Applicable Not applicable

Construction in progress is valued at actual cost. Where the loan interest expenditure and foreign currency conversion difference incurred for construction projects shall be capitalized or included in the current profits and losses in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 17 - Borrowing Costs*. From the date when the construction in progress reaches the expected state of use, whether the final settlement of the project is handled, it will be transferred to fixed assets, and the adjustment will be made after the completion settlement procedures are handled.

For the recognition standard and provision method of provision for impairment of construction in progress, please refer to 30. Notes on impairment of long-term assets of this accounting policy.

25. Borrowing costs

Applicable Not applicable

1. Recognition principles for capitalization of borrowing costs

Borrowing costs include interest, amortization of discounts or premiums incurred on borrowings and ancillary costs, as well as exchange differences incurred on foreign currency borrowings. Borrowing costs incurred by the Company that can be directly attributable to the purchase, construction or production of assets eligible for capitalization shall be capitalized and included in the cost of related assets; other borrowing costs are recognized as expenses according to the amount incurred and included in the current profits and losses.

Assets that meet the capitalization conditions include fixed assets, investment real estate, inventory and other assets that require considerable time for purchase and construction or production activities to reach the intended usable or saleable state.

Borrowing costs shall be capitalized when the following conditions are met at the same time:

(1) Asset expenditure has occurred, including expenditure incurred in the form of cash payment, transfer of non-cash assets or assumption of interest bearing debts for the purchase and construction or production of assets eligible for capitalization;

(2) Borrowing costs have been incurred;

(3) The acquisition and construction or production activities necessary to make the assets reach the expected usable or saleable state have begun.

2. Period of capitalization of borrowing costs

Borrowing costs incurred for the acquisition and construction or production of assets that meet the capitalization conditions shall be included in the cost of the asset if they meet the above capitalization conditions and occur before the asset reaches the intended usable or saleable state. If the acquisition and construction or production activities of the asset are interrupted abnormally for more than three consecutive months, the capitalization of borrowing costs shall be suspended and recognized as current expenses, until the acquisition and construction of assets or production activities resume; when the assets purchased, constructed or produced reach the expected usable or sales state, the capitalization of their borrowing costs shall be stopped. Borrowing costs incurred after reaching the expected usable or saleable state are directly included in financial expenses in the current period.

3. Calculation methods for capitalized amount of borrowing costs

During the capitalization period, the capitalization amount of interest (including amortization of discount or premium) in each accounting period shall be determined in accordance with the following provisions:

(1) Where a special loan is borrowed for the purchase and construction or production of assets eligible for

capitalization, it shall be determined by the amount of the interest expenses actually incurred in the current period of the special loan minus the interest income obtained by depositing the unused loan funds in the bank or the investment income obtained by temporary investment.

(2) If a general loan is occupied for the purchase and construction or production of assets that meet the capitalization conditions, the interest amount that should be capitalized on the general loan shall be calculated and determined according to the weighted average of the asset expenditure of the part of the cumulative asset expenditure exceeding the special loan multiplied by the capitalization rate of the general loan occupied.

26. Biological assets

Applicable Not applicable

27. Oil and gas assets

Applicable Not applicable

28. Right of use assets

Applicable Not applicable

On the beginning date of the lease term, the Company, as the lessee, recognizes the right to use the leased assets during the lease term as the right of use assets, except for short-term leases and low value asset leases.

1. The recognition of right of use assets is based on the initial measurement of right of use assets at cost, which includes:

(1) The initial measurement amount of the lease liability;

(2) For the lease payment paid on or before the beginning date of the lease term, if there is a lease incentive, the relevant amount of the lease incentive that has been enjoyed shall be deducted;

(3) Initial direct costs incurred;

(4) The costs expected to occur for the purpose of dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the agreed state of the lease terms, except for those incurred for the production of inventory.

2. Depreciation method and impairment of right of use assets

(1) The Company adopts the cost model for subsequent measurement of right of use assets.

(2) The Company adopts the straight line method for depreciation of various right of use assets.

If the Company can reasonably determine the ownership of the leased assets at the expiration of the lease term, depreciation shall be accrued within the remaining service life of the leased assets; if it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the remaining service life of the leased asset. If the right of use assets are impaired, the Company shall make subsequent depreciation according to the book value of the right of use assets after deducting impairment losses.

(3) When the Company remeasures the lease liabilities according to the present value of the changed lease payment and adjusts the book value of the right of use assets accordingly, if the book value of the right of use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the remaining amount shall be included in the current profits and losses.

(4) For the impairment test method and impairment provision method of right of use assets, please refer to Item (26) Impairment of long-term assets of this accounting policy.

29. Intangible assets

(1) Valuation method, service life and impairment test

Applicable Not applicable

Intangible assets are measured at actual cost. The cost of purchased intangible assets includes the purchase price, relevant taxes and other expenses directly attributable to the intended use of the assets. If intangible assets are purchased by installments, and the price of intangible assets purchased is delayed beyond the normal credit conditions, which actually has the nature of financing, the cost of intangible assets is the present value of the purchase price. The cost of intangible assets invested by investors shall be determined according to the value stipulated in the investment contract or agreement. If the value stipulated in the investment contract or agreement is unfair, it shall be recorded according to the fair value of intangible assets. The initial investment cost of intangible assets obtained through the exchange of non-

monetary assets shall be determined in accordance with the *Accounting Standards for Business Enterprises No. 7 - Exchange of Non-Monetary Assets*. The initial investment cost of intangible assets obtained through debt restructuring shall be determined in accordance with the *Accounting Standards for Business Enterprises No.12 - Debt Restructuring*. The entry value of intangible assets obtained by absorption and merger of enterprises under the same control shall be determined according to the book value of the merged party; the entry value of intangible assets obtained by absorption and merger of enterprises not under the same control shall be determined at fair value.

The Company shall analyze and judge the service life of intangible assets when obtaining them. Intangible assets with limited service life are amortized averagely by stages using the straight line method from the time when the intangible assets are available for use to the time when they are no longer recognized as intangible assets, and are included in profits and losses. Intangible assets with uncertain service life are not amortized.

At the end of each year, the Company reviews the service life and amortization method of intangible assets with limited service life. If the service life and amortization method of intangible assets are different from previous estimates, the amortization period and amortization method shall be changed. The Company reviews the service life of intangible assets with uncertain service life in each accounting period. If there is evidence that the service life of intangible assets is limited, its service life shall be estimated and disposed of in accordance with the above provisions.

For the impairment test method and impairment provision method of intangible assets, please refer to Item (26) Related notes on impairment of long-term assets of this accounting policy.

(2) Accounting policy for internal R&D expenditure

Applicable Not applicable

Criteria for dividing research stage expenditure and development stage expenditure of R&D projects: research stage expenditure refers to the expenditure incurred by original and planned investigation to acquire and understand new scientific or technological knowledge; expenditure in the development stage refers to the expenditure incurred in applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices and products before commercial production or use.

The expenditure of intangible assets independently developed by the Company in the research stage of R&D projects shall be included in the current profits and losses when incurred. Expenditures in the development stage of development projects can be recognized as intangible assets only if the following conditions are met at the same time:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) It has the intention to complete the intangible assets for use or sale;
- (3) The ways in which intangible assets generate economic benefits include proving that there is a market for the products produced by using the intangible assets or for the intangible assets themselves, and that the intangible assets will be used internally, their usefulness shall be proved;
- (4) There are sufficient technical, financial and other resources to complete the development of the intangible assets, and is the ability to use or sell the intangible assets;
- (5) The expenditure attributable to the development stage of the intangible asset can be reliably measured. The expenditure of the development stage that has been costed in the previous period will not be adjusted.

30. Long-term assets impairment

Applicable Not applicable

If long-term equity investment, investment real estate, fixed assets, construction in progress, intangible assets, right of use assets and other long-term assets measured by cost model show signs of impairment on the balance sheet date, impairment test shall be carried out. If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's estimated future cash flows. The provision for asset impairment shall be calculated and recognized on an individual basis. If it was difficult to estimate the recoverable amount of any individual asset, its recoverable amount shall be determined based on the asset group to which the concerned asset belongs. The group of assets is the minimum group of assets forming a cash-generating unit.

Goodwill is tested for impairment at least at the end of each year. The Company conducts goodwill impairment test. The book value of goodwill due to a business combination is amortized to a related asset group using a reasonable method at the acquisition date; where it is not possible for the book value of goodwill to be amortized to related asset groups, the book value thereof is amortized to related portfolio of asset groups. When the book value of goodwill is apportioned to the relevant asset group or asset group portfolio, it shall be apportioned according to the proportion of the fair value of each asset group or asset group portfolio to the total fair value of the relevant asset group or asset group portfolio. If the

fair value is difficult to measure reliably, it shall be apportioned according to the proportion of the book value of each asset group or asset group portfolio to the total book value of the relevant asset group or asset group portfolio. When conducting impairment tests on the related asset portfolio or portfolio of asset groups that contain(s) goodwill, if there are indications of impairment, test the asset groups or groups of asset groups that do(es) not contain goodwill firstly and calculate the recoverable amount, and compare it with the related book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or asset group portfolio containing goodwill, and compare the book value (including the book value of the apportioned goodwill) of these relevant asset groups or asset group portfolios with their recoverable amount. If the recoverable amount of the relevant asset group or asset group portfolios is lower than its book value, the impairment loss of goodwill shall be recognized.

Once the above asset impairment losses are recognized, they shall not be reversed in subsequent accounting periods.

31. Long-term unamortized expenses

Applicable Not applicable

Long-term unamortized expenses refer to the expenses incurred by the Company but should be shared in the current and subsequent periods with an amortization period of more than one year, which are recorded as actual expenses and amortized by the straight line method within its expected benefit period. If the long-term unamortized expense item can not benefit the subsequent accounting period, the amortized value of the item that has not yet been amortized will be transferred to the current profits and losses.

32. Contractual liabilities

(1) Recognition method of contract liabilities

Applicable Not applicable

Contract liabilities reflect the obligation of the Company to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained the right to collect the contract consideration unconditionally before the Company transfers the goods to the customer, the contract liabilities shall be recognized according to the amount received or receivable at the earlier of the actual payment by the customer and the due payment.

Contract assets and contract liabilities under the same contract are presented on a net basis, and those under different contracts are not offset.

33. Employee remuneration

(1) Accounting treatment of short-term remuneration

Applicable Not applicable

Employee remuneration refers to various forms of remuneration or compensation given by the Company to obtain services provided by employees or terminate labor relations. The welfare provided by the enterprise to the spouses, children, dependents, survivors of deceased employees and other beneficiaries of employees also belongs to the employee remuneration. Employee remuneration mainly includes short-term remuneration, post employment benefits, termination benefits and other long-term employee benefits.

Accounting treatment of short-term remuneration:

Short-term remuneration refers to the remuneration of employees that the Company needs to pay in full within 12 months after the end of the annual reporting period for employees to provide relevant services, except for post employment benefits and termination benefits. During the accounting period when employees provide services, the Company recognizes the short-term remuneration actually incurred as liabilities, and includes it in the relevant asset costs and expenses according to the beneficiary of the services provided by employees.

(2) Accounting treatment of post employment benefits

Applicable Not applicable

Post employment benefits refer to various forms of remuneration and benefits provided by the Company after the retirement of employees or the termination of labor relations with the Company in order to obtain the services provided by employees, except short-term remuneration and termination benefits. The post employment welfare plan includes a defined contribution plan and a defined benefit plan. Where the defined contribution plan is a post employment welfare plan in which the Company will no longer assume further payment obligations after paying fixed fees to an independent fund; a defined benefit plan refers to a post employment benefit plan other than a defined contribution plan.

(1) Defined contribution plan

The defined contribution plan includes basic endowment insurance and unemployment insurance. During the

accounting period when employees provide services to the Company, the amount payable shall be calculated according to the payment base and proportion stipulated locally, recognized as liabilities, and included in the current profits and losses or related asset costs.

During the accounting period when employees provide services, the amount payable calculated according to the defined contribution plan is recognized as a liability and included in the current profits and losses or related asset costs.

(2) Defined benefit plan

The Company shall attribute benefit obligations under a defined benefit plan to periods of service provided by employees according to the formula determined by projected unit credit method, and include them in current profits and losses or the related cost of assets. The cost of employee remuneration caused by the Company's defined benefit plan includes the following components:

A. Service costs include current service costs, past service costs and settlement gains or losses. Where the current service cost refers to the increase in the present value of the obligations of the defined benefit plan caused by the provision of services by employees in the current period; the past service cost refers to the increase or decrease in the present value of the obligations of the defined benefit plan related to the services of employees in the previous period caused by the revision of the defined benefit plan.

B. The net interest on the net liabilities or assets of the defined benefit plan includes the interest income of the plan assets, the interest expenses of the defined benefit plan obligations and the interest affected by the asset ceiling.

C. Changes in net liabilities or net assets of the defined benefit plan are remeasured.

Unless other accounting standards require or allow the cost of employee welfare to be included in the cost of assets, the Company will include Items A and B above in the current profits and losses; Item C is included in other comprehensive income and will not be reversed to profits and losses in subsequent accounting periods, but these amounts recognized in other comprehensive income can be transferred within equity.

(3) Accounting treatment of termination benefits

Applicable Not applicable

Termination benefits refer to the compensation given to employees by the Company to terminate the labor relationship with employees before the expiration of their labor contracts, or to encourage employees to voluntarily accept layoffs. If the Company provides termination benefits to employees, the employee remuneration liabilities arising from termination benefits shall be recognized as soon as possible, whichever is the following, and shall be included in the current profits and losses: When the Company cannot unilaterally withdraw the termination benefits provided due to the termination of labor relations plans or layoffs; when the Company confirms the costs or expenses related to the reorganization involving the payment of termination benefits.

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

Applicable Not applicable

Other long-term employee benefits refer to all employee remuneration except short-term salaries, post employment benefits and termination benefits, including long-term paid absenteeism, long-term disability benefits, long-term profit sharing plans, etc. Other long-term employee benefits provided by the Company to employees that meet the conditions of the defined contribution plan shall be dealt with in accordance with the relevant provisions of the defined contribution plan; for other long-term employee welfare except for the above circumstances, the net liabilities or net assets of other long-term employee welfare shall be recognized and measured in accordance with the relevant provisions of the defined benefit plan. At the end of the reporting period, the Company attributed the welfare obligations arising from other long-term employee welfare to the period when employees provided services and included them in the current profits and losses or related asset costs.

34. Lease liabilities

Applicable Not applicable

On the beginning date of the lease term, the Company recognizes the present value of the unpaid lease payments as a lease liability, except for short-term leases and low-value asset leases.

In calculating the present value of the lease payment, the Company, as the lessee, adopts the embedded interest rate of the lease as the discount rate; if the embedded interest rate of the lease cannot be determined, the incremental borrowing rate of the Company shall be used as the discount rate.

The Company calculates the interest expense of the lease liabilities during each period of the lease term at a fixed cyclical interest rate and includes it in the current profits and losses. The amount of variable lease payments not included in the measurement of lease liabilities is included in the current profits and losses when actually incurred.

After the beginning date of the lease term, when the substantial fixed payment changes, the estimated amount payable of the guaranteed residual value changes, the index or ratio used to determine the lease payment changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option changes, the Company remeasures the lease liabilities according to the present value of the changed lease payment.

35. Estimated liabilities

Applicable Not applicable

If the Company's obligations related to contingencies meet the following conditions at the same time, they will be recognized as liabilities: (1) The obligation is the current obligation undertaken by the Company; (2) The performance of this obligation may lead to the outflow of economic benefits; (3) The amount of the obligation can be reliably measured.

It is expected that all or part of the expenses required for liabilities will be compensated by a third party or other parties, and the amount of compensation will be recognized separately as an asset when it is basically determined that it can be received, and the amount of compensation recognized will not exceed the book value of the recognized liabilities. The estimated liabilities are initially measured according to the best estimate of the expenditure required to fulfill the relevant current obligations, and factors such as risks, uncertainties and time value of money related to contingencies are taken into account. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

On the balance sheet date, the Company reviews the book value of estimated liabilities, and if there is conclusive evidence that the book value cannot truly reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

36. Share-based payments

Applicable Not applicable

1. Types of share-based payments

The share-based payment of the Company is divided into cash settled share-based payment and equity settled share-based payment.

The share-based payment settled by equity shall be measured at the fair value of the equity instruments granted to employees. If the right is exercisable immediately after the grant, it shall be included in the relevant costs or expenses according to the fair value of the equity instruments on the grant date, and the capital reserve shall be increased accordingly. If the right can be exercised only after completing the services within the waiting period or meeting the prescribed performance conditions, on each balance sheet date within the waiting period, the services obtained in the current period shall be included in the relevant costs or expenses and capital reserves on the basis of the best estimate of the number of equity instruments exercisable and according to the fair value on the grant date of equity instruments. After the exercisable date, the recognized relevant costs or expenses and the total amount of owner's equity will not be adjusted.

Cash settled share-based payments are measured at the fair value of the liabilities assumed by the Company calculated and determined on the basis of shares or other equity instruments. If the right is exercisable immediately after the grant, the fair value of the Company's liabilities shall be included in the relevant costs or expenses on the date of grant, and the liabilities shall be increased accordingly. For cash settled share-based payment that can be exercised only after completing the services in the waiting period or meeting the prescribed performance conditions, on each balance sheet date in the waiting period, based on the best estimate of the exercisable rights, the services obtained in the current period shall be included in the cost or expense and the corresponding liabilities according to the fair value amount of the Company's liabilities. On each balance sheet date and settlement date before the settlement of relevant liabilities, the fair value of liabilities shall be re-measured, and the changes shall be included in the current profits and losses.

2. Accounting treatment for the implementation, modification and termination of share-based payment plans

No matter how the terms and conditions of the equity instruments granted are modified, or even the grant of the equity instruments is cancelled or the equity instruments are settled, the Company shall at least recognize the corresponding services obtained by measuring the fair value of the equity instruments granted on the grant date, unless the right is not exercisable due to the failure to meet the exercisable conditions of the equity instruments (except market conditions).

If the Company cancels the granted equity instruments or settles the granted equity instruments during the waiting period (except those cancelled due to failure to meet the exercisable conditions), the treatment is as follows:

(1) Cancel or settle as accelerated exercisable and immediately confirm the amount that should have been confirmed in the remaining waiting period.

(2) All payments to employees at the time of cancellation or settlement shall be treated as repurchase of equity, and the part paid for repurchase that is higher than the fair value of the equity instrument on the repurchase date shall be

included in the current expenses.

(3) If a new equity instrument is granted to an employee and it is determined on the grant date of the new equity instrument that the new equity instrument granted is used to replace the cancelled equity instrument, the Company shall deal with the granted alternative equity instrument in the same way as the terms and conditions of the original equity instrument are amended.

37. Preferred shares, perpetual bonds and other financial instruments

Applicable Not applicable

38. Revenue

(1) Accounting policies adopted for revenue recognition and measurement

Applicable Not applicable

Revenue is the total inflow of economic benefits formed in the daily activities of the Company, which lead to the increase of owner's equity and are unrelated with the capital invested by the owner.

The Company recognizes revenue when it performs its performance obligations under the contract, that is, when the customer obtains control of the relevant goods. Obtaining control of relevant goods means being able to dominate the use of the goods and obtain almost all economic benefits from it, including the ability to prevent other parties from dominating the use of the goods and obtaining almost all economic benefits from it.

The transaction price is the amount of consideration that the Company is expected to be entitled to receive as a result of the transfer of goods to customers, excluding payments received on behalf of third parties and payments that the Company expects to return to customers. In determining the contract transaction price, if there is a variable consideration, the Company determines the best estimate of the variable consideration according to the expected value or the most likely amount, and includes it in the transaction price at an amount not exceeding the amount that is most likely not to be significantly reversed when the relevant uncertainties are eliminated. If there is a significant financing component in the contract, the Company will determine the transaction price according to the amount payable in cash when the customer obtains the control over the goods. The difference between the transaction price and the contract consideration will be amortized by the effective interest rate method during the contract period. If the interval between the customer obtaining the control over the goods and the customer paying the price is not more than one year, the Company will not consider the financing component. When the consideration that the Company is entitled to collect from the customer due to the transfer of goods is in the form of non-cash, the Company shall determine the transaction price according to the fair value of the non-cash consideration on the contract start date. Where the fair value of the non-cash consideration cannot be reasonably estimated, the Company indirectly determines the transaction price with reference to the separate selling price of the goods it undertakes to transfer to customers. The Company expects to refund the amount to the customer by offsetting the consideration payable against the transaction price in addition to obtaining other clearly identifiable goods from the customer. If the consideration payable to customers exceeds the fair value of clearly distinguishable goods obtained from customers, the excess amount shall be used as the consideration payable to customers to offset the transaction price. If the fair value of clearly distinguishable goods obtained from customers cannot be reasonably estimated, the Company will offset the transaction price in full with the consideration payable to customers. In the accounting treatment of the transaction price offset by the consideration payable to customers, the Company offsets the current income at the later of the recognition of relevant income and the payment (or commitment to pay) of customer consideration.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation, and measure the income according to the transaction price apportioned to each individual performance obligation. In case of subsequent changes in the transaction price, the Company shall apportion the amount of such subsequent changes to the performance obligations in the contract on the basis adopted on the commencement date of the contract. The transaction price will not be redistributed due to the change of the separate selling price after the contract start date.

If one of the following conditions is met, the Company shall fulfill its performance obligations within a certain period of time; otherwise, it belongs to the performance obligation at a certain point:

(1) Customers obtain and consume the economic benefits brought by the Company's performance at the same time as the Company's performance;

(2) Customers can control the goods under construction in the process of performance of the Company;

(3) The goods produced in the process of performance by the Company have irreplaceable uses, and the Company has the right to collect payments for the accumulated performance so far during the whole contract period.

For the performance obligations within a certain period of time, the Company recognizes the revenue in accordance with the performance progress during the period, except that the performance progress cannot be determined reasonably. The Company determines the performance progress of providing services in accordance with the investment method. When the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of cost incurred until the performance progress can be reasonably determined.

For the performance obligations performed at a certain time point, the Company recognizes revenue at the time when the customer obtains control over the relevant goods. In determining whether customers have obtained control of goods, the Company will consider the following signs:

(1) The Company enjoys the current collection right in respect of the goods, that is, the customer has the current payment obligation in respect of the goods;

(2) The Company has transferred the legal ownership of the goods to the customer, that is, the customer has owned the legal ownership of the goods;

(3) The Company has transferred the physical goods to the customer, that is, the customer has occupied the physical goods;

(4) The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods;

(5) The customer has accepted the product;

(6) Other signs that customers have gained control of the goods.

2. Specific recognition methods related to the main activities of the Company to obtain revenue

The Company's sales model is mainly divided into four modes: dealer exclusive store sales, direct-sale exclusive store sales, bulk user business sales and export sales. The specific methods for recognizing sales revenue are as follows:

(1) Dealer exclusive store sales: sales through exclusive stores opened by dealers. After receiving customer orders and collecting a certain proportion of deposits from customers (the proportion of deposits shall be decided by the dealers themselves), the exclusive stores opened by the dealers shall send the sales orders confirmed by customers to the Company, and pay all the payment to the Company according to the settlement price. The Company will begin to organize production according to the orders. After the Company completes the production of products, the products are transported to the delivery place designated by the logistics company corresponding to the dealers, that is, the sales revenue is recognized; dealers in the Pearl River Delta region can choose to pick up their own products according to their own resource allocation conditions, and the Company recognizes sales revenue when delivering products.

(2) Direct exclusive store sales: sales through exclusive stores established by the Company as subsidiaries and branches. After collecting a certain proportion of the deposit, the direct exclusive store sends the sales order confirmed by the customer to the Company, and the Company arranges production according to the order. The direct exclusive store shall notify the Company to deliver the goods after receiving the remaining payment from the customer, and the Company shall be responsible for the installation. After the Company receives all the payment for goods, the revenue is recognized when the installation is completed.

(3) Bulk user business sales: the Company produces and sells supporting overall household products for large-scale real estate projects. The Company recognizes revenue when the customer obtains control of the goods and the Company has actually obtained the inflow of economic benefits related to the goods.

(4) Export sales: The Company shall recognize the sales revenue when it has completed the customs declaration procedures, the goods have crossed the ship's rail (the contract stipulates that the goods have been traded at FOB), obtained the bill of lading and completed the delivery procedures with the bank.

(2) The adoption of different business models in similar businesses leads to differences in accounting policies for revenue recognition

Applicable Not applicable

39. Contract costs

Applicable Not applicable

Contract costs include incremental costs incurred in obtaining contracts and contract performance costs.

The incremental cost incurred to obtain the contract refers to the cost (such as sales commission) that will not occur if the Company does not obtain the contract. If the cost is expected to be recovered, the Company recognizes it as an asset as the cost of contract acquisition. Other expenses incurred by the Company for the acquisition of contracts other than the

incremental costs expected to be recovered shall be included in the current profits and losses when incurred.

If the cost incurred for the performance of the contract is not applicable to the scope of relevant standards such as inventory, fixed assets or intangible assets, and the following conditions are met at the same time, the Company shall recognize it as an asset as the cost of contract performance:

(1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer and other costs incurred solely as a result of the contract;

(2) This cost increases the resources that the enterprise will use to fulfill its performance obligations in the future;

(3) The cost is expected to be recovered.

The assets recognized at the cost of contract acquisition and the assets recognized at the cost of contract performance are amortized on the same basis as the recognition of goods or services related to the assets and included in the current profits and losses.

If the book value of assets related to contract costs is higher than the difference between the following two items, the Company shall make provision for impairment of the excess part and recognize it as an asset impairment loss:

(1) The remaining consideration expected to be obtained by the enterprise due to the transfer of goods related to the asset;

(2) The estimated cost to be incurred for the transfer of the related goods.

If the factors of impairment in the previous period change after that, so that the difference between (1) and (2) is higher than the book value of the asset, the original provision for asset impairment shall be reversed and included in the current profits and losses, but the book value of the asset after the reversal shall not exceed the book value of the asset on the reversal date assuming that no provision for impairment is made.

40. Government subsidies

Applicable Not applicable

1. Types of government subsidies

Government subsidies refer to monetary assets or non-monetary assets obtained by the Company from the government free of charge, including government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets refer to government subsidies obtained by the Company for purchase and construction or other forms of long-term assets.

The government subsidies related to income refer to other government subsidies other than those related to assets.

2. Recognition principle and time point of government subsidies

Recognition principle of government subsidies:

(1) The Company can meet the conditions attached to government subsidies;

(2) The Company can receive government subsidies.

Government subsidies can only be recognized when the above conditions are met at the same time.

3. Measurement of government subsidies

(1) If the government subsidy is a monetary asset, the Company shall measure it according to the amount received or receivable;

(2) If the government subsidy is a non-monetary asset, the Company shall measure it at fair value; if the fair value cannot be obtained reliably, it shall be measured at the nominal amount (the nominal amount is 1 yuan).

4. Accounting treatment of government subsidies

(1) Government subsidies related to assets shall be offset against the book value of related assets or recognized as deferred income at the time of acquisition. If it is recognized as deferred income, it shall be included in profits and losses by stages in accordance with a reasonable and systematic method within the service life of the relevant assets. Government subsidies measured at their nominal amounts are directly included in the current profits and losses.

(2) Government subsidies related to income shall be handled according to the following circumstances:

A. If it is used to compensate the Company for related costs or losses in subsequent periods, it shall be recognized as deferred income at the time of acquisition, and shall be included in the current profits and losses or offset related costs

during the period when the relevant costs or losses are recognized.

B. If it is used to compensate the relevant costs or losses incurred by the Company, it shall be directly included in the current profits and losses or offset the relevant costs at the time of acquisition.

(3) For government subsidies included in both asset related parts and income related parts, if they can be distinguished, they will be accounted for separately in different parts; those that are difficult to distinguish are classified as income related government subsidies as a whole.

(4) Government subsidies related to the daily operation of the Company shall be included in other income or offset against related costs and expenses according to the essence of economic business. Governmental subsidies unrelated to the Company's daily activities are included in non-operating income and expenditure. If the finance allocates the discount funds directly to the Company, the Company will offset the relevant borrowing costs with the corresponding discount.

(5) If the confirmed government subsidies need to be returned, they shall be dealt with according to the following circumstances:

A. If the book value of the relevant assets is offset at the time of initial recognition, the book value of the assets shall be adjusted.

B. If there are relevant deferred income, the book amount of relevant deferred income shall be offset, and the excess part shall be included in the current profits and losses.

C. In other cases, it shall be directly included in the current profits and losses.

41. Deferred tax assets/deferred tax liabilities

Applicable Not applicable

The Company shall determine its tax basis when obtaining assets and liabilities. If there is a temporary difference between the book value of assets and liabilities and their tax basis, the resulting deferred income tax assets or deferred income tax liabilities shall be recognized in accordance with the regulations.

1. Recognition of deferred income tax assets

(1) The Company recognizes the deferred income tax assets arising from the deductible temporary differences to the extent that it is likely to obtain the taxable income used to offset the deductible temporary differences. However, deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics are not recognized: ① The transaction is not a business merger; ② At the time of transaction, neither accounting profit nor taxable income (or deductible loss) will be affected.

(2) The Company shall recognize the corresponding deferred income tax assets if the deductible temporary differences related to the investment of subsidiaries, associates and joint ventures meet the following conditions at the same time: ① The temporary differences are likely to be reversed in the foreseeable future; ② It is likely to obtain the taxable income used to deduct the deductible temporary difference in the future.

(3) For the deductible losses and tax credits that can be carried forward to subsequent years in accordance with the tax law, they shall be treated as deductible temporary differences, and the corresponding deferred income tax assets shall be recognized to the extent that it is likely to obtain future taxable income to offset the deductible losses and tax credits.

2. Recognition of deferred income tax liabilities

(1) Except for the deferred income tax liabilities arising from the following transactions, the Company recognizes all deferred income tax liabilities arising from taxable temporary differences: ① Initial recognition of goodwill; ② Initial recognition of assets or liabilities arising from transactions that meet the following characteristics at the same time: The transaction is not a business merger; at the time of transaction, neither accounting profit nor taxable income (or deductible loss) will be affected.

(2) The Company recognizes corresponding deferred income tax liabilities for taxable temporary differences related to investments in subsidiaries, associates and joint ventures. However, except that the following conditions are met at the same time: ① The investment enterprise can control the time for the reversal of temporary differences;

② The temporary difference is likely not to reverse in the foreseeable future.

42. Leasing

(1) Accounting treatment of operating leasing

Applicable Not applicable

(2) Accounting treatment of financial leasing

Applicable Not applicable

(3) Determination method and accounting treatment method of lease under the new lease standards

Applicable Not applicable

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee for consideration within a certain period of time.

1. Identification of leases

On the commencement date of the contract, the Company evaluates whether the contract is a lease or includes a lease. A contract is a lease or includes a lease if a party transfers the right to control the use of one or more identified assets for a period of time in exchange for consideration. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period of time, the Company makes the following assessment:

(1) Whether the contract involves the use of the identified assets. The identified asset may be explicitly designated by contract or implicitly designated when the asset is available for use by the customer, and the asset is physically distinguishable, or if part of the production capacity or other parts of the asset are physically indistinguishable but represent substantially all of production capacity of the asset, thus enabling the customer to obtain almost all the economic benefits arising from the use of the asset. If the supplier of the asset has the right to substantially replace the asset throughout the use period, the asset is not an identified asset;

(2) Whether the lessee is entitled to almost all the economic benefits arising from the use of the identified assets during the use period;

(3) Whether the lessee has the right to dominate the use of the identified assets during the use period.

2. Spinoff and consolidation of leases

If the contract includes multiple separate leases at the same time, the Company will split the contract and conduct accounting treatment for each separate lease.

If the following conditions are met at the same time, the right to use the identified assets constitutes a separate lease in the contract:

(1) The lessee may profit from the use of the asset alone or in conjunction with other readily available resources;

(2) The asset is not highly dependent or highly related to other assets in the contract.

3. As lessee

(1) Right of use assets

See Item (24) Right of use assets of this accounting policy for determination method and accounting treatment method of right of use assets.

(2) Lease liabilities

See item (30) Lease liabilities of this accounting policy for the determination method and accounting treatment method of lease liabilities.

(3) Assessment of lease term

The lease term is the irrevocable period during which the Company, as the lessee, has the right to use the leased assets.

The Company has a renewal option, that is, the right to choose to renew the asset, and if it is reasonably determined that the option will be exercised, the lease term also includes the period covered by the renewal option. The Company has the option to terminate the lease, that is, the option to terminate the lease of the asset, but it is reasonably determined that the option will not be exercised, and the lease period includes the period covered by the option to terminate the lease.

If a material event or change occurs within the Company's control and affects whether the Company reasonably determines that it will exercise the corresponding option, the Company reassesses whether it reasonably determines that it will exercise the renewal option, the purchase option or not to exercise the termination option.

(4) Lease change

If the lease changes and meets the following conditions at the same time, the Company will treat the lease change as a separate lease for accounting treatment:

A. The lease change expands the scope of the lease by increasing the right to use one or more leased assets;

B. The increased consideration is equivalent to the amount of the separate price for most of the expansion of the

lease adjusted for the circumstances of the contract.

(5) Short-term leases and low-value asset leases

Short-term lease refers to a lease with a lease term of no more than 12 months and excluding the purchase option on the beginning date of the lease term. Low value asset lease refers to the lease with lower value when the single leased asset is a brand-new asset. Where the Company sublets or expects to sublet leased assets, the original lease does not belong to the lease of low-value assets.

The Company chooses not to recognize the right of use assets and lease liabilities for short-term leases and low-value asset leases, and the relevant lease payments are included in the current profit and loss or relevant asset costs according to the straight-line method in each period of the lease term.

4. As lessor

On the lease commencement date, the Company divides the lease into financial lease and operating lease. Finance lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets regardless of whether the ownership is finally transferred or not. Operating leases refer to leases other than finance leases. When the Company is the sublessee lessor, the sublease is classified based on the use right assets generated from the original lease.

(1) Accounting treatment of for operating leasing

The lease receipts from operating leases are recognized as rental income on a straight-line basis in each period of the lease term. The Company capitalizes the initial direct expenses related to operating leases, and allocates them into the current profits and losses on the same basis as the recognition of rental income during the lease term. The amount of variable lease payments not included in the lease receipts shall be included in the current profits and losses when actually incurred.

(2) Accounting treatment of financial leasing

On the lease commencement date, the Company recognizes the finance lease receivables for the finance lease and terminates the recognition of the finance lease assets. When the Company initially measures the finance lease receivables, the net amount of the lease investment is taken as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not received on the beginning date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes the interest income of each period within the lease term according to the fixed periodic interest rate. For the termination of recognition and impairment of financial leasing receivables, please refer to 10. Notes on financial instruments of this accounting policy.

The amount of variable lease payments not included in the measurement of net lease investment shall be included in the current profit and loss when it actually occurs.

5. After-sale leaseback transactions

The Company assesses and determines whether the transfer of assets in the after-sale leaseback transaction is a sale in accordance with the provisions of 38. Revenue recognition method of this accounting policy.

(1) As lessee

If the transfer of assets in the after-sale leaseback transaction is a sale, the Company measures the right of use assets formed by the after-sale leaseback according to the part of the book value of the original assets related to the right of use obtained by the leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor.

If the fair value of the sale consideration is different from the fair value of the asset, or the lessor does not collect rent at the market price, the Company will account for the amount of the sale consideration lower than the market price as prepaid rent, and the amount higher than the market price as additional financing provided by the lessor to the lessee; at the same time, the relevant sales gains or losses are adjusted according to the fair value.

If the transfer of assets in the after-sale leaseback transaction does not belong to sales, the Company will continue to recognize the transferred assets and recognize a financial liability equivalent to the transfer income.

(2) As lessor

If the transfer of assets in the after-sale leaseback transaction belongs to sales, the Company shall conduct corresponding accounting treatment according to the purchase of assets, and shall conduct accounting treatment for the lease of assets according to the leasing standards.

If the fair value of the sales consideration is different from the fair value of the asset, or the Company does not collect rent at the market price, the Company will account for the amount of the sales consideration lower than the market price

as rent received in advance, and the amount higher than the market price as additional financing provided by the Company to the lessee; at the same time, the rental income is adjusted according to the market price.

If the transfer of assets in the after-sale leaseback transaction does not belong to sales, the Company recognizes a financial asset equal to the transfer income.

43. Other significant accounting policies and accounting estimates

√ Applicable Not applicable

Other comprehensive income refers to the gains and losses that the Company has not recognized in the current profits and losses in accordance with other accounting standards. They are presented in the following two categories:

1. Other comprehensive income items that cannot be reclassified into profits and losses in subsequent accounting periods mainly include changes caused by the re-measurement of net liabilities or net assets of defined benefit plans, the share of other comprehensive income that cannot be reclassified into profits or losses in the investee's subsequent accounting periods accounted for in accordance with the equity method, and changes in the fair value of financial assets designated to be measured at fair value and whose changes are included in other comprehensive income.

2. Other comprehensive income items that will be reclassified into profits and losses when the prescribed conditions are met in the subsequent accounting period mainly include the share of other comprehensive income that the investee will be classified into profits and losses when the prescribed conditions are met in the subsequent accounting period, the part of gains or losses arising from cash flow hedging instruments that belongs to effective hedging, and the translation difference of foreign currency financial statements.

44. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

√ Applicable Not applicable

Contents and reasons for changes in accounting policies	Approval procedure	Remarks (name and amount of statement items significantly affected)
In December 2021, the Ministry of Finance issued the <i>Interpretation of Accounting Standards for Business Enterprises No. 15</i> (CK [2021] No. 35) (hereinafter referred to as "Interpretation No.15"). The contents of "Accounting treatment of products or by-products produced before fixed assets reach the predetermined usable state or during research and development" and "Judgment on loss-making contracts" shall come into force as of January 1, 2022. The Company shall implement it from the date of regulation.	According to the relevant provisions of the <i>Rules for the Listing of Stocks on the Shanghai Stock Exchange (revised in February 2023)</i> , if the accounting policy is	See other instructions (1)
In November 2022, the Ministry of Finance issued the <i>Interpretation of Accounting Standards for Business Enterprises No. 16</i> (CK [2022] No. 31) (hereinafter referred to as "interpretation No.16"). The contents of "accounting treatment of the income tax impact on dividends related to financial instruments classified by the issuer as equity instruments" and "accounting treatment of the enterprise's modification of stock payment settled in cash into stock payment settled in equity" shall enter into force as of the date of promulgation. The Company shall implement it from the date of regulation.	changed in accordance with laws and regulations or the requirements of the unified national accounting system, it may be directly announced without the deliberation of the board of directors and the general meeting of shareholders	See other instructions (2)

Others

(1) On December 30, 2021, the Ministry of Finance issued Interpretation No.15, "accounting treatment for the external sales of products or by-products produced by enterprises before their fixed assets reach the expected usable state or in the process of R&D" and "judgment on loss contracts", which shall be implemented by the Company from January 1, 2022.

A. Accounting treatment of trial operation sales

Interpretation No. 15 clarifies the accounting treatment and presentation of the external sales of products or byproducts produced before the fixed assets reach the expected usable state or in the process of R&D, and stipulates that the net amount of revenue related to trial operation sales after offsetting the relevant costs shall not be used to offset the cost of fixed assets or R&D expenditure. The provisions shall come into force on January 1, 2022, and retroactively adjust and compare the financial statements for trial sales between the beginning of the earliest period for the presentation of financial statements and January 1, 2022.

B. Judgment on loss making contracts

Interpretation No. 15 clarifies that the "cost of performing the contract" considered by an enterprise in judging whether a contract constitutes a loss making contract shall include the incremental cost of performing the contract and the apportionment amount of other costs directly related to the performance of the contract. The provisions shall come into force on January 1, 2022, and shall be implemented for contracts that have not fulfilled all their obligations on January 1, 2022. The cumulative impact shall be adjusted to the retained earnings and other related financial statement items at the beginning of the year on the implementation date, and the data of comparative financial statements in the previous period shall not be adjusted.

The adoption of Interpretation No. 15 by the Company has not had a material impact on the financial position and results of operations of the Company.

(2) On November 30, 2022, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No. 16* (hereinafter referred to as "Interpretation No. 16"), and the Company shall implement the contents of "accounting treatment on the income tax impact of dividends related to financial instruments classified by the issuer as equity instruments" and "accounting treatment on the revision of cash settled share-based payment by enterprises to equity settled share-based payment" from the date of promulgation.

A. Accounting treatment on the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 clarifies that for financial instruments classified as equity instruments, if the relevant dividend expenditure is deducted before enterprise income tax in accordance with the relevant provisions of tax policies, the enterprise shall recognize the income tax impact related to dividends when confirming dividends payable. The provisions shall come into effect on November 30, 2022. If the dividends payable of financial instruments classified as equity instruments were recognized before January 1, 2022 and the recognition of related financial instruments was not terminated on January 1, 2022, retrospective adjustment and comparison of financial statements shall be made.

B. Accounting treatment of amending cash settled share-based payment to equity settled share-based payment

Interpretation No. 16 clarifies that if the terms and conditions of the cash settled share-based payment agreement are amended to make it an equity settled share-based payment, on the date of amendment, the enterprise shall measure the equity settled share-based payment at the fair value on the date of grant of equity instruments, record the services obtained into the capital reserve, and terminate the recognition of the liabilities recognized on the date of amendment for cash settled share-based payment. The difference between the two is included in the current profits and losses. The provisions shall come into force on November 30, 2022, and the cumulative impact shall be adjusted to the retained earnings and other related financial statement items on January 1, 2022, and the information of comparable periods shall not be adjusted.

The adoption of Interpretation No. 16 by our company did not have a significant impact on the Company's financial condition and operating results.

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) The first implementation of new accounting standards or standard interpretations starting from 2022 involves adjusting the financial statements at the beginning of the year of the first implementation

Applicable Not applicable

45. Other

Applicable Not applicable

VI. Taxation

1. Main taxes and tax rates

Main taxes and tax rates

Applicable Not applicable

Taxes	Tax calculation basis	Tax rates
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Value added tax	Value added generated during the process of selling goods or providing taxable services	6%, 9%, 13%
Urban maintenance and construction tax	Value added tax payable	5%, 7%
Corporate income tax	Taxable income	15%, 8.25%, 20%, 24%, 25%
Education surcharges	Value added tax payable	3%
Local education surcharges	Value added tax payable	2%

Where there are taxpayers with different enterprise income tax rates for tax payment, the disclosure is as follows:

√ Applicable □ Not applicable

Name of Taxpayer	Income Tax Rate (%)	Remarks
Oppein Home Group Inc.	15	Note 1
Tianjin Oppein Integration Home Co., Ltd. (hereinafter referred to as "Tianjin Oppein")	15	Note 2
Guangzhou Oppein Integration Home Co., Ltd. (hereinafter referred to as "Guangzhou Integration")	15	Note 3
Dongguan Oppein Integration Home Sales Co., Ltd. (hereinafter referred to as "Dongguan Oppein Sales")	25	
Dongguan Oppein Integration Home Design Co., Ltd. (hereinafter referred to as "Dongguan Oppein Design")	25	
Guangzhou Oppein Sanitary Ware Co., Ltd. (hereinafter referred to as "Dongguan Oppein Sanitary Ware")	25	
Guangzhou Ouboni Integration Home Co., Ltd. (hereinafter referred to as "Ouboni")	25	
Oppein (Guangzhou) Soft Decoration Design Co., Ltd. (hereinafter referred to as "Oppein Soft Decoration")	25	
Oppein (Hong Kong) International Trade Company Limited (hereinafter referred to as "Oppein (Hong Kong) ")	8.25	Note 4
FORMER S.R.L.	24	Note 8
Jiangsu Wuxi Oppein Integration Home Co., Ltd. (hereinafter referred to as "Wuxi Oppein")	15	Note 5
Jiangsu Oppein Overall Custom Home Co., Ltd. (hereinafter referred to as "Jiangsu Oppein Custom")	25	
Qingyuan Oppein Integration Home Co., Ltd. (hereinafter referred to as "Qingyuan Oppein")	15	Note 6
Guangzhou Oppolia Smart Home Co., Ltd. (hereinafter referred to as "Guangzhou Oppolia")	25	
Guangzhou Owell Decoration Material Co., Ltd. (hereinafter referred to as "Gunagzhou Owell")	25	
Wuhan Oppein Mingda Home Products Co., Ltd. (hereinafter referred to as "Wuhan Countertop Factory")	20	Note 11
Xi'an Oulian Home Products Co., Ltd. (hereinafter referred to as "Xi'an Countertop Factory")	20	Note 11
Oppein United (Tianjin) Home Sales Co., Ltd. (hereinafter referred to as "Oppein United")	25	
Guangzhou Oppein Creative Home Design Co., Ltd. (hereinafter referred to as "Oppein Creative")	15	Note 7
OPPEIN ITALY ACADEMY S.R.L. (hereinafter referred to as "ITALY ACADEMY")	24	Note 8
Chengdu Oppein Smart Home Co., Ltd. (hereinafter referred to as "Chengdu Oppein")	15	Note 9
Nanchang Oupai Home Products Co., Ltd. (hereinafter referred to as "Nanchang Countertop Factory")	20	Note 11
Kunming Oppolia Smart Home Products Co., Ltd. (hereinafter referred to as "Kunming Countertop Factory")	20	Note 11
Chengdu Shuangliu Oppein Loading and Unloading Service Co., Ltd. (hereinafter referred to as "Chengdu Loading and Unloading")	25	

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Name of Taxpayer	Income Tax Rate (%)	Remarks
Meizhou Oppein Investment Industry Co., Ltd. (hereinafter referred to as "Meizhou Oppein")	25	
Meizhou Zheling Investment Industry Co., Ltd. (hereinafter referred to as "Meizhou Zheling")	25	
Guangzhou Oppein Home Design Institute Co., Ltd. (hereinafter referred to as "Guangzhou Design Institute")	25	
Zhuhai Oppein Creative Home Design Co., Ltd. (hereinafter referred to as "Zhuhai Oppein")	15	Note 10
Hangzhou Oppein Large Home Furnishing Co., Ltd. (hereinafter referred to as "Hangzhou Large Home Furnishing")	25	
Chengdu Oppein Creative Large Home Furnishing Co., Ltd. (hereinafter referred to as "Chengdu Large Home Furnishing")	25	
Chongqing Oppein Large Home Furnishings Co., Ltd. (hereinafter referred to as "Chongqing Large Home Furnishings")	25	
Handan Oppein Large Home Furnishing Sales Co., Ltd. (hereinafter referred to as "Handan Large Home Furnishing")	25	
Luzhou Oppein Large Home Furnishing Co., Ltd. (hereinafter referred to as "Luzhou Large Home Furnishing")	25	
Nanning Oppein Large Home Furnishing Co., Ltd. (hereinafter referred to as "Nanning Large Home Furnishing")	25	
Guangzhou Huadu Oppein Creative Home Furnishing Co., Ltd. (hereinafter referred to as "Huadu Large Home Furnishing")	25	
Shenzhen Oppein Creative Home Furnishing Co., Ltd. (hereinafter referred to as "Shenzhen Large Home Furnishing")	25	
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (hereinafter referred to as "Xinpai Property")	25	
Wuhan Oppein Smart Home Co., Ltd. (hereinafter referred to as "Wuhan Oppein")	25	

2. Tax incentives

√ Applicable Not applicable

Note 1: The Company was recognized as a high-tech enterprise in November 2011 (YKG Zi [2012] No. 47). In December 2020, the Company passed the review and audit of high-tech enterprises and obtained the Certificate of High-tech Enterprise (No. GR202044001249). According to the relevant provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Administrative Measures for the Determination of High and New Tech Enterprises* issued in 2007, starting from January 1, 2020, the enterprise income tax shall be calculated and paid at a reduced tax rate of 15% for three years.

Note 2: Tianjin Oppein was recognized as a high-tech enterprise in November 2016. In November 2022, the Company passed the review and audit of high-tech enterprises and obtained the *Certificate of High-tech Enterprise* (No. GR202212000723). According to the relevant provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Administrative Measures for the Determination of High and New Tech Enterprises* issued in 2007, starting from January 1, 2022, the enterprise income tax shall be calculated and paid at a reduced tax rate of 15% for three years.

Note 3: Guangzhou Integration was recognized as a high-tech enterprise in October 2014. In December 2020, the Company passed the review and audit of high-tech enterprises and obtained the *Certificate of High-tech Enterprise* (No. GR202044007253). According to the relevant provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Administrative Measures for the Determination of High and New Tech Enterprises* issued in 2007, starting from January 1, 2020, the enterprise income tax shall be calculated and paid at a reduced tax rate of 15% for three years.

Note 4: According to the *Taxation (Amendment) (No. 3) Ordinance 2018 (Amendment Ordinance)* in Hong Kong, the first profit of HKD 2 million from Hong Kong Oppein should be taxed at 8.25%, and subsequent profits should continue to be taxed at 16.50%.

Note 5: Wuxi Oppein was recognized as a high-tech enterprise in November 2021 and obtained the *Certificate of High-tech Enterprise* (No. GR202132010146). According to the relevant provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Administrative Measures for the Determination of High and New Tech Enterprises* issued in 2007, starting from January 1, 2021, the enterprise income tax shall be calculated and paid at a reduced tax rate of 15% for three years.

Note 6: Qingyuan Oppein was recognized as a high-tech enterprise in December 2019. In December 2022, the Company passed the review and audit of high-tech enterprises and obtained the *Certificate of High-tech Enterprise* (No. GR202244005073). According to the relevant provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Administrative Measures for the Determination of High and New Tech Enterprises* issued in 2007, starting from January 1, 2022, the enterprise income tax shall be calculated and paid at a reduced tax rate of 15% for three years.

Note 7: Oppein Creative was recognized as a high-tech enterprise in December 2021 and obtained the *Certificate of High-tech Enterprise* (No. GR202144004151). According to the relevant provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Administrative Measures for the Determination of High and New Tech Enterprises* issued in 2007, starting from January 1, 2021, the enterprise income tax shall be calculated and paid at a reduced tax rate of 15% for three years.

Note 8: ITALY ACADEMY and FORMER S.R.L. pay enterprise income tax (IRES) at a tax rate of 24.00% in accordance with relevant Italian tax laws.

Note 9: Chengdu Oppein was recognized as a high-tech enterprise in October 2021 and obtained the *Certificate of High-tech Enterprise* (No. GR202151000449). According to the relevant provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Administrative Measures for the Determination of High and New Tech Enterprises* issued in 2007, starting from January 1, 2021, the enterprise income tax shall be calculated and paid at a reduced tax rate of 15% for three years.

Note 10: According to the Notice of the Public Finance Department and the State Taxation Bureau on Forwarding the *Notice of the Ministry of Finance and the State Administration of Taxation on the Preferential Enterprise Income Tax Policies and the Catalogue of the Enterprise Income Tax Preferences for Guangdong Hengqin New Area, Fujian Pingtan Comprehensive Experimental Zone, and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone* (CS [2014] No. 26) (hereinafter referred to as the "Preferential Catalogue") issued by the Public Finance Department and the State Taxation Bureau, the encouraged industrial enterprises located in Hengqin New Area, Pingtan Comprehensive Experimental Zone, and Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone will be subject to corporate income tax at a reduced rate of 15%, and Zhuhai Oppein will calculate and pay corporate income tax at a 15% tax rate accordingly.

Note 11: According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 8 of the State Administration of Taxation in 2021) and the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises* (Announcement No. 13 of the State Administration of Taxation in 2022), Wuhan Countertop Factory and Kunming Countertop Factory are small and low-profit enterprises that meet the conditions. The annual taxable income does not exceed CNY 1 million, and is included in the taxable income at a reduced rate of 12.5%. The enterprise income tax is paid at a 20% tax rate. Wuhan Countertop Factory and Kunming Countertop Factory are small and low-profit enterprises that meet the conditions. For the portion of taxable income that does not exceed CNY 1 million per year, a reduction of 12.5% will be included in the taxable income and corporate income tax will be paid at a 20% tax rate; and the portion of annual taxable income exceeding CNY 1 million but not exceeding CNY 3 million shall be included in the taxable income at a reduced rate of 25%, and enterprise income tax shall be paid at a tax rate of 20%.

3. Other

Applicable Not applicable

VII. Notes to Consolidated Financial Statements

1. Monetary fund

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Cash in hand	12,648.66	7,433.29
Bank deposit	7,961,430,489.83	6,377,833,798.29
Other monetary fund	308,358,838.76	184,096,186.78
Total	8,269,801,977.25	6,561,937,418.36
Of which: Total amount of funds deposited abroad	17,055,935.38	4,496,288.33

Others

1. The ending balance of bank deposits includes time deposits that can be withdrawn at any time.

2. The ending balance of bank deposits increased by CNY 1,583,596,691.54 or 24.83% compared to the beginning balance, mainly due to the public issuance of convertible corporation bonds, the accumulation of operating results and the increase of short-term loans.

3. Bank deposits are deposited in the name of the Company and its subsidiaries within the scope of the consolidated financial statements at financial institutions such as banks.

4. The ending balance of other monetary funds includes loan deposit of CNY 284,100,000.00, bank acceptance deposit of CNY 3,256,052.63, securities account fund of CNY 4,991,193.63, guarantee deposit of CNY 1,456,807.71, and e-commerce platform balance of CNY 12,539,901.88. The Company carries out the "Pudong Development Bank Quick Loan" business, where the Company recommends merchant loans to the bank and assumes a prudent recommendation obligation of CNY 2,014,882.91 for the recommended merchant's repayment ability.

5. The Company's subsidiary Tianjin Oppein Integration Home Co., Ltd. was involved in a contract dispute case for the plaintiff filed an application for property preservation, and the court ruled to freeze the Company's CNY 13,805,779.47. As of December 31, 2022, this payment is still in a frozen state.

6. Due to a contract dispute, the plaintiff filed an application for property preservation, and the court ruled to freeze the company for CNY 4,062,160.00. As of December 31, 2022, this payment is still in a frozen state.

7. The Company's subsidiary Guangzhou Oppein Creative Home Design Co., Ltd. was involved in a contract dispute case for the plaintiff filed an application for property preservation, and the court ruled to freeze the subsidiary Guangzhou Oppein Creative Home Design Co., Ltd. for CNY 2,800,000.00. As of December 31, 2022, this payment is still in a frozen state.

8. The total amount of CNY 1,071,000.00 in the e-commerce platform of the company and its subsidiaries, Guangzhou Oppolia Smart Home Co., Ltd., Guangzhou Oppein Creative Home Design Co., Ltd., Guangzhou Ouboni Integration Home Co., Ltd., and Guangzhou Oppein Sanitary Ware Co., Ltd. is the platform transaction deposit, which is limited in use.

2. Trading financial assets

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	803,050,958.90	1,677,354,882.08
Of which:		
Financial products	803,050,958.90	1,677,354,882.08
Total	803,050,958.90	1,677,354,882.08

Other descriptions

Applicable Not applicable

3. Derivative financial assets

Applicable Not applicable

4. Notes receivable

(1) Notes receivables listed by category

Applicable Not applicable Unit: CNY

Item	Ending balance	Beginning balance
Banker's acceptance	15,064,465.16	34,973,540.89
Trade acceptance	95,369,740.77	171,100,130.87
Total	110,434,205.93	206,073,671.76

(2) Notes receivable pledged by the company at the end of the period

Applicable Not applicable

Unit: CNY

Item	Pledged amount at the end of the period

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Banker's acceptance	2,549,874.14
Trade acceptance	36,564,807.80
Total	39,114,681.94

(3) Notes receivable which have been endorsed or discounted by the Company at the end of the period but not yet due on the balance sheet date

√ Applicable □ Not applicable

Unit: CNY

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Banker's acceptance	9,500,000.00	2,549,874.14
Trade acceptance	0.00	37,368,780.23
Total	9,500,000.00	39,918,654.37

(4) Notes transferred to accounts receivable by the Company due to the issuer's failure to perform at the end of the period

√ Applicable □ Not applicable

Unit: CNY

Item	Closing amount transferred to accounts receivable
Trade acceptance	134,976,515.03
Total	134,976,515.03

(5) Classified disclosure by bad debt provision method

√ Applicable □ Not applicable

Unit: CNY

Category	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Percentage of provision (%)		Amount	Proportion (%)	Amount	Percentage of provision (%)	
Withdrawing bad debt reserves by individual item	22,570,354.58	18.05	6,771,106.37	30.00	15,799,248.21	33,782,604.42	13.84	23,647,823.09	70.00	10,134,781.33
Of which:										
Bad debt reserve withdrawn by portfolio	102,482,369.17	81.95	7,847,411.45	7.66	94,634,957.72	210,269,400.88	86.16	14,330,510.45	6.82	195,938,890.43
Of which:										
Bank acceptance draft	15,064,465.16	12.05			15,064,465.16	34,973,540.89	14.33			34,973,540.89
Commercial acceptance	87,417,904.01	69.90	7,847,411.45	8.98	79,570,492.56	175,295,859.99	71.83	14,330,510.45	8.18	160,965,349.54

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draft										
Total	125,052,723.75	/	14,618,517.82	/	110,434,205.93	244,052,005.30	/	37,978,333.54	/	206,073,671.76

Withdrawing bad debt reserves by individual item:

Applicable Not applicable

Unit: CNY

Name	Ending balance			Reason for provision
	Book balance	Bad debt provision	Percentage of provision (%)	
Received commercial acceptance bills from engineering clients	22,570,354.58	6,771,106.37	30.00	Some bill acceptors are unable to repay their due debts or have a downgrade in their credit rating
Total	22,570,354.58	6,771,106.37	30.00	/

Explanation of withdrawing bad debt reserves by individual item:

Applicable Not applicable

Provision for bad debts by combination:

Applicable Not applicable

Combined provision item: commercial acceptance bill

Unit: CNY

Name	Ending balance		
	Notes receivable	Bad debt provision	Percentage of provision (%)
Commercial acceptance draft	87,417,904.01	7,847,411.45	8.98
Total	87,417,904.01	7,847,411.45	8.98

Recognition criteria and instructions for withdrawing bad debts by combination

Applicable Not applicable

If the provision for bad debts is made based on the expected credit loss general model, refer to the disclosure of other accounts receivable:

Applicable Not applicable

(6) Information of bad debt reserves

Applicable Not applicable

Unit: CNY

Category	Beginning balance	Current period change amount			Ending balance
		Provision	Return or reversal	Write-off or cancellation	
Commercial acceptance draft	37,978,333.54		23,359,815.72		14,618,517.82
Total	37,978,333.54		23,359,815.72		14,618,517.82

The amount of bad debt reserves recovered or reversed in the current period is significant:

Applicable Not applicable

(7) Actual verification of notes receivable in the current period

Applicable Not applicable

Others

Applicable Not applicable

5. Accounts receivable

(1) Disclosure by aging

Applicable Not applicable

Unit: CNY

Aging	Closing book balance
within 1 year	
Where: sub items within 1 year	
within 1 year	1,115,026,340.54
Subtotal within 1 year	1,115,026,340.54
1-2 years	358,934,902.76
2-3 years	83,519,413.38
More than 3 years	
3-4 years	36,953,939.54
4-5 years	8,416,004.78
Over 5 years	9,212,352.30
Total	1,612,062,953.30

(2) Classified disclosure by bad debt provision method

Applicable Not applicable

Unit: CNY

Category	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Percentage of provision (%)		Amount	Proportion (%)	Amount	Percentage of provision (%)	
Single item provision for bad debts	97,449,570.08	6.05	69,249,857.96	71.06	28,199,712.12	43,944,407.15	3.83	30,761,085.00	70.00	13,183,322.15
Of which:										
Bad debt reserve withdrawn by portfolio	1,514,613,383.22	93.95	186,008,244.79	12.28	1,328,605,138.43	1,103,564,946.13	96.17	105,055,080.61	9.52	998,509,865.52
Of which:										
Total	1,612,062,953.30	100.00	255,258,102.75	15.83	1,356,804,850.55	1,147,509,353.28	100.00	135,816,165.61	11.84	1,011,693,187.67

Withdrawing bad debt reserves by individual item:

Applicable Not applicable

Unit: CNY

Name	Ending balance			Reason for provision
	Book balance	Bad debt provision	Percentage of provision (%)	
Engineering clients	97,449,570.08	69,249,857.96	71.06	Some engineering clients are unable to repay their due debts or have a downgrade in their credit rating
Total	97,449,570.08	69,249,857.96	71.06	/

Explanation of withdrawing bad debt reserves by individual item:

Applicable Not applicable

Provision for bad debts by combination:

Applicable Not applicable

Portfolio provision item: expected credit loss

Unit: CNY

Name	Ending balance		
	Accounts receivable	Bad debt provision	Percentage of provision (%)
Engineering clients	1,250,065,123.08	144,280,363.72	11.54
Franchised dealers	171,999,455.19	21,568,270.28	12.54
Other clients	92,548,804.95	20,159,610.79	21.78
Total	1,514,613,383.22	186,008,244.79	12.29

Recognition criteria and instructions for withdrawing bad debts by combination:

Applicable Not applicable

If the provision for bad debts is made based on the expected credit loss general model, refer to the disclosure of other accounts receivable:

Applicable Not applicable

(3) Situation of bad debt reserves

Applicable Not applicable

Unit: CNY

Category	Beginning balance	Current period change amount				Ending balance
		Provision	Return or reversal	Write-off or cancellation	Other changes	
Single item provision for bad debts	30,761,085.00	38,488,772.96				69,249,857.96
Bad debt reserve withdrawn by portfolio	105,055,080.61	83,117,123.31		2,163,959.13		186,008,244.79
Total	135,816,165.61	121,605,896.27		2,163,959.13		255,258,102.75

The amount of bad debt reserves recovered or reversed in the current period is significant:

Applicable Not applicable

(4) Actual verification of accounts receivable in the current period

Applicable Not applicable

Unit: CNY

Item	Write-off amount
Accounts receivable actually written off	2,163,959.13

Important accounts receivable verification status

Applicable Not applicable

Explanation of accounts receivable verification:

Applicable Not applicable

(5) Accounts receivable from top five borrowers classified based on the ending balance

Applicable Not applicable

Unit: CNY

Company name	Ending balance	Proportion in the total ending balance of accounts receivable (%)	Bad debt provision of ending balance
Shanghai Aifeidi Building Materials Trading Co., Ltd	33,956,605.00	2.11	4,910,032.29
Shenzhen Evergrande Materials and Equipment Co., Ltd.	33,878,453.40	2.10	23,714,917.38
Shenzhen Lingchao Supply Chain Management Co., Ltd.	32,873,802.16	2.04	2,034,888.35
Guangzhou Yuantong E-commerce Technology Co., Ltd.	24,445,569.47	1.52	1,513,180.75
Shenzhen Branch of China Construction Science & Technology Group Co., Ltd.	22,208,196.28	1.38	1,374,687.35
Total	147,362,626.31	9.15	33,547,706.12

(6) Accounts receivable derecognized due to transfer of financial assets

Applicable Not applicable

(7) The amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

Applicable Not applicable

Other descriptions

Applicable Not applicable

6. Receivables financing

Applicable Not applicable

7. Prepayments**(1) Advances to suppliers under the aging analysis method are as follow**

Applicable Not applicable

Unit: CNY

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
within 1 year	104,762,057.64	97.51	143,531,786.66	96.75
1-2 years	1,301,987.85	1.21	2,118,049.05	1.43
2-3 years	549,360.96	0.51	937,046.99	0.63
More than 3 years	822,971.91	0.77	1,759,109.70	1.19
Total	107,436,378.36	100.00	148,345,992.40	100.00

(2) Prepayments of the top five ending balances collected by prepayment object

Applicable Not applicable

Company name	Ending balance	Proportion to the total ending balance of prepayments (%)
Jiaying Milan Image Furniture Co., Ltd.	5,683,525.47	5.29
Wuxi Power Supply Branch of State Grid Jiangsu Electric Power Co., Ltd.	4,054,223.12	3.77
Chongqing Tianhe Yiren Film and Television Culture Media Co., Ltd.	2,918,632.09	2.72

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Tianfu New Area Power Supply Company of State Grid Sichuan Electric Power Company	2,738,794.57	2.55
Jinran China Resource Gas Co., Ltd.	2,625,359.36	2.44
Total	18,020,534.61	16.77

Others

 Applicable Not applicable**8. List of other receivables** Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividend receivable	0.00	0.00
Other receivables	197,101,668.61	95,586,738.83
Total	197,101,668.61	95,586,738.83

Other descriptions

 Applicable Not applicable**Interest receivable****(1) Classification of interest receivable** Applicable Not applicable**(2) Significant overdue interest** Applicable Not applicable**(3) Provision for bad debts** Applicable Not applicable

Other descriptions

 Applicable Not applicable**Dividend receivable****(1) Dividend receivable** Applicable Not applicable**(2) Important dividends receivable with an aging of over 1 year** Applicable Not applicable**(3) Provision for bad debts** Applicable Not applicable

Other descriptions

 Applicable Not applicable**Other receivables****(1) Disclosure by aging** Applicable Not applicable

Unit: CNY

Aging	Closing book balance
within 1 year	
Where: sub items within 1 year	
Within 1 year	178,299,635.44
Subtotal within 1 year	178,299,635.44

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1-2 years	11,499,228.40
2-3 years	9,110,309.20
More than 3 years	
3-4 years	5,237,756.66
4-5 years	1,112,663.85
Over 5 years	3,569,329.66
Total	208,828,923.21

(2) Classification by nature of funds

Applicable Not applicable

Unit: CNY

Nature of payment	Closing book balance	Opening book balance
Deposit	168,106,198.55	68,787,540.41
Business reserve fund	5,284,935.96	4,782,114.52
Security Deposits	25,098,863.80	19,650,038.22
Other	10,338,924.90	12,543,422.77
Total	208,828,923.21	105,763,115.92

(3) Provision for bad debts

Applicable Not applicable

Unit: CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss (ECL) in the next 12 months	ECL over the entire duration (no credit impairment occurs)	Expected credit loss within whole duration (credit impairment has occurred)	
Balance as of January 1, 2022	9,726,968.76	0.00	449,408.33	10,176,377.09
Balance as of January 1, 2022 in the current period				
- Transfer to Phase II				
- Transfer to Phase III				
- Return to Phase II				
- Return to Phase I				
Provision in current period	2,107,700.65		96,000.00	2,203,700.65
Reversals in the current period	647,823.14		5,000.00	652,823.14
Write-off in current period				
Canceled after verification in the current period				
Other changes				
Balance as of December 31, 2022	11,186,846.27		540,408.33	11,727,254.60

Explanation of significant changes in the book balance of other accounts receivable with changes in loss provisions in the current period:

Applicable Not applicable

The basis for calculating the amount of bad debt reserves for the current period and evaluating whether the credit risk of financial instruments has significantly increased:

Applicable Not applicable

(4) Information of bad debt reserves

Applicable Not applicable

Category	Beginning balance	Current period change amount				Ending balance
		Provision	Return or reversal	Write-off or cancellation	Other changes	
Bad debt reserve withdrawn by portfolio	9,726,968.76	2,107,700.65	647,823.14			11,186,846.27
Single item provision for bad debts	449,408.33	96,000.00	5,000.00			540,408.33
Total	10,176,377.09	2,203,700.65	652,823.14			11,727,254.60

The significant amount of bad debt reserves reversed or recovered in the current period:

Applicable Not applicable

(5) Other accounts receivable actually written off in the current period

Applicable Not applicable

(6) Other accounts receivable with the top five ending balances collected by the debtor

Applicable Not applicable

Unit: CNY

Company name	Nature of payment	Ending balance	Aging	Proportion to the total ending balance of other accounts receivable (%)	Bad debt provision of ending balance
Guangzhou Hejing Holding Group Co., Ltd.	Deposit	145,000,000.00	within 1 year	69.43	
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	Security Deposits	5,667,862.40	Within 3 years	2.71	1,133,572.48
Beijing Easyhome Joint Investment Management Center (L.P.).	Other	2,957,085.20	within 1 year	1.42	591,417.04
Xiaoshan Branch of GREENTOWN REAL ESTATE GROUP CO, LTD.	Deposit	2,092,419.90	2-3 years	1.00	313,862.99
Nanchang New Huarui Clothing Co., Ltd.	Security Deposits	1,756,708.80	3-4 years	0.84	351,341.76
Total	/	157,474,076.30	/	75.40	2,390,194.27

(7) Receivables involving government subsidies

Applicable Not applicable

(8) Other receivables derecognized due to transfer of financial assets

Applicable Not applicable

(9) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

Applicable Not applicable

Other descriptions

Applicable Not applicable

9. Inventory

(1) Inventory classification

Applicable Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Inventory falling price provision / provision for impairment of contract performance cost	Book value	Book balance	Inventory falling price provision / provision for impairment of contract performance cost	Book value
Raw materials	1,110,361,485.26		1,110,361,485.26	849,290,050.96		849,290,050.96
Products in process	134,747,487.38		134,747,487.38	128,460,954.78		128,460,954.78
Inventory goods	/		/	/		/
Finished goods	168,898,346.41		168,898,346.41	485,376,851.22		485,376,851.22
Total	1,414,007,319.05		1,414,007,319.05	1,463,127,856.96		1,463,127,856.96

(2) Inventory depreciation reserves and contract performance cost impairment reserves

Applicable Not applicable

(3) Explanation of the capitalized amount of borrowing costs included in the ending balance of inventory

Applicable Not applicable

(4) Explanation of the current amortization amount of contract performance cost

Applicable Not applicable

Others

Applicable Not applicable

10. Contract assets

(1) Contract asset situation

Applicable Not applicable

(2) Amount and reasons for significant changes in book value during the reporting period

Applicable Not applicable

(3) Provision for impairment of contract assets in this period

Applicable Not applicable

If the provision for bad debts is made based on the expected credit loss general model, refer to the disclosure of other accounts receivable:

Applicable Not applicable

Other descriptions

Applicable Not applicable

11. Held-for-sale assets

Applicable Not applicable

12. Non-current assets due within one year

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Long-term fixed deposits and interest provision	922,210,739.68	0.00
Total	922,210,739.68	0.00

Important debt investments and other debt investments at the end of the period:

Applicable Not applicable

13. Other current assets

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Prepaid corporate income tax	1,742,358.04	80,151.80
Bank financial products	0.00	0.00
Input tax for value-added tax to be deducted and certified	135,348,001.07	43,757,286.00
Short-term fixed deposits and interest provision	62,619,813.82	34,878,627.65
Other prepaid taxes and fees	37,534.75	110,618.80
Total	199,747,707.68	78,826,684.25

14. Debt investment

(1) Debt investment situation

Applicable Not applicable

(2) Important debt investments at the end of the period:

Applicable Not applicable

(3) Provision for impairment

Applicable Not applicable

The basis for calculating the amount of provision for impairment or the current period and evaluating whether the credit risk of financial instruments has significantly increased

Applicable Not applicable

Others

Applicable Not applicable

15. Other debt investments

(1) Information of other debt investments

Applicable Not applicable

(2) Other important debt investments at the end of the period:

Applicable Not applicable

(3) Provision for impairment

Applicable Not applicable

The basis for calculating the amount of provision for impairment or the current period and evaluating whether the credit risk of financial instruments has significantly increased

Applicable Not applicable

Other descriptions

Applicable Not applicable

16. Long-term receivables

(1) Long-term receivables

Applicable Not applicable

(2) Provision for bad debts

Applicable Not applicable

The basis for calculating the amount of bad debt reserves for the current period and evaluating whether the credit risk of financial instruments has significantly increased

Applicable Not applicable

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

Applicable Not applicable

(4) The amount of assets and liabilities formed by transferring long-term receivables and continuing to be involved

Applicable Not applicable

Others

Applicable Not applicable

17. Long-term equity investments

Applicable Not applicable

Unit: CNY

The invested company	Beginning balance	Increase or decrease in current period								Ending balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Changes in other interests	Cash dividends or profits declared to pay	Impairment provision	Other		
I. Joint ventures											
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	12,328,756.91		3,500,000.00	-8,828,756.91							
Sub-total	12,328,756.91		3,500,000.00	-8,828,756.91							
II. Associated enterprise											
Beijing Jiaju Technology Co., Ltd.	3,214,610.20			7,303,698.24						10,518,308.44	
Sub-total	3,214,610.20			7,303,698.24						10,518,308.44	
Total	15,543,367.11		3,500,000.00	-1,525,058.67						10,518,308.44	

18. Other equity instrument investments**(1) Investment in other equity instrument**

√ Applicable □ Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Keeson Technology Corporation Limited	23,806,462.00	48,177,180.00
Guangzhou Rural Commercial Bank	1,015,000.00	1,015,000.00
Tianhai Oukang Technology Information (Xiamen) Co., Ltd.	0.00	0.00
Harbin Sayyas Windows Co., Ltd.	46,125,000.00	31,123,051.57
Zhongju Hejia (Beijing) Investment Fund Management Co., Ltd.	4,811,404.66	1,885,380.04
Fernz (Guangzhou) Co., Ltd.	0.00	0.00
Guangzhou Lazy Cat Wood Balcony Decoration Engineering Co., Ltd.	0.00	0.00
Guangzhou Qingtai Investment Development Co., Ltd.	782,280.12	843,417.88
Guangdong Deerma Technology Co., Ltd.	113,846,741.27	104,884,825.51
DeRucci Healthy Sleep Co., Ltd.	178,848,000.00	122,381,363.60
Total	369,234,888.05	310,310,218.60

(2) Investment in non-trading equity instruments

√ Applicable □ Not applicable

Unit: CNY

Item	Dividend income recognized in the current period	Accumulated profits	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reasons for designation as measured at fair value with changes recognized in other comprehensive income	Reasons for the transfer of other comprehensive income to retained earnings
Keeson Technology Corporation Limited	745,200.00	11,379,177.38		1,813,858.69	Based on the management's intention to hold	Equity disposal
TIANHAI OUKANG TECHNOLOGY INFORMATION (XIAMEN) Co., Ltd.			25,000,000.00		Based on the management's intention to hold	None
Harbin Sayyas Windows Co., Ltd.		23,607,562.50			Based on the management's intention to hold	None
Zhongju Hejia (Beijing) Investment Fund Management Co., Ltd.		2,811,404.66			Based on the management's intention to hold	None
Guangzhou Rural Commercial Bank	106,575.00				Based on the management's intention to hold	None

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Fernz (Guangzhou) Co., Ltd.			17,000,000.00	155,634.48	Based on the management's intention to hold	Equity disposal
Guangzhou Lazy Cat Wood Balcony Decoration Engineering Co., Ltd.			6,170,000.00		Based on the management's intention to hold	None
Guangzhou Qingtai Investment Development Co., Ltd.			217,719.88		Based on the management's intention to hold	None
Guangdong Deerma Technology Co., Ltd.		53,846,741.27			Based on the management's intention to hold	None
DeRucci Healthy Sleep Co., Ltd.	5,400,000.00	100,548,000.00			Based on the management's intention to hold	None
Total	6,251,775.00	192,192,885.81	48,387,719.88	1,969,493.17		

Other descriptions

Applicable Not applicable

19. Other non-current financial assets

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Beijing Easyhome Joint Investment Management Center (L.P.).	17,968,837.07	60,339,938.23
Wuxi Craftsman Huiyu Management Consulting Partnership (LP)	1,000,000.00	
Total	18,968,837.07	60,339,938.23

Other descriptions

Applicable Not applicable

20. Investment properties

Measurement model of investment real estate

(1) Investment property adopting cost measurement model

Unit: CNY

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Beginning Balance	917,156,576.08	522,803,394.00		1,439,959,970.08
2. Increase in this period		19,829,632.78		19,829,632.78
(1) Outsourcing				
(2) Transferred from inventory, fixed assets, and		19,829,632.78		19,829,632.78

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construction in progress				
(3) Increase in business merger				
3. Current decrease amount	317,308.39			317,308.39
(1) Disposal				
(2) Other transfers out	317,308.39			317,308.39
4. Ending balance	916,839,267.69	542,633,026.78		1,459,472,294.47
II. Accumulated depreciation and accumulated amortization				
1. Beginning Balance		105,794,953.22		105,794,953.22
2. Increase in this period	44,482,093.92	10,619,969.83		55,102,063.75
(1) Provision or amortization	44,482,093.92	10,619,969.83		55,102,063.75
3. Current decrease amount				
(1) Disposal				
(2) Other transfers out				
4. Ending balance	44,482,093.92	116,414,923.05		160,897,016.97
III. Provision for impairment				
1. Beginning Balance				
2. Increase in this period				
(1) Provision				
3. Current decrease amount				
(1) Disposal				
(2) Other transfers out				
4. Ending balance				
IV. Book value				
1. Ending book value	872,357,173.77	426,218,103.73		1,298,575,277.50
2. Beginning book value	917,156,576.08	417,008,440.78		1,334,165,016.86

(2) Investment real estate without completed property ownership certificate

Applicable Not applicable

Others

Applicable Not applicable

21. List of fixed asset items

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Fixed assets	6,688,959,701.47	6,648,220,021.88
Liquidation of fixed assets		0.00
Total	6,688,959,701.47	6,648,220,021.88

Other descriptions

Applicable Not applicable

Fixed assets**(1) Fixed assets**

Applicable Not applicable

Unit: CNY

Item	Property and	Machinery and	Transportatio	Other equipment	Total
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	building	equipment	n vehicles		
I. Original book value:					
1. Beginning Balance	4,663,561,018.23	3,759,095,701.70	45,407,670.93	331,806,497.45	8,799,870,888.31
2. Increase in this period	190,613,651.93	470,726,598.68	1,787,134.74	38,796,299.69	701,923,685.04
(1) Purchase	3,099,916.74	48,266,223.83	1,787,134.74	37,045,679.78	90,198,955.09
(2) Transferred from construction in progress	161,657,702.55	419,704,916.95		1,433,109.08	582,795,728.58
(3) Increase in business merger	25,856,032.64	2,755,457.90		317,510.83	28,929,001.37
3. Current decrease amount	939,564.29	21,653,528.88	1,878,351.03	6,083,806.91	30,555,251.11
(1) Disposal or retirement	939,564.29	21,653,528.88	1,878,351.03	6,083,806.91	30,555,251.11
4. Ending balance	4,853,235,105.87	4,208,168,771.50	45,316,454.64	364,518,990.23	9,471,239,322.24
II. Accumulated depreciation					
1. Beginning Balance	761,727,065.92	1,159,968,567.95	29,196,574.35	200,758,658.21	2,151,650,866.43
2. Increase in this period	229,393,507.17	367,739,696.85	4,425,027.01	46,980,000.85	648,538,231.88
(1) Provision	229,393,507.17	367,739,696.85	4,425,027.01	46,980,000.85	648,538,231.88
3. Current decrease amount	490,446.78	10,807,814.74	1,680,630.65	4,930,585.37	17,909,477.54
(1) Disposal or retirement	490,446.78	10,807,814.74	1,680,630.65	4,930,585.37	17,909,477.54
4. Ending balance	990,630,126.31	1,516,900,450.06	31,940,970.71	242,808,073.69	2,782,279,620.77
III. Provision for impairment					
1. Beginning Balance					
2. Increase in this period					
(1) Provision					
3. Current decrease amount					
(1) Disposal or retirement					
4. Ending balance					
IV. Book value					
1. Ending book value	3,862,604,979.56	2,691,268,321.44	13,375,483.93	121,710,916.54	6,688,959,701.47
2. Beginning book value	3,901,833,952.31	2,599,127,133.75	16,211,096.58	131,047,839.24	6,648,220,021.88

(2) Temporarily idle fixed assets

Applicable Not applicable

(3) Fixed assets leased through financial leasing

Applicable Not applicable

(4) Fixed assets leased out through operating leases

Applicable Not applicable

(5) Fixed assets with incomplete property rights certificates

√ Applicable Not applicable

Unit: CNY

Item	Book value	Reasons for not completing the property rights certificate
Property and building	1,671,016,594.40	The property certificate is currently being handled

Other descriptions

√ Applicable Not applicable

1. The mortgage situation is detailed in the relevant explanations of "Section X Financial Report VII, Notes to major items in the consolidated financial statements 32, Short-term Loans" and "Section X Financial Report VII, Notes to major items in the consolidated financial statements 45, Long-term Loans".

2. As of December 31, 2022, the Company does not have any temporarily idle or held fixed assets for sale.

3. The original value of fixed assets transferred from construction in progress in 2022 was CNY 582,795,728.58.

4. The depreciation amount included in operating (inventory) costs, sales expenses, management expenses, and research and development expenses in 2022 is CNY 648,538,231.88.

5. The Company conducted an itemized inspection of fixed assets at the end of the period and did not find any situations where impairment provisions need to be made due to damage, lack of production capacity and transfer value, long-term idleness, or outdated technology being eliminated.

Liquidation of fixed assets Applicable Not applicable**22. Construction in process****List of items**√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Construction in progress	1,430,244,831.22	347,455,504.19
Total	1,430,244,831.22	347,455,504.19

Other descriptions

 Applicable Not applicable**Construction in progress****(1) Information of construction in progress**√ Applicable Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction in progress	1,430,244,831.22		1,430,244,831.22	347,455,504.19		347,455,504.19
Total	1,430,244,831.22		1,430,244,831.22	347,455,504.19		347,455,504.19

(2) Current changes in important ongoing construction projects√ Applicable Not applicable

Unit: CNY

Item Name	Budget	Beginning balance	Increase in this period	Amount transferred to	Other decreases in the current	Ending balance	Proportion of	Engineering	Accumulated amount of	Where: current interest	Cure	Status
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	am ou nt			fixed assets in the current period	period		accu mula ted proj ect inve stme nt to budg et (%)	prog ress	interest capitalizat ion	capitalizat ion amount	nt in te rest ca pi ta li za ti o n ra te (%)	r c e o f f u n d s
Tianjin Engineerin g Project		25,667,9 39.74	200,757,68 2.45	94,667, 626.80	22,441,918. 01	109,316,077. 38						S el f- fi n a n ci n g
Jianggao and other engineerin g projects		18,651,0 87.13	71,292,788 .85	47,118, 939.98		42,824,936.0 0						S el f- fi n a n ci n g
Oppein Smart Manufactu ring Innovation Project	80 0 mi lli on	45,616,6 49.06	181,042,15 2.82			226,658,801. 88	28.3 3	30.0 0				
Wuxi Engineering Project		22,402,851. 54	150,971,987.9 1	117,620,15 6.04		55,754,683.41						Self- raise d/rai sed fund s
Qingyuan Engineering Project		150,369,619 .06	196,614,814.4 6	252,422,20 9.68		94,562,223.84						Self- raise d/rai sed fund s
Chengdu Engineering Project	2,113 millio n	20,580,958. 97	208,167,872.0 1	70,966,796 .08	5,186,667.99	152,595,366.90	81.39	80.00	25,461,136.7 2			Self- raise d/rai sed fund s
Huangbian Engineering Project	930 millio n	55,351,010. 98	54,233,510.62			109,584,521.60	11.78	15.00				Self- fina ncin g
Wuhan Engineering Project	2,500 millio n	8,815,387.7 2	630,132,832.4 9			638,948,220.21	25.56	25.00	23,809,027.0 4	23,809,027.0 4		Self- raise d/rai sed fund s
Total	6.343 billio n	347,455,504 .19	1,693,213,641 .61	582,795,72 8.58	27,628,586.00	1,430,244,831.2 2	/	/	49,270,163.7 6	23,809,027.0 4	/	/

(3) Current provision for impairment of construction in progress

Applicable Not applicable

Others

Applicable Not applicable

Engineering materials**(1) Engineering material situation**

Applicable Not applicable

23. Productive biological assets**(1) Productive biological assets using cost measurement models**

Applicable Not applicable

(2) Productive biological assets using fair value measurement model

Applicable Not applicable

Others

Applicable Not applicable

24. Oil and gas assets

Applicable Not applicable

25. Right of use assets

Applicable Not applicable

Unit: CNY

Item	Property and building	Total
I. Original book value		
1. Beginning Balance	39,357,930.49	39,357,930.49
2. Increase in this period	166,270,067.44	166,270,067.44
(1) New lease	166,270,067.44	166,270,067.44
3. Current decrease amount	9,578,038.78	9,578,038.78
(1) Reduce lease	9,578,038.78	9,578,038.78
4. Ending balance	196,049,959.15	196,049,959.15
II. Accumulated depreciation		
1. Beginning Balance	14,381,858.44	14,381,858.44
2. Increase in this period	47,986,840.11	47,986,840.11
(1) Provision	47,986,840.11	47,986,840.11
3. Current decrease amount	9,578,038.78	9,578,038.78
(1) Disposal		
(2) Reduce lease	9,578,038.78	9,578,038.78
4. Ending balance	52,790,659.77	52,790,659.77
III. Provision for impairment		
1. Beginning Balance		
2. Increase in this period		
(1) Provision		
3. Current decrease amount		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Ending book value	143,259,299.38	143,259,299.38
2. Beginning book value	24,976,072.05	24,976,072.05

26. Intangible assets**(1) Information of intangible assets**

√ Applicable □ Not applicable

Unit: CNY

Item	Land use right	Patent rights	Non-Patent Technology]	Software	Total
I. Original book value					
1. Beginning Balance	1,138,425,747.00			105,194,441.62	1,243,620,188.62
2. Increase in this period	33,335,524.21			8,983,134.67	42,318,658.88
(1) Purchase assets	19,841,687.63			8,983,134.67	28,824,822.30
(2) Internal R&D assets					
(3) Increase in business merger	13,493,836.58				13,493,836.58
3. Current decrease amount	6,572,458.51			2,166,829.38	8,739,287.89
(1) Disposal				2,166,829.38	2,166,829.38
(2) Other decreases	6,572,458.51				6,572,458.51
4. Ending balance	1,165,188,812.70			112,010,746.91	1,277,199,559.61
II. Accumulated amortisation					
1. Beginning Balance	98,621,691.40			80,606,054.93	179,227,746.33
2. Increase in this period	23,177,636.32			16,077,696.72	39,255,333.04
(1) Provision	23,177,636.32			16,077,696.72	39,255,333.04
3. Current decrease amount	777,740.92			1,127,552.32	1,905,293.24
(1) Disposal				1,127,552.32	1,127,552.32
(2) Other decreases	777,740.92				777,740.92
4. Ending balance	121,021,586.80			95,556,199.33	216,577,786.13
III. Provision for impairment					
1. Beginning Balance					
2. Increase in this period					
(1) Provision					
3. Current decrease amount					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	1,044,167,225.90			16,454,547.58	1,060,621,773.48
2. Beginning book value	1,039,804,055.60			24,588,386.69	1,064,392,442.29

The proportion of intangible assets formed through internal research and development of the company to the balance of intangible assets at the end of this period is 0.00%

(2) Information of land use rights without completed property rights certificates

□ Applicable √ Not applicable

Other descriptions:

Applicable Not applicable

1. The details of intangible assets pledged at the end of the period are as follows:

Category	Original value of collateral	Net value of collateral
Land use right	50,524,976.60	39,497,528.36

The mortgage is detailed in the relevant explanations of "Section X Financial Report VII, Notes to major items in the consolidated financial statements 32, Short-term Loans" and "Section X Financial Report VII, Notes to major items in the consolidated financial statements 45, Long-term Loans".

2. The amortization amount of intangible assets of the company in 2022 is CNY 39,255,333.04.

3. As of December 31, 2022, the Company has no intangible assets formed through internal research and development.

4. As of December 31, 2022, the Company has no land use rights that have not yet obtained property rights certificates.

5. At the end of the period, the Company conducted an itemized inspection of intangible assets and did not find any circumstances requiring provision for impairment.

27. Development expenditure

Applicable Not applicable

28. Goodwill

(1) Original book value of goodwill

Applicable Not applicable

(2) Provision for impairment of goodwill

Applicable Not applicable

(3) Information related to the asset group or combination of asset groups where goodwill is located

Applicable Not applicable

(4) Describe the goodwill impairment test process, key parameters (such as the growth rate in the forecast period, the growth rate in the stable period, the profit rate, the Discount rate, the forecast period, if applicable) and the recognition method of goodwill impairment loss

Applicable Not applicable

(5) Impact of goodwill impairment testing

Applicable Not applicable

Others

Applicable Not applicable

29. Long-term amortizing expenses

Applicable Not applicable

Unit: CNY

Item	Beginning balance	Increase in this period	Amortization amount for the current period	Other reduced amounts	Ending balance
Decoration fee	63,456,311.19	71,445,144.07	49,641,471.68	0.00	85,259,983.58
Advertisement fee	15,138,669.97	0.00	11,779,954.44	0.00	3,358,715.53
Other	1,120,045.93	13,316,353.84	2,491,695.60	0.00	11,944,704.17
Total	79,715,027.09	84,761,497.91	63,913,121.72	0.00	100,563,403.28

30. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets not offset√ Applicable Not applicable

Unit: CNY

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	281,568,752.78	43,736,719.79	183,919,942.56	28,051,877.29
Unrealized profits from internal transactions	0.00	0.00	0.00	0.00
Deductible losses	77,811,726.38	19,150,200.81	72,796,846.40	13,206,977.38
Deferred income	469,701,073.18	79,127,887.86	471,292,317.05	79,427,200.69
Other	19,630,895.84	3,224,809.11	2,461,558.50	442,649.09
Total	848,712,448.18	145,239,617.57	730,470,664.51	121,128,704.45

(2) Non-offsetting deferred income tax liabilities√ Applicable Not applicable

Unit: CNY

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Valuation and appreciation of assets in the business merger not under the same control	0.00	0.00	0.00	0.00
Changes in fair value of other creditor's right investment	0.00	0.00	0.00	0.00
Changes in fair value of other equity instrument investments	143,805,165.93	35,951,291.49	79,422,401.06	19,855,600.26
Tax accelerated amortization	333,332,694.69	50,595,395.14	288,270,559.44	43,937,337.70
Internal transaction capitalization amount	97,809,755.28	13,053,177.09	39,350,394.99	5,902,559.25
Changes in fair value of trading financial assets	3,050,958.90	457,643.84	15,920,145.40	2,388,021.82
Changes in fair value of other non-current financial assets	3,174,703.82	793,675.96	39,989,938.23	9,997,484.56
Withdrawal of fixed deposit and wealth management interest	223,739,194.61	33,560,879.18	96,896,422.16	14,534,463.32
Total	804,912,473.23	134,412,062.70	559,849,861.28	96,615,466.91

(3) Deferred income tax assets or liabilities listed at net amount after offset Applicable √ Not applicable**(4) Details of unconfirmed deferred income tax assets**√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Deductible temporary difference	0.00	0.00
Deductible losses	7,666,055.40	4,883,636.12

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Provision for impairment of assets	37,368.59	50,933.68
Total	7,703,423.99	4,934,569.80

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

Applicable Not applicable

Other descriptions:

Applicable Not applicable

The unrecognized deferred income tax assets of the company are all formed by subsidiaries Oppein (Hong Kong) and ITALY ACADEMY. According to relevant regulations, the operating losses of subsidiaries Oppein (Hong Kong) and ITALY ACADEMY can be offset indefinitely.

31. Other non-current assets

Applicable Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Advance payment for equipment engineering	175,316,804.03		175,316,804.03	212,922,825.66		212,922,825.66
Fixed deposit and interest provision for more than one year	3,788,908,641.11		3,788,908,641.11	1,912,017,794.51		1,912,017,794.51
Prepaid land payment				18,600,000.00		18,600,000.00
Total	3,964,225,445.14		3,964,225,445.14	2,143,540,620.17		2,143,540,620.17

32. Short-term loan**(1) Classification of short-term loan**

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Pledge borrowings	3,785,114,681.94	1,443,427,291.26
Mortgage Loan	0.00	37,210,338.01
Guaranteed Loan	100,087,083.33	150,127,500.00
Credit borrowings	699,493,238.31	758,361,041.66
Total	4,584,695,003.58	2,389,126,170.93

Explanation of short-term loan classification:

1. As of December 31, 2022, the balance of the Company's pledged loans was CNY 3,785,114,681.94, of which CNY 22,658,614.59 was a loan formed by discounting the commercial acceptance bill received by the company from Guangzhou Branch of Shanghai Pudong Development Bank co. Ltd., and the Company provided CNY 22,658,614.59 of commercial acceptance bill as collateral guarantee; CNY 13,906,193.21 was a loan formed by discounting the commercial acceptance bill received by the company from Guangzhou Airport Road Branch of China Merchants Bank Co., Ltd. and the Company provided CNY 13,906,193.21 of commercial acceptance bill as collateral; CNY 2,549,874.14 was a loan

formed by discounting the received bank acceptance bill from the Foshan Branch of Guangzhou Bank Co., Ltd. and the Company provided CNY 2,549,874.14 of bank acceptance bill as collateral; CNY 25,000,000.00 was a loan formed by the subsidiary Chengdu Oppein Smart Home Co., Ltd. discounting a bank acceptance bill issued by the Company to China Construction Bank Co., Ltd. Guangzhou Jianggao Branch; CNY 300,000,000.00 was a loan formed by the subsidiary Chengdu Oppein Smart Home Co., Ltd. discounting a domestic letter of credit issued by the company to Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd., and the company provided a deposit of CNY 30,000,000.00 as collateral guarantee; CNY 400,000,000.00 was a loan formed by the subsidiary Guangzhou Oppein Integration Home Co., Ltd. discounting a bank acceptance bill issued by the company to the Kong Gang Economic Zone Branch of Guangzhou Rural Commercial Bank, and the Company provided a deposit of CNY 40,000,000.00 as collateral guarantee; CNY 500,000.00 was a loan formed by the subsidiary Guangzhou Oppein Integration Home Co., Ltd. discounting the domestic letter of credit issued by the Company to Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd., and the company provided a deposit of CNY 50,000.00 as collateral; CNY 390,000,000.00 was a loan formed by the subsidiary Wuxi (Jiangsu) Oppein Integration Home Co., Ltd. discounting a domestic letter of credit issued by the Company to Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd., and the Company provided a deposit of CNY 39,000,000.00 as collateral guarantee; CNY 200,000,000.00 was a loan formed by the subsidiary Wuxi (Jiangsu) Oppein Integration Home Co., Ltd. discounting the domestic letter of credit issued by the subsidiary Guangzhou Oppein Integration Home Co., Ltd. to Guangzhou Airport Road Branch of China Merchants Bank Co., Ltd.; CNY 32,000,000.00 was a loan formed by the subsidiary Oppein United (Tianjin) Home Sales Co., Ltd. discounting a bank acceptance bill issued by the Company to Guangzhou Branch of China Minsheng Bank Co., Ltd.; CNY 200,000,000.00 was a loan formed by the subsidiary Qingyuan Oppein Integration Home Co., Ltd. discounting a bank acceptance bill issued by the Company to Guangzhou Baiyun Branch Bank of China Limited, and the Company provided a deposit of CNY 10,000,000.00 as collateral guarantee; CNY 480,000,000.00 was a loan formed by the subsidiary Qingyuan Oppein Integration Home Co., Ltd. discounting a bank acceptance bill issued by the Company to Guangzhou Branch of Ping An Bank Co., Ltd., and the Company provided a deposit of CNY 48,000,000.00 as collateral; CNY 150,000,000.00 was a loan formed by the subsidiary Qingyuan Oppein Integration Home Co., Ltd. discounting a bank acceptance bill issued by the Company to Guangzhou Jianggao Branch of Agricultural Bank of China Limited, and the Company provided a deposit of CNY 15,000,000.00 as collateral guarantee; CNY 500,000.00 was a loan formed by the subsidiary Qingyuan Oppein Integration Home Co., Ltd. discounting a domestic letter of credit issued by the Company to Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd., and the Company provided a deposit of CNY 50,000.00 as collateral guarantee; CNY 320,000,000.00 was a loan formed by the subsidiary Qingyuan Oppein Integration Home Co., Ltd. discounting the bank acceptance bill issued by the subsidiary Guangzhou Oppein Integration Home Co., Ltd. to Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd., and the subsidiary Guangzhou Oppein Integration Home Co., Ltd. provided a deposit of CNY 32,000,000.00 as collateral guarantee; CNY 250,000,000.00 was a loan formed by the subsidiary Qingyuan Oppein Integration Home Co., Ltd. discounting a bank acceptance bill issued by the subsidiary Guangzhou Oppein Integration Home Co., Ltd. to Guangzhou Branch of Ping An Bank Co., Ltd., and the subsidiary Guangzhou Oppein Integration Home Co., Ltd. provided a deposit of CNY 25,000,000.00 as collateral guarantee; CNY 200,000,000.00 was a loan formed by the subsidiary Qingyuan Oppein Integration Home Co., Ltd. discounting a domestic letter of credit issued by the subsidiary Guangzhou Oppein Integration Home Co., Ltd. to Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd., and the Company provides a deposit of CNY 20,000,000.00 as collateral guarantee; CNY 350,000,000.00 was a loan formed by the discount of a bank acceptance bill issued by the subsidiary Guangzhou Oppein Integration Home Co., Ltd., received by the subsidiary Tianjin Oppein Integration Home Co., Ltd., to the Guangzhou Baiyun Branch of Bank of China Limited, and provided by the subsidiary Guangzhou Oppein Integration Home Co., Ltd. with a deposit of CNY 17,500,000.00 as collateral guarantee; CNY 298,000,000.00 was a loan formed by the subsidiary Tianjin Oppein Integration Home Co., Ltd. discounting a bank acceptance bill issued by the Company to Guangzhou Branch of China Minsheng Bank Co., Ltd.; and CNY 150,000,000.00 was a loan formed by the subsidiary Tianjin Oppein Integration Home Co., Ltd. discounting a bank acceptance bill issued by the subsidiary Guangzhou Oppein Integration Home Co., Ltd. to Guangzhou Baiyun Branch of Bank of China Limited, and the subsidiary Guangzhou Oppein Integration Home Co., Ltd. provided a deposit of CNY 7,500,000.00 as collateral guarantee.

2. As of December 31, 2022, the Company's guaranteed loan balance of CNY 100,087,083.33 was borrowed by its subsidiary Guangzhou Oppein Integration Home Co., Ltd. from Guangzhou Tianpingjia Branch of Industrial and Commercial Bank of China Limited, and the Company provided joint and several liability guarantees.

3. As of December 31, 2022, the Company's credit loan balance was CNY 699,493,238.31, of which CNY 100,086,111.10 was borrowed by the Company from Guangzhou Sanyuanli Branch of Agricultural Bank of China Limited; and CNY 599,407,127.21 was a loan from Guangzhou Tianpingjia Branch of Industrial and Commercial Bank of China Limited.

4. As of December 31, 2022, the Company does not have any overdue short-term loans.

(2) Information of overdue and unpaid short-term loans

Applicable Not applicable

The important outstanding short-term loans that have been overdue are as follows:

Applicable Not applicable

Other descriptions

Applicable Not applicable

33. Trading financial liabilities

Applicable Not applicable

34. Derivative financial liabilities

Applicable Not applicable

35. Notes payable

(1) List of notes payable

Applicable Not applicable

Unit: CNY

Classification	Ending balance	Beginning balance
Commercial acceptance draft	0.00	0.00
Bank acceptance draft	70,366,124.74	131,915,607.89
Usance credit	0.00	8,036,163.82
Total	70,366,124.74	139,951,771.71

The total amount of unpaid notes payable at the end of this period is CNY 0.00.

As of December 31, 2022, the balance of bank acceptance bills was CNY 70,366,124.74, of which the balance of bank acceptance bills opened by the Company at Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd. was CNY 21,357,986.17, and the Company provided a deposit of CNY 2,135,799.00; the balance of bank acceptance bills issued by the Company at Guangzhou Yihe Branch Industrial and Commercial Bank of China Limited was CNY 38,046,787.43, with joint liability guarantee provided by its subsidiary Guangzhou Oppein Integration Home Co., Ltd.; the balance of bank acceptance bills issued by subsidiary Qingyuan Oppein Integration Home Co., Ltd. at Qingyuan Branch of Guangfa Bank Co., Ltd. was CNY 6,367,520.82, and the subsidiary Qingyuan Oppein Integration Home Co., Ltd. provided a deposit of CNY 636,752.08, and the Company provided joint liability guarantee; and the balance of bank acceptance bills issued by subsidiary Guangzhou Oppein Integration Home Co., Ltd. at Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd. was CNY 4,593,830.32, and the subsidiary Guangzhou Oppein Integration Home Co., Ltd. provided a deposit of CNY 459,383.03, and the Company provided joint liability guarantee.

36. Accounts payable

(1) Listing of accounts payable

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Accounts payable	1,908,743,254.29	2,018,248,874.11
Total	1,908,743,254.29	2,018,248,874.11

(2) Significant accounts payable with the aging over 1 year

Applicable Not applicable

Others

Applicable Not applicable

37. Advance receipts

(1) List of advance receipts

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
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Receipts in advance	364,393,984.51	885,811,485.23
Total	364,393,984.51	885,811,485.23

(2) Important advance payments with an aging of over 1 year

Applicable Not applicable

Others

Applicable Not applicable

38. Contract liabilities**(1). Contract liability**

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Advances on sales	782,289,860.99	1,202,994,206.12
Total	782,289,860.99	1,202,994,206.12

(2) Amount and reasons for significant changes in book value during the reporting period

Applicable Not applicable

Other descriptions

Applicable Not applicable

39. Payroll payable**(1) List of employee compensation payable**

Applicable Not applicable

Unit: CNY

Item	Beginning balance	Increase in current period	Decrease in the current period	Ending balance
I. Short term payroll	561,430,166.62	3,542,939,704.04	3,589,721,160.39	514,648,710.27
II. Post-employment benefit - defined contribution plan		189,541,072.26	189,541,072.26	
III. Dismissal benefit		26,699,487.78	26,699,487.78	
IV. Other welfares due within one year				
Total	561,430,166.62	3,759,180,264.08	3,805,961,720.43	514,648,710.27

(2) List of short-term compensation

Applicable Not applicable

Unit: CNY

Item	Beginning balance	Increase in current period	Decrease in the current period	Ending balance
I. Wages, salaries, bonuses, allowances and subsidies	560,629,985.50	3,308,644,119.56	3,354,964,296.77	514,309,808.29
II. Employee benefits	557,531.00	74,724,364.79	75,281,895.79	0.00
III. Social insurance premium	0.00	110,176,840.72	110,176,840.72	0.00
Including: medical insurance premium	0.00	91,684,979.36	91,684,979.36	0.00
Industrial injury insurance	0.00	7,878,379.00	7,878,379.00	0.00
Birth insurance premium	0.00	6,554,864.75	6,554,864.75	0.00
Other social insurance	0.00	4,058,617.61	4,058,617.61	0.00
IV. Housing fund	0.00	47,756,250.71	47,756,250.71	0.00
V. Labor union funds and employee education funds	242,650.12	1,638,128.26	1,541,876.40	338,901.98
VI. Short-term compensated	0.00	0.00	0.00	0.00

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absence				
VII. Short-term profit sharing plan	0.00	0.00	0.00	0.00
Total	561,430,166.62	3,542,939,704.04	3,589,721,160.39	514,648,710.27

(3) Presentation of defined contribution plan√ Applicable Not applicable

Unit: CNY

Item	Beginning balance	Increase in current period	Decrease in the current period	Ending balance
1. Basic endowment insurance expense	0.00	183,792,200.50	183,792,200.50	0.00
2. Unemployment insurance	0.00	5,748,871.76	5,748,871.76	0.00
3. Corporate annuity payment	0.00	0.00	0.00	0.00
Total	0.00	189,541,072.26	189,541,072.26	0.00

Other descriptions

√ Applicable Not applicable

As of December 31, 2022, the Company has no outstanding employee compensation payable.

40. Taxes and dues payable√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Value added tax	64,081,546.00	35,494,240.63
Corporate income tax	163,516,753.96	202,982,320.76
Individual income tax	10,116,026.05	9,594,793.44
Urban maintenance and construction tax	5,387,000.99	5,061,796.85
Education surcharges	3,866,414.36	3,741,373.47
Other	22,238,005.11	4,458,462.18
Total	269,205,746.47	261,332,987.33

41. List of other payablesList of items √ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Interest Payable	0.00	0.00
Dividend payable	0.00	0.00
Other payables	840,531,618.28	667,841,099.64
Total	840,531,618.28	667,841,099.64

Other descriptions

 Applicable √ Not applicable**Interest Payable****(1) Listed by category** Applicable √ Not applicable**Dividend payable****(1) Listed by category** Applicable √ Not applicable**Other payables****(1) Other accounts payable listed by nature of payment**

√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Margin for bulk business	269,351,758.62	226,257,342.16
Franchisee performance bond	286,299,620.77	236,359,065.56
Supplier quality guarantee deposit	274,205,622.44	197,973,074.57
Other	10,674,616.45	7,251,617.35
Total	840,531,618.28	667,841,099.64

(2) Other material accounts payable aged over 1 year Applicable Not applicable

Other descriptions

 Applicable Not applicable**42. Liabilities held for sale** Applicable Not applicable**43. Non-current liabilities due within one year**√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Long-term loans due within one year	202,047,638.24	0.00
Lease liabilities due within one year	39,683,015.46	13,286,652.37
Total	241,730,653.70	13,286,652.37

44. Other current liabilities

Other current liabilities

√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Value added tax to be transferred for sale	97,354,681.10	144,631,995.61
Unrecognized bills	803,972.43	0.00
Total	98,158,653.53	144,631,995.61

Increase or decrease in short-term payable bonds:

 Applicable Not Applicable

Other descriptions

 Applicable Not applicable**45. Long-term loan****(1) Classification of long-term loan**√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Pledge borrowings	0.00	0.00
Mortgage Loan	6,986,325.48	0.00
Guaranteed Loan	0.00	0.00
Credit borrowings	200,183,333.33	0.00
Less: long-term loan due within one year	202,047,638.24	0.00

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Total	5,122,020.57	0.00
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Explanation of classification of long-term loan:

1. As of December 31, 2022, the Company's credit loan balance was CNY 200,183,333.33, which was a loan from China Construction Bank Corporation, Guangzhou Baiyun Branch.

2. As of December 31, 2022, the balance of the Company's mortgage loans was CNY 6,986,325.48, of which CNY 5,946,700.98 is a loan from the subsidiary FORMER S.R.L. to Cassa Rurale ed Artigiana SOC.COOP.CRL, which is provided by the subsidiary FORMER S.R.L. as collateral for the house and land use rights; and CNY 1,039,624.50 is a loan from INTESA SANPAOLO SPA by FORMER S.R.L., which is secured by its subsidiary, FORMER S.R.L., with the right to use the house and land as collateral.

Other explanations, including interest rate range:

Applicable Not applicable

46. Bonds payable

(1) Bonds payable

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Convertible corporation bonds	1,601,701,819.31	0.00
Total	1,601,701,819.31	0.00

(2) Increase or decrease in payable bonds: (excluding preferred stocks, perpetual bonds, and other financial instruments classified as financial liabilities)

Applicable Not applicable

Unit: CNY

Bond Name	Face value	Issue date	Bond duration	Issue amount	Beginning balance	Current issue	Accruing interest at face value	Amortization of excess and discount	Current repayment	Ending balance
Oppein 22 convertible bonds (113655)	100.00	August 5, 2022	6 years	2,000,000,000.00		1,990,871,567.83	2,500,000.00	32,681,436.92		1,601,701,819.31
Total	/	/	/	2,000,000,000.00		1,990,871,567.83	2,500,000.00	32,681,436.92		1,601,701,819.31

(3) Explanation of conversion conditions and conversion time for convertible corporation bonds

Applicable Not applicable

With the approval of "ZJXX [2022] No.1328" of CSRC, the Company publicly issued 20,000,000.00 convertible corporation bonds on August 5, 2022, with a face value of CNY 100 each and a total issuance amount of CNY 2,000,000,000.00. The term of the bonds is six years.

The coupon rate of the bonds issued by the Company is 0.3% in the first year, 0.5% in the second year, 1.0% in the third year, 1.5% in the fourth year, 1.8% in the fifth year and 2.0% in the sixth year. The convertible corporation bonds issued this time adopt an annual interest payment method, and the starting date for interest calculation is the first day of the convertible corporation bond issuance. The annual interest payment date is the day of each full year from the first day

of the issuance of convertible corporation bonds. The conversion period starts from the first trading day six months after the end of the issuance of convertible corporation bonds and ends on the maturity date of convertible corporation bonds. The initial conversion price for convertible corporation bonds at the time of issuance is CNY 125.46 per share.

(4) Description of other financial instruments classified as financial liabilities

Basic information of preferred shares, perpetual bonds and other financial instruments issued to the public at the end of the period

Applicable Not applicable

Statement of changes in financial instruments such as preferred shares and perpetual bonds issued to the public at the end of the period

Applicable Not applicable

Description of the basis for dividing other financial instruments into financial liabilities:

Applicable Not applicable

Other descriptions

Applicable Not applicable

47. Lease liabilities

Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Lease liabilities	101,476,366.50	12,665,970.28
Total	101,476,366.50	12,665,970.28

48. Long-term accounts payable

List of items

Applicable Not applicable

Other descriptions

Applicable Not applicable

Long-term payables

(1) Long-term accounts payable listed by nature of payment

Applicable Not applicable

Special accounts payables

(1) List special accounts payable by nature

Applicable Not applicable

49. Long-term employee compensation payable

Applicable Not applicable

50. Estimated liabilities

Applicable Not applicable

Unit: CNY

Item	Beginning balance	Ending balance	Cause of formation
Estimated liabilities	59,715.00	43,770.00	The Company carried out the carries out the "Pudong Development Bank Quick Loan" business to recommend merchants to banks for loans, and assumed a prudent recommendation obligation to banks for the recommended merchants' repayment ability. The Company referred to the bank's provision for loan impairment of 1.5% for normal loans, and prudently recommended liability losses.

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Total	59,715.00	43,770.00	/
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Other descriptions, including important assumptions and estimation explanations related to important estimated liabilities:

As of December 31, 2022, the estimated balance of liabilities is CNY 43,770.00, for that the Company carried out the carries out the "Pudong Development Bank Quick Loan" business to recommend merchants to banks for loans, and assumed a prudent recommendation obligation to banks for the recommended merchants' repayment ability. The Company referred to the bank's provision for loan impairment of 1.5% for normal loans, and prudently recommended liability losses.

51. Deferred income

Information of deferred income

Applicable Not applicable

Unit: CNY

Item	Beginning balance	Increase in current period	Decrease in the current period	Ending balance	Cause of formation
Government subsidies	471,292,317.05	61,519,100.00	63,110,343.87	469,701,073.18	
Total	471,292,317.05	61,519,100.00	63,110,343.87	469,701,073.18	/

Items involving government subsidies:

Applicable Not applicable

Unit: CNY

Liability items	Beginning balance	Newly added subsidy amount in this period	Amount included in non-operating income for the current period	Amount included in other income in the current period	Other changes	Ending balance	Related to assets/related to returns
Project construction support funds	254,152,674.50	49,376,400.00		16,981,685.83		286,547,388.67	Assets-related
Special funds for technological transformation	214,470,771.59	12,142,700.00		32,243,046.20	13,592,407.50	180,778,017.89	Assets-related
Special funds for pollution prevention and control	2,668,870.96			293,204.34		2,375,666.62	Assets-related

Other descriptions

Applicable Not applicable

1. Projects supported by project construction support funds:

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Liability items	Beginning balance	Newly added subsidy amount in this period	Amount included in non-operating income for the current period	Amount included in other income in the current period	Other changes	Ending balance	Related to assets/related to returns
Construction of the "Investment Agreement" Project by the Management Committee of Tianjin Jinghai Economic Development Zone	40,116,973.84			3,769,686.12		36,347,287.72	Assets-related
Support funds							
Wuxi Huishan District People's Government's <i>Investment Agreement</i> Project Construction Support Fund	29,678,515.88			2,012,102.88		27,666,413.00	Assets-related
Funds for the Oppein Chengdu Base Site Leveling and Fixed Asset Subsidy Project	60,440,447.92			1,320,877.20		59,119,570.72	Assets-related
Chengdu Oppein Smart Home Project Construction Phase I Support Fund	3,416,666.54			500,000.04		2,916,666.50	Assets-related
Special funds for industrial co-construction projects in the southern base	70,500,070.32	35,896,400.00		9,158,005.63		97,238,464.69	Assets-related
Construction Phase I Support Fund of Wuhan Oppein Smart Home Co., Ltd.	50,000,000.00					50,000,000.00	Assets-related
Paid-in Registered Capital Award of Wuhan Oppein Smart Home Co., Ltd.		8,000,000.00				8,000,000.00	Assets-related
Special funds for affordable rental housing		5,480,000.00		221,013.96		5,258,986.04	Assets-related
Total	254,152,674.50	49,376,400.00		16,981,685.83		286,547,388.67	

2. Projects subsidized with special funds for technological transformation:

Liability items	Beginning balance	Newly added subsidy amount in this period	Amount included in non-operating income for the current period	Amount included in other income in the current period	Other changes	Ending balance	Related to assets/related to returns
Quartz stone	20,320,700.32			8,780,133.95		11,540,566.37	Assets-

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countertop flexible manufacturing intelligent upgrade and transformation project							related
Furniture Production Line Distributed Workshop Top ES System Technical Renovation Project	9,001,133.19			1,986,023.88		7,015,109.31	Assets-related
Technical renovation project for a flexible customized production line with an annual output of 150,000 sets of furniture products	21,648,917.21			3,651,887.40		17,997,029.81	Assets-related
Expansion of production technology transformation project for high-end bathroom products	10,055,723.87			3,112,108.57		6,943,615.30	Assets-related
Subsidy for customized furniture intelligent production line technology transformation project	4,904,911.67			769,872.69		4,135,038.98	Assets-related
Technical Transformation Project for Expanding Production and Construction of 500,000 sets of High end Wardrobe Products per Year	13,083,371.45			1,373,999.76		11,709,371.69	Assets-related
Technical Transformation Project for Expanding the Production of 150,000 sets of Cabinets Per Year	607,002.80			100,374.60		506,628.20	Assets-related

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Liability items	Beginning balance	Newly added subsidy amount in this period	Amount included in non-operating income for the current period	Amount included in other income in the current period	Other changes	Ending balance	Related to assets/related to returns
Technical Transformation Project for the Construction of Automatic Blister Door Panel Production Line	2,203,339.26			385,408.20		1,817,931.06	Assets-related
Customized Furniture Product Automation Flexible Spraying Production Line Upgrade Technology Transformation Project	696,239.13			101,253.60		594,985.53	Assets-related
High-End Wooden Door Product Flexible Manufacturing Production Line Technology Transformation Project	8,179,547.32			1,322,204.04		6,857,343.28	Assets-related
Technical Transformation Project of Home Furnishing Product Production Line	4,767,986.61			738,817.56		4,029,169.05	Assets-related
Technical Renovation Project for the Production Line of 500,000 sets of Kitchen Electrical Appliances Per Year	2,102,717.38			219,371.88		1,883,345.50	Assets-related
Oppein Home Furnishing Enterprise Research Institute Project	8,489,403.39			1,212,771.96		7,276,631.43	Assets-related
Large-scale Non-standard Customized Packaged Cabinet	8,237,816.71			1,258,892.16		6,978,924.55	Assets-related

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Flexible Production Line Technology Transformation Project							
Tianjin Intelligent Manufacturing Special Fund	7,059,310.40			1,132,413.72		5,926,896.68	Assets-related
Modern Industrial Development Fund Project - Enterprise Intelligent Transformation Project	4,499,356.76			604,032.99		3,895,323.77	Assets-related
Wuxi City Technical Transformation Guidance Fund	2,950,125.33			406,048.32		2,544,077.01	Assets-related
Upgraded Technical Transformation Project for the Production Line of Blister Door Panels (Guangzhou)	1,099,797.08			104,117.64		995,679.44	Assets-related
Guangzhou City Development Housing Rental Market Special Fund Award and Supplement Project	62,223,021.00			1,838,199.00	13,592,407.50	46,792,414.50	Assets-related
Special Funds for the Renovation Project of the Rapid Coating Production Line for Cabinet Furniture Paint Products	783,635.29			88,952.04		694,683.25	Assets-related
Special Funds for the Technical Transformation Project of Flexible Production Line with an Annual Output of 1.5M sets of Wooden Door Products	20,332,232.47			2,364,371.76		17,967,860.71	Assets-related
Automation Technology Transformation Project for Blister Door	982,175.26			106,948.44		875,226.82	Assets-related

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Panel Production Line							
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Liability items	Beginning balance	Newly added subsidy amount in this period	Amount included in non-operating income for the current period	Amount included in other income in the current period	Other changes	Ending balance	Related to assets/related to returns
Special funds for the third batch of municipal industrial development fund projects	242,307.69			83,076.84		159,230.85	Assets-related
Chengdu Municipal Bureau of Economic and Information Technology 2021 Citywide Technical Transformation Subsidy		2,182,700.00		18,189.17		2,164,510.83	Assets-related
Special funds for the first batch of provincial-level industrial development fund projects		3,180,000.00				3,180,000.00	Assets-related
Intelligent Manufacturing and Industrial Internet Development Project		6,780,000.00		483,576.03		6,296,423.97	Assets-related
Total	214,470,771.59	12,142,700.00		32,243,046.20	13,592,407.50	80,778,017.89	

3. Projects subsidized by special funds for pollution prevention and control:

Liability items	Beginning balance	Newly added subsidy amount in this period	Amount included in non-operating income for the current period	Amount included in other income in the current period	Other changes	Ending balance	Related to assets/related to returns
Tianjin Atmospheric Physics Prevention and Control Special Fund	2,295,000.00			255,000.00		2,040,000.00	Assets-related
Special Funds for Construction of VOCs Waste Gas	373,870.96			38,204.34		335,666.62	Assets-related

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Treatment System in Wooden Door Factory							
Total	2,668,870.96			293,204.34		2,375,666.62	

52. Other non-current liabilities√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Red Star Macalline Pazhou Project Purchase Deposit	109,986,691.00	118,488,814.29
Total	109,986,691.00	118,488,814.29

Other descriptions

The deposit for purchasing a house by Red Star Macalline is a deposit received by the Company in advance for the purchase of part of the property rights of the Pazhou Oppein headquarters building by Red Star Macalline.

53. Equity√ Applicable Not applicable

Unit: CNY

	Beginning balance	Increase/decrease in this change (+, -)					Ending balance
		New issue	Dividend	Provident fund conversion	Other	Sub-total	
Total Shares	609,151,948.00	6.00				6.00	609,151,954.00

Other descriptions

The new shares issued by the Company in this period are due to the exercise of stock options granted by employees in the previous period. Please refer to the relevant explanation in Section X "III. Basic Information of the Company 1. Company Overview" for details.

54. Other equity instruments**(1) Basic information of preferred shares, perpetual bonds and other financial instruments issued to the public at the end of the period**√ Applicable Not applicable

Item	Beginning balance		Increase in the current period		Decrease in the current period		Ending balance	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Oppein 22 convertible bonds			20 million	424,351,185.44			20 million	424,351,185.44
Total			20 million	424,351,185.44			20 million	424,351,185.44

(2) Statement of changes in financial instruments such as preferred shares and perpetual bonds issued to the public at the end of the period Applicable Not applicable

Explanation of the current increase or decrease in other equity instruments, the reasons for the changes, and the basis for relevant accounting treatment:

 Applicable Not Applicable

Other descriptions

 Applicable Not applicable

55. Capital reserve

√ Applicable □ Not applicable

Unit: CNY

Item	Beginning balance	Increase in current period	Decrease in the current period	Ending balance
Capital premium (share capital premium)	4,349,628,351.14	925.83	0.00	4,349,629,276.97
Other capital reserve	11,735,456.40	0.00	1,220,664.08	10,514,792.32
Total	4,361,363,807.54	925.83	1,220,664.08	4,360,144,069.29

Other descriptions, including changes in current period and reasons for changes:

The increase of CNY 925.83 in share capital premium is due to employees exercising stock options granted in the previous period, and the amount of paid capital exceeding the share capital is CNY 865.32. After the exercise, other capital reserves recognized by the company due to equity incentive expenses in the previous period of CNY 60.51 are transferred to the capital premium; and other capital reserves decreased by CNY 1,220,664.08, except for the impact of employee stock option exercise mentioned above, due to the Company's failure to meet the non market unlocking conditions in the second phase of the 2021 employee stock option incentive plan, and the company's reversal of previously recognized share-based payment expenses.

56. Treasury stock

□ Applicable √ Not applicable

57. Other comprehensive income

√ Applicable □ Not applicable

Unit: CNY

Item	Beginning balance	Amount incurred in current period					Ending balance
		Amount incurred before income tax in the current period	Less: the net amount that is included in other comprehensive profits of prior period and transferred into the current profits and loss	Less: Previous period included in other comprehensive income, current period transferred to retained earnings	Less: income tax expenses	Attributable to parent company after tax	
I. Other comprehensive income that cannot be transferred to profit or loss	59,480,835.83	67,123,375.72		2,625,990.89	16,124,346.22	48,373,038.61	107,853,874.44
Where: Re-measurement of changed amount of defined benefit plan							
Other comprehensive							

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sive income that cannot be transferred to profit or loss under the equity method								
Changes in fair value of other equity investments	59,480,835.83	67,123,375.72		2,625,990.89	16,124,346.22	48,373,038.61		107,853,874.44
Changes in the fair value of the Company's own credit risk								
II. Other comprehensive income that will be reclassified into profit or loss	99,844.73	3,472,962.83				3,472,962.83		3,572,807.56
Where: Other comprehensive income that can be transferred to profits or losses under the equity method								
Changes in fair value of other creditor's right investment								
Amount of financial assets reclassified into other comprehensive income								
Provision for credit impairment of other creditor's right investment								

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Item	Beginning balance	Amount incurred in current period						Ending balance
		Amount incurred before income tax in the current period	Less: the net amount that is included in other comprehensive profits of prior period and transferred into the current profits and loss	Less: Previous period included in other comprehensive income, current period transferred to retained earnings	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholder after tax	
Cash flow hedging reserve								
Translation difference of foreign currency financial statements	99,844.73	3,472,962.83				3,472,962.83		3,572,807.56
Total of other comprehensive income	59,580,680.56	70,596,338.55		2,625,990.89	16,124,346.22	51,846,001.44		111,426,682.00

58. Special reserve

Applicable Not applicable

59. Special reserve

Applicable Not applicable

Unit: CNY

Item	Beginning balance	Increase in current period	Decrease in the current period	Ending balance
Legal surplus reserve	304,575,974.00	3.00	0.00	304,575,977.00
Discretionary surplus reserve	0.00	0.00	0.00	0.00
Reserve funds	0.00	0.00	0.00	0.00
Enterprise expansion fund	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total	304,575,974.00	3.00	0.00	304,575,977.00

Other descriptions of surplus, including changes in current period and reasons for changes:

The surplus reserve is formed by withdrawing 10% of the parent company's net profit from the statutory surplus reserve, and the withdrawal amount is limited to 50% of the Company's share capital

60. Undistributed profit√ Applicable Not applicable

Unit: CNY

Item	Current period	Previous period
Undistributed profits before adjustment at end of the previous period	9,074,118,319.30	7,149,700,284.23
Total undistributed profits in the adjustment beginning period (increase in +, decrease in -)	0.00	0.00
Undistributed profit at the end of the adjustment period	9,074,118,319.30	7,149,700,284.23
Plus: Net profits attributable to parent company in this period	2,688,425,483.50	2,665,588,441.38

Item	Current period	Previous period
Plus: Income from disposal of equity designated as measured at fair value with changes recognized in other comprehensive income	1,969,493.17	0.00
Less: withdrawal of legal surplus reserves	3.00	16,052,504.71
Withdrawal of discretionary surplus reserve	0.00	0.00
Withdrawal of general risk reserves	0.00	0.00
Dividends payable on ordinary shares	1,066,015,909.00	725,117,901.60
Common stock dividends converted into share capital	0.00	0.00
Undistributed profit at the end of the period	10,698,497,383.97	9,074,118,319.30

Details of undistributed profits at the beginning of the adjustment period:

- Due to the retrospective adjustment of the *Accounting Standards for Business Enterprises* and related new regulations, the undistributed profit at the beginning of the period was affected by CNY 0.00.
- Due to changes in accounting policies, the undistributed profit at the beginning of the period was CNY 0.00.
- Due to significant accounting error correction, the undistributed profit at the beginning of the period was CNY 0.00.
- Due to changes in the scope of consolidation caused by the same control, the undistributed profit at the beginning of the period was CNY 0.00.
- The total impact of other adjustments on the undistributed profit at the beginning of the period was CNY 0.00.

61. Operating income and operating cost**(1) Operating income and operating cost**√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period		Amount incurred in last period	
	IncomIncomee	Cost	IncomIncomee	Cost
Main business	22,000,522,428.80	15,144,117,735.57	20,144,967,469.42	13,825,554,770.27
Other businesses	478,981,045.76	230,066,980.57	296,637,122.08	152,785,752.32
Total	22,479,503,474.56	15,374,184,716.14	20,441,604,591.50	13,978,340,522.59

(2) Information of income generated by the contract

Applicable Not applicable

Description of income generated by the contract:

Applicable Not applicable

(3) Description of performance obligations

Applicable Not applicable

As of December 31, 2022, the corresponding transaction price for performance obligations that have been signed but have not yet been fulfilled or completed was CNY 1,009,019,870.23. Revenue is expected to be recognized between 2023 and 2024.

(4) Description of allocation to remaining performance obligations

Applicable Not applicable

62. Tax and surcharges

Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Urban maintenance and construction tax	59,228,200.76	53,309,354.32
Education surcharges	25,424,444.24	23,349,776.47
Local education surcharges	16,903,221.26	15,566,517.66
Property tax	45,739,904.54	36,690,061.98
Land use tax	5,983,879.81	4,986,531.00
Stamp duty	13,724,195.34	8,716,003.29
Other	1,014,466.33	146,634.23
Total	168,018,312.28	142,764,878.95

63. Sales expense

Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Advertising exhibition fees	643,925,038.82	507,928,041.71
Employee benefits	734,218,701.43	613,653,488.05
Business office expenses	185,165,124.31	171,737,452.68
Rental and decoration fees	101,244,607.38	71,485,160.83
Export expenses	6,860,613.20	12,653,476.45
Other	7,480,029.00	8,315,158.31
Total	1,678,894,114.14	1,385,772,778.03

64. Administrative expenses

Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Employee benefits	752,197,741.76	609,625,156.76
Office expenses	236,940,805.62	193,125,060.25
Depreciation and amortization expenses	256,642,914.27	253,992,293.81
Car expenses	19,416,712.27	17,104,917.30
Other	71,755,306.02	45,862,810.28
Equity incentive expenses	-1,220,603.57	11,735,456.40

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Total	1,335,732,876.37	1,131,445,694.80
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65. R&D expenses√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Employee benefits	592,127,705.37	468,891,799.33
Material consumption	432,410,933.68	345,504,415.91
Depreciation and amortization expenses	42,224,204.93	40,009,867.45
Other	56,486,087.15	53,352,084.04
Total	1,123,248,931.13	907,758,166.73

66. Financial expenses√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Interest expense	152,770,445.92	132,807,862.73
Less: interest income	380,881,220.85	266,051,753.30
Exchange profits and losses	-33,261,629.49	9,717,426.37
Other	13,973,236.43	8,045,588.32
Total	-247,399,167.99	-115,480,875.88

67. Other income√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Government subsidies related to assets	49,517,936.37	39,990,918.13
Grants related to income	56,592,293.83	45,776,002.32
Refund of individual income tax handling fee	2,411,938.79	1,802,824.49
Value added tax reduction and exemption	11,117,717.59	3,536,830.50
Total	119,639,886.58	91,106,575.44

Other descriptions:

1. The details of government subsidies included in the current profits and losses during the reporting period are as follows:

No.	Name of government subsidy project	The amount incurred in current period	Amount incurred in last period
1	Support Fund for Construction of the <i>Investment Agreement</i> Project by the Management Committee of Tianjin Jinghai Economic Development Zone	3,769,686.12	3,769,686.12
2	Furniture Production Line Distributed Workshop MES System Technical Renovation Project	1,986,023.88	2,000,878.40
3	Technical renovation project for a flexible customized production line with an annual output of 150,000 sets of furniture products	3,651,887.40	3,651,887.40
4	Technical Transformation Project of Home Furnishing Product Production Line	738,817.56	738,817.56
5	Expansion of production technology transformation project for high-end bathroom products	3,112,108.57	2,536,588.87

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No.	Name of government subsidy project	The amount incurred in current period	Amount incurred in last period
6	High-End Wooden Door Product Flexible Manufacturing Production Line Technology Transformation Project	1,322,204.04	1,095,524.69
7	Wuxi Huishan District People's Government's <i>Investment Agreement</i> Project Construction Support Fund	2,012,102.88	2,012,102.88
8	Subsidy for customized furniture intelligent production line technology transformation project	769,872.69	840,087.86
9	Wuxi City Technical Transformation Guidance Fund	406,048.32	395,946.72
10	Funds for the Oppein Chengdu Base Site Leveling and Fixed Asset Subsidy Project	1,320,877.20	1,320,877.20
11	Chengdu Oppein Smart Home Project Construction Phase I Support Fund	500,000.04	500,000.04
12	Quartz Stone Countertop Flexible Manufacturing Intelligent Upgrade and Transformation Project	8,780,133.95	8,801,812.72
13	Technical Renovation Project for the Production Line of 500,000 sets of Kitchen Electrical Appliances Per Year	311,514.48	242,407.53
14	Oppein Home Furnishing Enterprise Research Institute Project	1,212,771.96	1,212,771.96
15	Upgraded Technical Transformation Project for the Production Line of Blister Door Panels (Guangzhou)	164,958.84	119,220.57
16	Technical Transformation Project for Expanding Production and Construction of 500,000 sets of High end Wardrobe Products per Year	1,373,999.76	1,373,999.76
17	Technical Transformation Project for the Construction of Automatic Blister Door Panel Production Line	385,408.20	385,408.20
18	Technical Transformation Project for Expanding the Production of 150,000 sets of Cabinets Per Year	100,374.60	100,374.60
19	Customized Furniture Product Automation Flexible Spraying Production Line Upgrade Technology Transformation Project	101,253.60	101,253.60
20	Large-scale Non-standard Customized Packaged Cabinet Flexible Production Line Technology Transformation Project	1,258,892.16	1,258,892.20
21	Special Funds for the Renovation Project of the Rapid Coating Production Line for Cabinet Furniture Paint Products	88,952.04	88,952.04
22	Transfer of the Third Batch of Tianjin Intelligent Manufacturing Special Fund in 2019	1,132,413.72	1,132,413.74
23	Special Funds for the Technical Transformation Project of Flexible Production Line with an Annual Output of 1.5 million sets of Wooden Door Products	2,364,371.76	1,857,767.53
24	Automation Technology Transformation Project for Blister Door Panel Production Line	106,948.44	17,824.74
25	Special funds for industrial co-construction projects in the southern base	9,158,005.63	3,585,429.68
26	Special funds for the third batch of municipal industrial development fund projects	83,076.84	27,692.31
27	Tianjin Atmospheric Physics Prevention and Control Special Fund	255,000.00	255,000.00
28	Special Funds for Construction of VOCs Waste Gas Treatment System in Wooden Door Factory	38,204.34	6,129.04
29	Modern Industrial Development Fund Project - Enterprise Intelligent Transformation Project	604,032.99	561,170.17
30	Guangzhou City Development Housing Rental Market Special Fund Award and Supplement Project	1,685,215.20	
31	Special Funds for Intelligent Manufacturing and Industrial Internet Development	483,576.03	
32	Special funds for affordable rental housing	221,013.96	
33	2021 Citywide Technical Transformation Subsidy	18,189.17	
	Subtotal of government subsidies related to assets	49,517,936.37	39,990,918.13
34	Internship subsidy	46,896.00	87,596.00

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No.	Name of government subsidy project	The amount incurred in current period	Amount incurred in last period
35	Subsidy for 2018 Tianjin Intelligent Manufacturing Special Encourage Enterprises to Increase R&D Investment Projects		437,900.00
36	Guangzhou High-tech Enterprises Recognized and Awarded		900,000.00
37	Stabilization allowance	11,814,932.88	13,259,077.32
38	Advance Subsidy for New Apprenticeship Training	302,500.00	1,559,150.00
39	Subsidy for Job Training	67,000.00	1,439,994.00
40	Work as training subsidy		20,898,660.00
41	Huishan District Qianzhou Street Pioneer Talent Funding Fund		440,000.00
42	One-time Employment Subsidies for College Graduates		24,000.00
43	Other Employment Subsidies		15,000.00
44	Intellectual Property Award from the Finance Bureau of Qingcheng District, Qingyuan City		15,925.00
45	Subsidy for Skill Training for Millions of Workers		338,500.00
46	Industrial Technology Development Subsidies		1,200,000.00
47	Rewards for Supporting Key Enterprises		2,000,000.00
48	Headquarters Enterprise Reward Funds	4,350,000.00	509,200.00
49	Reward and Subsidy Funds for High-end Professional Service Industry		30,000.00
50	Subsidy for Intelligent Renovation of Modern Industrial Development in Qianzhou Street		240,000.00
51	Unemployment Dynamic Detection and Investigation Fee		1,000.00
52	Tax preferential support for Qianzhou Street	27,125,000.00	2,039,000.00
53	Qianzhou Street Enterprise Supporting Action Subsidy (Top 10 Value Added Tax Paid in Current Year)		180,000.00
54	Subsidy Funds for Promoting Rural Revitalization		71,000.00
55	Special Funds for Foreign Economic and Trade Development	140,000.00	64,683.00
56	Special Fund for Business Development in Guangzhou (Import and Export Fair Trade Matters)		25,317.00
57	Tax Preferential Support for Jinghai County, Tianjin	5,000,000.00	
58	The 7th Guangdong Provincial Government Quality Award	2,000,000.00	
59	Funds for the full process data management and display platform of customized home furnishings based on the new big data framework	1,820,000.00	
60	Recruitment subsidies	1,042,474.41	
61	Guangdong Province Employment and Entrepreneurship Subsidy	482,149.51	
62	Vocational Skills Training Subsidies	409,200.00	
63	One-time Job Expansion Subsidy	403,044.06	

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No.	Name of government subsidy project	The amount incurred in current period	Amount incurred in last period
64	Employment Subsidy for Poverty Alleviation Population	162,408.07	
65	Guangdong Provincial Government Quality Award Reward Fund	300,000.00	
66	Huishan District Science and Technology Bureau's Second Batch of Provincial High-tech Enterprise Cultivation Funds for 2021	300,000.00	
67	2022 Wuxi Industrial Transformation and Upgrading Fund (Second Batch) Support Project Fund	250,000.00	
68	Chengdu Industrial Enterprise Stable Production and Increasing Production Incentive Project	218,300.00	
69	Reward for the "Shuangliu Growth of 50 Items" Project Management Team	100,000.00	
70	Subsidy for Standard Formulation and Revision	57,000.00	
71	Rewards for enterprises above the designated quota added to the wholesale industry with special funds for business development in Guangzhou in 2021	50,000.00	
72	Rural revitalization and poverty alleviation subsidy	39,600.00	
73	Subsidy for employment and entrepreneurship of college graduates and those facing employment difficulties in Guangdong Province	39,586.71	
74	Financial counterpart assistance funds	30,000.00	
75	Technology insurance premium subsidy	20,300.00	
76	Filing and registration of social security subsidies for impoverished labor force	15,238.04	
77	Patent funding	4,500.00	
78	Subsidy for dynamic monitoring of unemployment in 2022	1,200.00	
79	Stamp duty refund	964.15	
Subtotal of government subsidies related to income		56,592,293.83	45,776,002.32
Total		106,110,230.20	85,766,920.45

2. All government subsidy projects mentioned above are included in non-recurring profits and losses.

68. Income from investment

√ Applicable □ Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Long-term equity investment income accounted by Equity method	-1,525,058.67	-6,461,645.66
Investment income from disposal of long-term equity investment	0.00	0.00
Investment income during the holding of transactional financial assets	0.00	0.00
Dividend income obtained from other equity instrument investments during the holding period	6,251,775.00	893,000.00
Interest income obtained from debt investments during the holding period		
Bet returns on performance obtained during the holding period of other equity instrument investments	0.00	1,034,631.75
Dividend income obtained from other non current financial assets during the holding period	795,116.38	376,737.60
Other interest income obtained from debt investments during the holding period		
Investment income from disposal of trading financial assets	7,040,900.10	24,733,439.44
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investments		

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Investment income from disposal of other debt investments		
Profits on debt restructuring		
Investment income from disposal of other non-current financial assets	10,863,605.74	0.00
Total	23,426,338.55	20,576,163.13

69. Net exposure hedging income

Applicable Not applicable

70. Income from changes in fair value

Applicable Not applicable

Unit: CNY

Sources of income from changes in fair value	The amount incurred in current period	Amount incurred in last period
Trading financial assets	3,050,958.90	24,395,812.07
Where: Income from changes in fair value generated by derivative financial instruments	0.00	0.00
Trading financial liabilities	0.00	0.00
Investment real estate measured at fair value	0.00	0.00
Other non-current financial assets	-36,815,234.41	27,896,754.20
Total	-33,764,275.51	52,292,566.27

71. Credit impairment loss

Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Bad debt loss on notes receivable	23,359,815.72	-24,992,807.49
Bad debt loss on accounts receivable	-121,602,989.43	-81,720,232.63
Bad debt losses on other receivables	-1,544,380.27	-1,592,911.63
Impairment losses on debt investments	0.00	0.00
Impairment losses on other debt investments	0.00	0.00
Bad debt losses on long-term receivables	0.00	0.00
Impairment loss from contract assets	0.00	0.00
Total	-99,787,553.98	-108,305,951.75

72. Assets impairment loss

Applicable Not applicable

73. Asset disposal income

Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Income from disposal of fixed assets	-2,205,162.14	-6,782,217.94
Income from disposal of intangible assets	1,937,982.41	0.00
Total	-267,179.73	-6,782,217.94

74. Non-operating income

Information of non-operating income

Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period	Amount included in current non-recurring profit and loss
Total gains on disposal of non-current assets	0.00	0.00	0.00
Including: fixed asset disposal gains	0.00	0.00	0.00
Gains from disposal of intangible assets	0.00	0.00	0.00
Gains from non-monetary asset exchange	0.00	0.00	0.00
Donations	0.00	0.00	0.00
Government subsidies	145,400.00	135,500.00	145,400.00
Penalty income	11,980,057.86	13,331,742.43	11,980,057.86
Other	14,408,487.24	18,918,386.12	14,408,487.24
Total	26,533,945.10	32,385,628.55	26,533,945.10

Governmental subsidies recognized in profits and losses of current period

√ Applicable Not applicable

Unit: CNY

Subsidy Item	Amount incurred in current period	Amount incurred in the previous period	Related to assets/related to returns
Statistics office subsidies	1,400.00	1,300.00	Earning-related
Funding for the election work of the congress		84,200.00	Earning-related
Funding for Party building work in two new party organizations	144,000.00	50,000.00	Earning-related
Total	145,400.00	135,500.00	

Other descriptions:

 Applicable Not applicable**75. Non-operating expenditure**√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period	Amount included in current non-recurring profit and loss
Total loss on disposal of non current assets	8,750,883.65	14,141,159.49	8,750,883.65
Where: loss on disposal of fixed assets	8,750,883.65	14,141,159.49	8,750,883.65

Item	The amount incurred in current period	Amount incurred in last period	Amount included in current non-recurring profit and loss
Loss on disposal of intangible assets	0.00	0.00	0.00
Loss on exchange of non monetary assets	0.00	0.00	0.00
External donations	1,400,000.00	105,836.30	1,400,000.00
Other	4,769,070.62	3,073,218.11	4,769,070.62
Total	14,919,954.27	17,320,213.90	14,919,954.27

76. Income tax expenses

(1) Income tax expense statement√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Current income tax expense	383,796,557.60	442,085,157.84
Deferred income tax expense	1,375,277.48	-31,282,565.78
Total	385,171,835.08	410,802,592.06

(2) Accounting profit and income tax expense adjustment process√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period
Total profits	3,067,684,899.23
Income tax expenses calculated based on statutory/applicable tax rates	460,152,734.87
The impact of different tax rates applicable to subsidiaries	-4,889,136.17
The impact of adjusting previous period income tax	-7,401,943.81
The impact of non-taxable income	-2,485,079.10
The impact of non-deductible costs, expenses, and losses	5,430,433.13
The impact of deductible losses on unrecognized deferred income tax assets in the prior period of use	-1,243.12
The impact of deductible temporary differences or deductible losses on unrecognized deferred income tax assets in the current period	396,622.53
The impact of additional deductions on expenses	-66,030,553.25
Income tax expense	385,171,835.08

Other descriptions

 Applicable Not applicable**77. Other comprehensive income**√ Applicable Not applicable

See Notes for details

Item	The amount incurred in current period	Amount incurred in last period
Net of tax of other comprehensive income attributable to the shareholders of the parent company	53,815,494.61	29,623,688.67
(I) Other comprehensive income not reclassified into profit or loss subsequently	50,342,531.78	29,903,289.16
Where: Profits and losses from changes in fair value of other equity instrument investments	50,342,531.78	29,903,289.16

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Item	The amount incurred in current period	Amount incurred in last period
(II) Other comprehensive income that will be reclassified into profit or loss	3,472,962.83	-279,600.49
Where: Translation difference of foreign currency financial statements	3,472,962.83	-279,600.49
After-tax net amount of other comprehensive incomes attributable to the minority shareholders	0.00	0.00
Total	53,815,494.61	29,623,688.67

78. Cash flow statement items**(1) Other cash received related to operating activities**√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Interest income	268,525,515.81	214,805,909.58
Government subsidies	118,256,793.83	227,947,955.82
Deposit and business deposit	71,784,879.33	27,714,279.54
Other	29,890,883.89	36,074,731.97
Total	488,458,072.86	506,542,876.91

(2) Other cash paid relating to operating activities√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Advertising expenses paid in cash	643,925,038.82	507,928,041.71
Other sales expenses other than advertising expenses paid in cash	237,226,035.92	243,070,146.64
Management expenses paid in cash	333,854,765.45	256,092,787.83
Other	503,671,400.01	411,784,920.83
Total	1,718,677,240.20	1,418,875,897.01

(3) Other cash received related to investment activities√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Red Star Macalline Pazhou Project Purchase Deposit	91,497,876.71	43,398,342.05
Total	91,497,876.71	43,398,342.05

(4) Other cash paid relating to investment activities√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Refund of Red Star Macalline Pazhou Project Purchase Deposit	100,000,000.00	
Total	100,000,000.00	

(5) Other cash received related to financing activities√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Financing margin	3,218,348.22	481,821.60
Total	3,218,348.22	481,821.60

(6) Other cash paid in connection with financing activities√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Financing margin	139,824,778.24	86,367,619.17
Payment of fees related to convertible bond issuance	4,128,432.17	0.00
Repayment of principal and interest on lease liabilities	53,357,033.74	14,614,303.08
Total	197,310,244.15	100,981,922.25

79. Supplementary information of cash flow statement**(1) Supplementary information of cash flow statement**√ Applicable Not applicable

Unit: CNY

Further information	Amount of current period	Amount of previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,682,513,064.15	2,664,153,384.02
Plus: provision for asset impairment		0.00
Losses from credit impairment	99,787,553.98	108,305,951.75
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	648,451,950.83	592,561,143.97
Depreciation of right of use assets	47,986,840.11	14,381,858.44
Depreciation and amortization of investment real estate	55,102,063.75	881,624.61
Amortization of intangible assets	39,254,700.85	54,429,214.59
Amortisation of long-term unamortized expense	63,913,121.72	48,602,717.91
Loss from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	267,179.73	6,782,217.94
Fixed asset retirement loss (gains expressed with "-")	8,750,883.65	14,141,159.49
Loss on change in fair value (gains expressed with "-")	33,764,275.51	-52,292,566.27
Financial cost (gains expressed with "-")	130,315,284.45	144,219,819.00
Investment losses (gains expressed with "-")	-23,426,338.55	-20,576,163.13
Decrease of deferred income tax assets ("-" for increases)	-20,325,627.08	-25,258,212.43
Increases of deferred income tax liabilities ("-" for gains)	21,700,904.56	-6,024,353.35
Decrease of inventory ("-" for increases)	49,491,682.91	-654,467,996.69

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Further information	Amount of current period	Amount of previous period
Decreases of operational receivables ("-" for increases)	-525,861,893.35	-700,134,584.78
Increases of operating payables ("-" for decreases)	-893,864,603.43	1,862,704,145.36
Other	-6,840,272.67	-18,178,146.44
Incentive expenses of restricted stock	-1,220,603.57	11,735,456.40
Net cash flows from operating activities	2,409,760,167.55	4,045,966,670.39
2. Major investment and financial activities not involving cash:		
Conversion of debt into capital	0.00	0.00
Convertible corporate bonds due within one year	0.00	0.00
Financing leased fixed assets	0.00	0.00
3. Changes of cash and cash equivalents:		
Closing balance of cash	3,630,430,094.53	5,341,817,438.33
Less: opening balance of cash	5,341,817,438.33	3,558,468,311.68
Plus: closing balance of cash equivalents	0.00	0.00
Less: opening balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	-1,711,387,343.80	1,783,349,126.65

(2) Net cash paid for acquiring subsidiaries in the current period√ Applicable Not applicable

Unit: EUR

FORMER S.R.L.	Amount
Cash or cash equivalents paid for business merger in the current period	4,632,499.38
Where: FORMER S.R.L.	4,632,499.38
Less: Cash and cash equivalents held by the Company on the date of purchase	13,275.56
Where: FORMER S.R.L.	13,275.56
Cash or cash equivalents paid for business combinations in previous periods	0.00
Net cash paid for acquiring subsidiaries	4,619,223.82

(3) Net cash received from disposal of subsidiaries in the current period Applicable √ Not applicable**(4) Formation of cash and cash equivalents**√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
I. Cash	3,630,430,094.53	5,341,817,438.33
Including: cash in hand	12,648.66	7,433.29
Bank deposit that can be used for payment at any time	3,613,957,350.36	5,312,904,437.86
Other monetary fund available for payment at any time	16,460,095.51	28,905,567.18
Available fund that is deposited into the Central Bank for payment	0.00	0.00
Interbank deposits	0.00	0.00
Interbank loans	0.00	0.00
II. Cash equivalents	0.00	0.00
Including: investment in bonds to be matured in 3 months	0.00	0.00
III. Balance of cash and cash equivalents at the end of the period	3,630,430,094.53	5,341,817,438.33
Including: restricted cash and cash equivalents used by parent company or subsidiaries of the group	0.00	0.00

Other descriptions

 Applicable Not applicable**80. Notes to items in the statement of changes in owner's equity**

Explain the names and adjusted amounts of "other" items that have been adjusted to the ending balance of the previous year:

 Applicable Not applicable**81. Assets with restricted ownership or use right** Applicable Not applicable

Unit: CNY

Item	Ending book value	Reasons for restriction
Cash and bank balances	312,566,682.72	Bank acceptance bill margin, letter of credit margin, letter of guarantee margin, external guarantee margin, court ruling to freeze, restricted funds used by e-commerce platforms
Trading financial assets	803,050,958.90	There is a redemption period and a closure period for financial products
Fixed assets	49,699,840.67	There is mortgage guarantee for house property
Intangible assets	39,497,528.36	There is mortgage guarantee for intangible assets
Notes receivable	39,114,681.94	Pledged for business needs
Total	1,243,929,692.59	/

82. Foreign currency monetary items**(1) Foreign currency monetary items** Applicable Not applicable

Item	Closing foreign currency balance	Converted exchange rate	Closing balance converted into CNY
Cash and bank balances	-	-	-
Where: USD	66,503,492.26	6.9646	463,170,222.20
EUR	264,704.49	7.4229	1,964,874.95
HKD	147,748.55	0.8933	131,983.78
AUD	571,899.28	4.7138	2,695,818.83
Accounts receivable	-	-	-
Where: USD	2,369,413.15	6.9646	16,502,014.85
EUR	40,727.75	7.4229	302,318.01
GBP	5,980.01	8.3941	50,196.80
AUD	56,946.86	4.7138	268,436.10
NZD	9,543.60	4.4162	42,146.45
Other receivables	-	-	-
Where: EUR	113,321.16	7.4229	841,171.64
AUD	7,299.00	4.7138	34,406.03
Accounts payable	-	-	-
Where: USD	4,298.56	6.9646	29,937.75
EUR	865,208.81	7.4229	6,422,358.48
Other payables	-	-	-
Where: EUR	27,549.53	7.4229	204,497.41
HKD	46,500.00	0.8933	41,538.45
Non-current liabilities due within one year	-	-	-
Where: EUR	251,155.87	7.42	1,864,304.91
Long-term loans	-	-	-
Where: EUR	690,029.58	7.4229	5,122,020.57

(2) Description of overseas operating entities, including for important overseas operating entities, disclosure of their main overseas operating location, recording currency, and selection basis. Reasons for changes in the recording currency should also be disclosed

√ Applicable Not applicable

Name of Subsidiaries	Main business place	Functional currency
Oppein (Hong Kong) International Trade Company Limited	Hong Kong	HK\$
OPPEIN ITALY ACADEMY S. R.L.	Italy	EUR
FORMER S.R.L.	Italy	EUR

The above-mentioned subsidiaries have chosen to use the main local circulating currency as their accounting base currency, and there have been no changes during the reporting period.

When preparing consolidated financial statements, the financial statements of overseas operating entities of the enterprise are translated into the parent company's bookkeeping currency, and the conversion exchange rate used is listed as follows:

Item	Assets and liability items on the balance sheet	Income and expense items in the income statement	Paid-in capital
Converted exchange rate	Spot exchange rate on the balance sheet date	Approximate exchange rate on transaction date	Historical spot exchange rate

83. Hedging

Applicable √ Not applicable

84. Government subsidies

(1) Information of government subsidies

√ Applicable Not applicable

Unit: CNY

Classification	Amount	Listed items	Amount included in current profits and losses
Assets-related	61,519,100.00	Deferred income, other income	49,517,936.37
Earning-related	56,737,693.83	Other income, non-operating income	56,737,693.83

(2) Return of government subsidies

√ Applicable Not applicable

Unit: CNY

Item	Amount	Reasons
Guangzhou City Development Housing Rental Market Special Fund Award and Supplement Project	13,592,407.50	Refund of pre allocated bonus funds, and subsequent application for allocation according to payment nodes

85. Other

Applicable √ Not applicable

VIII. Change of Merger range

1. Business merger not under common control

√ Applicable Not applicable

(1) Business merger under the different control in the current period

√ Applicable Not applicable

Unit: EUR

Name of the acquiree	Time point for equity	Cost for equity	Percentage of acquired	Means	Acquisition date	Determination basis for	Revenue of the	Net profit of the acquiree
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	acquisition	acquisition	equity (%)	for equity acquisition		acquisition date	acquiree from the acquisition date to the end of term	from the acquisition date to the end of term
FORMER S. R. L.	May 10, 2022	4,632,499.38	100.00	Purchase	May 10, 2022	① The equity transfer agreement has been signed; ② The equity transfer payment has been paid; ③ The industrial and commercial change registration has been completed;		-381,597.54

(2) Merger costs and goodwill

Applicable Not applicable

Unit: EUR

Merger costs	FORMER S.R.L.
--Cash	4,632,499.38
-- Fair value of non-cash assets	
-- Fair value of debt issued or assumed	
-- Fair value of equity securities issued	
-- Fair value of contingent consideration	
-- Fair value of equity(held prior to acquisition date) on acquisition date	
-- Other	
Merger cost in total	4,632,499.38
Less: fair value shares of obtained net identifiable assets	4,632,499.38
The amount of goodwill/merger cost less than the fair value share of identifiable net assets obtained	

(3) The identifiable assets and liabilities of the acquiree on acquisition date

Applicable Not applicable

Unit: EUR

	FORMER S.R.L.	
	Fair value on the acquisition date	Book value at the acquisition date
Asset:	6,796,625.00	6,796,625.00
Cash and bank balances	13,275.56	13,275.56
Accounts receivable	40,633.91	40,633.91
Inventories	50,000.00	50,000.00
Fixed assets	4,150,145.09	4,150,145.09
Intangible assets	1,935,821.39	1,935,821.39
Other receivables	97,150.00	97,150.00
Other current assets	1,058.00	1,058.00
Deferred income tax assets	508,541.05	508,541.05
Liabilities:	2,164,125.62	2,164,125.62
Long-term loans	1,044,516.38	1,044,516.38
Payables	919,072.58	919,072.58
Deferred income tax liabilities	0.00	0.00

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Taxes payable	200,536.66	200,536.66
Net assets	4,632,499.38	4,632,499.38
Minus: minority interest	0.00	0.00
Acquired net asset	4,632,499.38	4,632,499.38

(4) Gains or losses arising from remeasuring equity held before the purchase date at fair value

Is there any transaction that achieves business merger through multiple transactions and obtains control during the reporting period

Applicable Not applicable

(5) Description on the inability to reasonably determine the merger consideration or the fair value of identifiable assets and liabilities of the acquiree on the acquisition date or at the end of the merger period

Applicable Not applicable

(6) Other descriptions:

Applicable Not applicable

2. Business merger under common control

Applicable Not applicable

3. Counter purchase

Applicable Not applicable

4. Disposal of subsidiaries

Is there a situation where a single disposal of investment in a subsidiary results in loss of control

Applicable Not applicable

Other descriptions

Applicable Not applicable

5. Changes in the scope of consolidation due to other reasons

Description of changes in the scope of consolidation caused by other reasons (for example, establishing new subsidiaries, liquidating subsidiaries, etc.) and their related situations:

Applicable Not applicable

Subsidiaries acquired through establishment or investment during the reporting period

Name of company	Date of Establishment	Registration place	Business nature	Registered capital (CNY '0,000)	Actual contribution at the end of the period (CNY '0,000)	Shareholding (%)	Voting rights ratio (%)	Consolidated financial statements
Dongguan Oppein Integration Home Sales Co., Ltd.	March 4, 2022	Dongguan City	Sales	200.00	110.00	70	70	Consolidation
Dongguan Oppein Integration Home Design Co., Ltd.	March 4, 2022	Dongguan City	Technical service	100.00	30.00	70	70	Consolidation
Jiangsu Oppein Overall Custom Home Co., Ltd.	July 14, 2022	Wuxi City	Sales	1,000.00	70.00	100	100	Consolidation
Chengdu Shuangliu Oppein Loading and Unloading Service Co., Ltd.	January 11, 2022	Chengdu City	Residential services	100.00	5.00	100	100	Consolidation
Hangzhou Oppein Large Home Furnishing Co., Ltd.	August 16, 2022	Hangzhou City	Sales	800.00	480.00	80	80	Consolidation
Chengdu Oppein Creative Large Home Furnishing Co., Ltd.	May 25, 2022	Chengdu City	Sales	800.00	568.00	71	71	Consolidation
Chongqing Oppein Large Home Furnishing Co., Ltd.	October 21, 2022	Chongqing Municipality	Sales	600.00	130.00	80	80	Consolidation
Handan Oppein Large Home Furnishing Sales Co., Ltd.	June 17, 2022	Handan City	Sales	600.00	468.00	78	78	Consolidation
Luzhou Oppein Large Home Furnishing Co., Ltd.	October 20, 2022	Luzhou City	Sales	700.00	195.00	65	65	Consolidation
Nanning Oppein Large Home Furnishing Co.,	July 20, 2022	Nanning City	Sales	600.00	432.00	72	72	Consoli

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Name of company	Date of Establishment	Registration place	Businessnature	Registered capital (CNY '0,000)	Actual contribution at the end of the period (CNY '0,000)	Shareholding (%)	Voting rights ratio (%)	Consolidated financial statements
Ltd.								dation
Guangzhou Huadu Oppein Creative Home Furnishing Co., Ltd.	July 14, 2022	Guangzhou City	Sales	600.00	370.00	70	70	Consolidation
Shenzhen Oppein Creative Home Furnishing Co., Ltd.	July 15, 2022	Shenzhen City	Sales	600.00	330.00	55	55	Consolidation

Various newly established subsidiaries of the Company will be included in the scope of financial statement consolidation from the date of their establishment.

6. Other

Applicable Not applicable

IX. Interest in other entities**1. Equities in Subsidiaries****(1) Composition of the enterprise group**

√ Applicable □ Not applicable

Name of Subsidiaries	Main business place	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Tianjin Oppein Integration Home Co., Ltd.	Tianjin	Tianjin	Manufacturing	100		Establishment of capital contribution
Guangzhou Oppein Integration Home Co., Ltd.	Guangzhou	Guangzhou City	Manufacturing	70	30	Establishment of capital contribution
Dongguan Oppein Integration Home Sales Co., Ltd.	Dongguan	Dongguan City	Sales		70	Establishment of capital contribution
Dongguan Oppein Integration Home Design Co., Ltd.	Dongguan	Dongguan City	Technical service		70	Establishment of capital contribution
Guangzhou Oppein Sanitary Ware Co., Ltd.	Guangzhou	Guangzhou City	Manufacturing	100		A business combination involving enterprises under common control
Guangzhou Ouboni Integration Home Co., Ltd.	Guangzhou	Guangzhou City	Manufacturing	100		Establishment of capital contribution
Oppein (Guangzhou) Soft Decoration Design Co., Ltd.	Guangzhou	Guangzhou City	Manufacturing	100		Establishment of capital contribution
Oppein (Hong Kong) International Trade Company Limited	Hong Kong	Hong Kong	Trade	100		Establishment of capital contribution
FORMERS.R.L.	Italy	Italy	Sales		100	A business combination involving enterprises not under common control
Wuxi (Jiangsu) Oppein Integration Home Co., Ltd.	Wuxi	Wuxi City	Manufacturing	100		Establishment of capital contribution
Jiangsu Oppein Overall Custom Home Co., Ltd.	Wuxi	Wuxi City	Sales		100	Establishment of capital contribution
Qingyuan Oppein Integration Home Co., Ltd.	Qingyuan	Qingyuan City	Manufacturing	100		Establishment of capital contribution
Guangzhou Oppolia Smart Home Co., Ltd.	Guangzhou	Guangzhou City	Sales		100	Establishment of capital contribution
Guangzhou Owell Decoration Material Co., Ltd.	Guangzhou	Guangzhou City	Sales		100	Establishment of capital contribution
Wuhan Oppein Mingda Home Products Co., Ltd.	Wuhan	Wuhan City	Manufacturing		100	Establishment of capital contribution

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Xi'an Oulian Home Products Co., Ltd.	Xi'an	Xi'an City	Manufacturing		100	Establishment of capital contribution
Oppein United (Tianjin) Home Sales Co., Ltd.	Tianjin	Tianjin City	Sales	100		Establishment of capital contribution
Guangzhou Oppein Creative Home Design Co., Ltd.	Guangzhou	Guangzhou City	Technical service	100		Establishment of capital contribution
OPPEINITALYACADEMY S.R.L.	Italy	Italy	Technical services and trade	100		Establishment of capital contribution
Chengdu Oppein Smart Home Co., Ltd.	Chengdu	Chengdu City	Manufacturing	100		Establishment of capital contribution
Nanchang Oppein Home Products Co., Ltd.	Nanchang	Nanchang City	Manufacturing		100	Establishment of capital contribution

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Kunming Oppolia Smart Home Products Co., Ltd.	Kunming	Kunming City	Manufacturing		100	Establishment of capital contribution
Chengdu Shuangliu Oppein Loading and Unloading Service Co., Ltd.	Chengdu	Chengdu City	Residential services		100	Establishment of capital contribution
Meizhou Oppein Investment Industry Co., Ltd.	Meizhou	Meizhou City	Commercial services	100		Establishment of capital contribution
Meizhou Zheling Investment Industry Co., Ltd.	Meizhou	Meizhou City	Commercial services		100	Establishment of capital contribution
Guangzhou Oppein Home Design Institute Co., Ltd.	Guangzhou	Guangzhou City	Residential services	100		Establishment of capital contribution
Zhuhai Oppein Creative Home Design Co., Ltd.	Zhuhai	Zhuhai City	Residential services	100		Establishment of capital contribution
Hangzhou Oppein Large Home Furnishing Co., Ltd.	Hangzhou	Hangzhou City	Sales		80	Establishment of capital contribution
Chengdu Oppein Creative Large Home Furnishing Co., Ltd.	Chengdu	Chengdu City	Sales		71	Establishment of capital contribution
Chongqing Oppein Large Home Furnishing Co., Ltd.	Chongqing	Chongqing Municipality	Sales		80	Establishment of capital contribution
Handan Oppein Large Home Furnishing Sales Co., Ltd.	Handan	Handan City	Sales		78	Establishment of capital contribution
Luzhou Oppein Large Home Furnishing Co., Ltd.	Luzhou	Luzhou City	Sales		65	Establishment of capital contribution
Nanning Oppein Large Home Furnishing Co., Ltd.	Nanning	Nanning City	Sales		72	Establishment of capital contribution
Guangzhou Huadu Oppein Creative Home Furnishing Co., Ltd.	Guangzhou	Guangzhou City	Sales		70	Establishment of capital contribution
Shenzhen Oppein Creative Home Furnishing Co., Ltd.	Shenzhen	Shenzhen City	Sales		55	Establishment of capital contribution
Xingpai Commercial Property Management (Guangzhou) Co., Ltd.	Guangzhou	Guangzhou City	Commercial services	68		Establishment of capital contribution
Wuhan Oppein Smart Home Co., Ltd.	Wuhan	Wuhan City	Manufacturing	100		Establishment of capital contribution

Other descriptions

1. The Company directly holds 70% of the equity of Guangzhou Integration, and indirectly holds 30% of the equity of Guangzhou Integration through Oppein (Hong Kong), resulting in a voting rights ratio of 100%.

2. The Company indirectly holds 70% equity in Dongguan Oppein Integration Home Sales Co., Ltd. and Dongguan Oppein Integration Home Design Co., Ltd. through its subsidiary Guangzhou Integration; indirectly holds 100% equity in FORMERS.R.L. through its subsidiary Oppein (Hong Kong); indirectly holds 100% equity of Jiangsu Oppein Overall Custom Home Co., Ltd. through its subsidiary Wuxi Oppein; indirectly holds 100% equity of Guangzhou Oppein Smart Home Co., Ltd. and Guangzhou Owell Decoration Material Co., Ltd. through its subsidiary Qingyuan Oppein, a subsidiary of Guangzhou Oppein Integration Home Co., Ltd.; indirectly holds 100% equity of Nanchang Oupai Home Products Co., Ltd. and Chengdu Shuangliu Oppein Loading and Unloading Service Co., Ltd. through its subsidiary Chengdu Oppein; indirectly holds 100% equity of Meizhou Zheling Investment Industry Co., Ltd. through its subsidiary

Meizhou Oppein; and indirectly holds 80% equity of Hangzhou Oppein Large Home Furnishing Co., Ltd., 71% equity of Chengdu Oppein Creative Large Home Furnishing Co., Ltd., 80% equity of Chongqing Oppein Large Home Furnishing Co., Ltd., 78% equity of Handan Oppein Large Home Furnishing Sales Co., Ltd., 65% equity of Luzhou Oppein Large Home Furnishing Co., Ltd., 72% equity of Nanning Oppein Large Home Furnishing Co., Ltd., 70% equity of Guangzhou Huadu Oppein Creative Home Furnishing Co., Ltd., and 55% equity of Shenzhen Oppein Creative Home Furnishing Co., Ltd. through its subsidiary Zhuhai Creative. Wuhan Oppein Mingda Home Products Co., Ltd. and Xi'an Oulian Home Products Co., Ltd. are subsidiaries of Guangzhou Owell Decoration Material Co., Ltd. Kunming Oppolia Smart Home Products Co., Ltd., originally a subsidiary of Guangzhou Owell Decoration Material Co., Ltd., transferred 100% of its equity to Chengdu Oppein Smart Home Co., Ltd., a wholly-owned subsidiary of Oppein Home in 2022.

(2) Important partly-owned subsidiaries

Applicable Not applicable

(3) Main financial information of important non-wholly-owned subsidiaries

Applicable Not applicable

(4) Significant restrictions on the use of enterprise group assets and the repayment of enterprise group debts

Applicable Not applicable

(5) Financial or other support provided to structured entities included in the scope of consolidated financial statements

Applicable Not applicable

Other descriptions

Applicable Not applicable

2. Transactions where the share of owner's equity in a subsidiary changes and the subsidiary is still controlled

Applicable Not applicable

3. Equity in joint ventures or associates

Applicable Not applicable

(1) Important joint ventures or associates

Applicable Not applicable

(2) Main financial information of important joint ventures

Applicable Not applicable

(3) Major financial information of the important associated enterprise

Applicable Not applicable

(4) Summary financial information of unimportant joint ventures and associated enterprises

Applicable Not applicable

Unit: CNY

	Closing balance/current amount incurred	Opening balance/amount incurred in the previous period
Joint venture:		
Total investment book value	0.00	12,328,756.91
The total number of the following items calculated based on shareholding ratio		
-- Net profit	-8,828,756.91	-2,258,529.79
-- Other comprehensive income		
--Total comprehensive incomes	-8,828,756.91	-2,258,529.79
Associated enterprise:		
Total investment book value	10,518,308.44	3,214,610.20
The total number of the following items calculated based on shareholding ratio		
-- Net profit	7,303,698.24	-4,203,115.87
-- Other comprehensive income		

--Total comprehensive incomes	7,303,698.24	-4,203,115.87
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(5) Description of significant limitations on the ability of joint ventures or associated enterprises to transfer funds to the company

Applicable Not applicable

(6) Excess losses incurred by joint ventures or associated enterprises

Applicable Not applicable

Unit: CNY

Name of joint venture or associated enterprise	Accumulated unrecognized losses accumulated in the previous period	Unrecognized losses in the current period (or net profit shared in the current period)	Accumulated unrecognized losses at the end of this period
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.		4,851,707.11	4,851,707.11

(7) Unrecognized commitments related to joint venture investments

Applicable Not applicable

(8) Contingent liabilities related to investments in joint ventures or associates

Applicable Not applicable

4. Important joint operations

Applicable Not applicable

5. Equity in structured entities not included in the scope of consolidated financial statements

Description of structured entities not included in the scope of consolidated financial statements:

Applicable Not applicable

6. Others

Applicable Not applicable

X. Risks related to financial instruments

Applicable Not applicable

The Company faces various risks related to financial instruments during its operation, mainly including credit risk, market risk, and liquidity risk. The management team of the Company is fully responsible for determining risk management objectives and policies, and assumes ultimate responsibility for risk management objectives and policies. The overall goal of risk management is to develop risk management policies that minimize risks as much as possible without excessively affecting the Company's competitiveness and resilience.

1. Credit risk

The Company's bank deposits are mainly deposited in state-owned banks and other large and medium-sized listed banks. It is expected that there will be no significant credit risk in the Company's bank deposits.

The Company has established a management system for accounts receivable and product sales, which clearly stipulates pricing principles, credit standards and distribution conditions, payment methods, and the responsibilities and authorities of institutions and personnel involved in sales business. As of December 31, 2022, the book value of accounts receivable was CNY 1,356,804,900, accounting for 4.74% of the total assets.

During the reporting period, the Company continuously strengthened its management of accounts receivable, mainly consisting of engineering accounts receivable from bulk business customers. The installation and after-sales service of bulk business have been transferred to dealers, and after linking the payment collection with the dealer's business deposit, efforts have been increased to collect accounts receivable, to ensure that the overall credit risk of the Company is within a controllable range.

2. Market risk

(1) Interest rate risk

Fixed interest rate financial instruments:

Item	Ending balance		Beginning balance	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial assets:				
Cash and bank balances	1.70%	79,500.00	0.66%	2,500.00USD
Cash and bank balances	3.80%	115,000.00	0.75%	1,300.00USD
Cash and bank balances	3.85%	265,000.00	3.65%	60,000.00
Cash and bank balances	4.83%	5,500.00USD	3.70%	190,000.00
Cash and bank balances	5.26%	700.00USD	4.00%	45,000.00
Cash and bank balances			4.18%	5,000.00

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Item	Ending balance		Beginning balance	
	Effective interest rate	Amount	Effective interest rate	Amount
Non-current assets due within one year	3.57%	40,000.00		
Non-current assets due within one year	3.62%	10,000.00		
Non-current assets due within one year	3.65%	35,000.00		
Other non-current assets	3.20%	10,000.00	2.75%	50,000.00
Other non-current assets	3.25%	90,000.00	3.57%	40,000.00
Other non-current assets	3.298%	30,000.00	3.62%	10,000.00
Other non-current assets	3.40%	60,000.00		
Other non-current assets	3.45%	20,000.00		
Other non-current assets	3.60%	30,000.00	3.65%	35,000.00
Other non-current assets	3.80%	20,000.00	3.80%	20,000.00
Other non-current assets	3.85%	110,000.00	3.85%	30,000.00
Total		957,680.52		509,227.66
Financial liabilities:				
Short-term loans	1.45%	60,000.00	0.94%	10,000.00
Short-term loans	1.50%	40,000.00	1.11%	9,500.00
Short-term loans	1.55%	20,000.00	1.30%	20,400.00
Short-term loans	1.60%	32,000.00	1.34%	22,000.00
Short-term loans	1.65%	15,000.00	2.42%	5,900.00
Short-term loans	1.70%	15,000.00	2.60%	9,600.00
Short-term loans	1.75%	56,500.00	2.80%	45,000.00
Short-term loans	1.80%	52,000.00	2.82%	15,000.00
Short-term loans	1.85%	7,000.00	3.06%	15,012.75
Short-term loans	2.25%	20,000.00	3.35%	79,557.14
Short-term loans	2.28%	25,000.00	4.40%	384.85
Short-term loans	2.30%	32,000.00		
Short-term loans	2.50%	100.00	4.50%	398.42
Short-term loans	2.85%	65,445.57	4.80%	4,910.35
Short-term loans	2.95%	4,503.85	5.90%	1,249.12
Short-term loans	3.10%	10,008.61		
Short-term loans	4.50%	118.64		
Short-term loans	4.60%	1,271.98		
Short-term loans	4.80%	2,265.86		
Non-current liabilities due within one year	3.30%	20,018.33		
Non-current liabilities due within one year	5.45%	17.97EUR		
Non-current liabilities due within one year	6.12%	7.14EUR		
Long-term loans	6.12%	69.00EUR		
Total		478,931.41		238,912.63

Floating rate financial instruments:

Unit: CNY '0,000

Item	Ending balance		Beginning balance	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial assets:				
Trading financial assets	1.65%-2.90%	30,007.15	1.52%-3.80%	10,132.22
Trading financial assets	1.80%-3.55%	50,297.95	1.50%-3.25%	5.00
Trading financial assets			Closed end private equity financing	81,978.03
Trading financial assets			Open net worth wealth management	75,620.24
Total		80,305.10		167,735.49
Financial liabilities:				
Debentures payable	0.30%-2.00%	160,170.18		
Total		160,170.18		

The finance department of the company continuously monitors the group's interest rate level. An increase in interest rates will increase the cost of new interest bearing debt and affect the level of financial returns on idle funds of the Company. The management will make timely adjustments based on the latest market conditions.

(2) Exchange rate risks

The amount of foreign currency financial assets and foreign currency financial liabilities converted into CNY of the Company is listed as follows:

Unit: CNY '0,000

Item	Ending balance						
	USD	HK\$	EUR	AUD	GBP	NZD	Total
Foreign currency financial assets							
Cash and bank balances	46,317.02	13.20	196.49	269.58			46,796.29
Accounts receivable	1,650.20		30.23	26.84	5.02	4.21	1,716.50
Other accounts receivable			84.12	3.44			87.56
Total	47,967.22	13.20	310.84	299.86	5.02	4.21	48,600.35
Foreign currency financial liabilities							
Accounts payable	2.99		642.24				645.23
Other payables		4.15	20.45				24.60
Non-current liabilities due within one year			186.43				186.43
Long-term loans			512.20				512.20
Total	2.99	4.15	1,361.32				1,368.46

(Continued)

Item	Beginning balance						
	USD	HK\$	EUR	AUD	GBP	NZD	Total
Foreign currency financial assets							
Cash and bank balances	44,726.99	8.42	234.97	354.35			45,324.73
Accounts receivable			54.15			4.16	58.31
Other accounts			25.47	3.37			28.84

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receivable						
Total	44,726.99	8.42	314.59	357.72		45,411.88
Foreign currency financial liabilities						
Accounts payable	2.74		683.22			685.96
Notes payable			803.62			803.62
Other payables			24.48			24.48
Total	2.74		1,511.32			1,514.06

The Company's board and functional hardware are mainly imported from abroad, and payment is generally made through letter of credit. The Company's products are exported in small quantities to foreign countries, and import and export transactions are settled in foreign currencies. The impact of exchange rate fluctuations on the Company's operating results is limited. As of December 31, 2022, the main foreign currency assets will increase or decrease by CNY 23,982,114.96 if the CNY depreciates or appreciates by 5% against the USD while all other variables remain unchanged; and the Company's assets will increase or decrease by CNY 525,240.84 if the CNY appreciates or depreciates by 5% against the EUR.

(3) Other price risks

The main raw materials required for the Company's production are sheet metal, functional hardware, and supporting electrical appliances. When the price of raw materials increases, the Company can increase the selling price of the product, and when it decreases, the Company will lower the selling price of the product. Therefore, with the determination of production capacity and sales volume, there is a risk that the Company's operating income may fluctuate due to fluctuations in the prices of major raw materials.

3. Liquidity risk

The various financial liabilities of the Company are presented as undiscounted contract cash flows at maturity as follows:

Unit: CNY '0,000

Item	Ending balance		Beginning balance	
	within 1 year	More than 1 year	within 1 year	More than 1 year
Short-term loans	458,469.50		238,912.62	
Notes payable	7,036.61		13,995.18	
Accounts payable	172,769.80	18,165.59	198,305.08	3,519.81
Other payables	39,190.94	44,862.22	52,559.74	14,224.37
Non-current liabilities due within one year	20,204.76			
Long-term loans		512.20		
Total	697,671.61	63,540.01	503,772.62	17,744.18

As of December 31, 2022, the balance of various liabilities to be repaid within the next year was CNY 6,976,716,100; as of December 31, 2022, the monetary funds that can be withdrawn at any time was CNY 3,631,141,100, and the fixed deposit was CNY 8,876,805,200, indicating a relatively low liquidity risk.

XI. Disclosure of fair value**1. Ending fair value of assets and liabilities measured at fair value**

√ Applicable □ Not applicable

Unit: CNY

Item	Fair value at the end of the period			
	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	Total
I. Continuous fair value measurement				
(I) Trading financial assets		803,050,958.90		803,050,958.90

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Item	Fair value at the end of the period			
	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	Total
1. Financial assets measured at fair value with changes included in current profits and losses				
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets				
(4) Bank financial products		803,050,958.90		803,050,958.90
2. Financial assets designated at fair value through profits or losses				
(1) Debt instrument investment				

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Item	Fair value at the end of the period			
	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	Total
(2) Equity instrument investment				
(II) Other debt investments				
(III) Other equity instrument investments	248,779,462.00	113,846,741.27	6,608,684.78	369,234,888.05
(IV) Investment properties				
1. Land use rights for lease				
2. Leased buildings				
3. Land use rights held and prepared for transfer after appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
(VI) Other non-current financial assets		17,968,837.07	1,000,000.00	18,968,837.07
Total assets continuously measured at fair value	248,779,462.00	934,866,537.24	7,608,684.78	1,191,254,684.02
(VI) Trading financial liabilities				
1. Financial liabilities measured at fair value with changes included in current profits and losses				
Where: Trading bonds issued				
Derivative financial liabilities				
Other				
2. Financial liabilities designated at fair value through profits or losses				
Total liabilities continuously measured at fair value				
II. Continuous fair value measurement				
(I) Held-for-sale assets				
Total assets measured at fair value non-continuously				
Total liabilities measured at fair value non-continuously				

2. Basis for determining the market value of continuous and non-continuous first level fair value measurement items

√ Applicable □ Not applicable

The Company holds 1,975,600 shares of Keeson Technology Corporation Limited, with the fair value at the end of the period determined to be CNY 23,806,462.00 based on the closing price of CNY 12.05 in the securities market on December 30, 2022 (December 31, 2022 is a non-trading day); the Company holds 1.5 million shares of Harbin Sayyas Windows Co., Ltd., with the fair value at the end of the period determined to be CNY 46,125,000.00 based on the closing price of CNY 30.75 in the securities market on December 30, 2022; and the Company holds 5.4 million shares of DeRucci Healthy Sleep Co., Ltd., with the fair value at the end of the period determined to be CNY 178,848,000.00 based on the closing price of CNY 33.12 in the securities market on December 30, 2022.

3. Qualitative and quantitative information on valuation techniques and important parameters used for continuous and non-continuous second level fair value measurement items

Applicable Not applicable

1. Qualitative and quantitative information on valuation techniques and important parameters used

Item	Fair value at the end of the period	Valuation techniques	Important parameters	
			Qualitative information	Quantitative information
Trading financial assets	803,050,958.90	Income approach	Contract or comparable expected return	Rate
Investment in other equity instruments	113,846,741.27	Market approach	Recent financing prices	P/E ratio
Other non-current financial assets	17,968,837.07	Market approach	Market value of listed companies/recent financing prices	Closing price of securities market /P/E ratio/net assets

2. The Company holds CNY 803,050,958.90 of floating income financial products at the end of period, with a yield linked to fluctuations in foreign currency exchange rates. At the end of the period, according to the contract agreement, the applicable rate of return is determined based on the volatility of the linked target, and the fair value at the end of the period is calculated.

3. The Company holds 1.90% of the shares of Guangdong Deerma Technology Co., Ltd. At the end of the period, the value of the target company's equity held by the Company is calculated based on the P/E ratio of the most recent equity transfer of the investee and the net profit of the invested unit in 2022.

4. The Company holds 10% of the shares of the Beijing Easyhome Joint Investment Management Center (L.P.) fund. The companies invested by the partnership include both listed and unlisted companies, and the value of the shares invested by listed companies is recognized based on the closing price of the securities market on December 31, 2022; and the value of shares invested by unlisted companies is calculated based on the price to earnings ratio of the most recent equity transfer, as well as the net profit and net assets for the year 2022. The Company calculates the equity value of the partnership enterprise held by the Company based on the ratio of the overall share value of the fund company's external investment to the Company's investment in the partnership enterprise.

4. Qualitative and quantitative information on valuation techniques and important parameters used for continuous and non-continuous third level fair value measurement items

Applicable Not applicable

Item	Fair value at the end of the period	Valuation techniques	Unobservable input value
Investment in other equity instruments	6,608,684.78	Income approach	Net assets
Other non-current financial assets	1,000,000.00	Income approach	Net assets

5. Continuous third level fair value measurement items, adjustment information between opening and closing book values, and sensitivity analysis of unobservable parameters

Applicable Not applicable

6. Continuous fair value measurement items that undergo conversion between different levels during the current period, the reasons for conversion, and the policy for determining the conversion time point

Applicable Not applicable

7. Changes in valuation techniques and reasons for such changes during the current period

Applicable Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

Applicable Not applicable

9. Other

Applicable Not applicable

XII. Related parties and related transactions

1. Information of the parent company of this enterprise

Applicable Not applicable

2. Information of subsidiaries of this enterprise

Refer to the notes for the details of the subsidiaries of this enterprise

Applicable Not applicable

The situation of the Company's subsidiaries is detailed in "Section III Management Discussion and Analysis V. Main operating conditions during the reporting period (V) Investment Analysis".

3. Information of joint ventures and associated enterprises of the Company

Important joint ventures or associates of the Company are detailed in the notes

Applicable Not applicable

Related party transactions with the Company occurred in the current period, the information of other joint ventures or associated enterprises that have formed balances through related party transactions with the Company in the early stage is as follows

Applicable Not applicable

Name of joint venture or associated enterprise	Relationship with the Company
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	The Company holds 50% of its shares
Beijing Jiaju Technology Co., Ltd.	The Company holds 41% of its shares

Others

Applicable Not applicable

4. Conditions of other related parties

Applicable Not applicable

Names of other related parties	Relationship between other related parties and the Company
Meizhou Yuanling Investment Industry Co., Ltd.	Companies controlled by Yao Liangbai, a shareholder holding more than 5% of the shares
Wind Information Co., Ltd.	Company where independent director Qin Shuo serves as a director

5. Related party transactions

(1) Related party transactions for purchasing and selling goods, providing and receiving labor services

Table of Purchasing Goods/Accepting Labor Services

Applicable Not applicable

Unit: CNY

Related parties	Content of related party transaction	The amount incurred in current period	Approved transaction limit (if applicable)	Does it exceed the transaction limit (if applicable)	Amount incurred in last period
Beijing Jiaju Technology Co., Ltd.	Software service fee and information service fee	50,343,882.60		No	24,801,432.51
Wind Information Co., Ltd.	Software service fee			No	64,150.95

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Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	Property fees, publicity fees, and electricity fees	1,856,783.69		No	
Total		52,200,666.29			24,865,583.46

Selling goods/rendering labor service

√ Applicable Not applicable

Unit: CNY

Related parties	Content of related party transaction	The amount incurred in current period	Amount incurred in last period
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	Property management fees, electricity fees, water fees, and service fees	10,108,204.08	60,534.59
Total		10,108,204.08	60,534.59

Description of related party transactions for purchasing and selling goods, providing and receiving labor services

 Applicable Not applicable**(2) Related entrusted management/contracting and entrusted management/outsourcing situation**

Table of entrusted management/contracting situation of the Company:

 Applicable Not applicable

Description of related custody/contracting situation

 Applicable Not applicable

The Company's Entrusted Management/Outsourcing Situation

 Applicable Not applicable

Description of related management/outsourcing situation

 Applicable Not applicable**(3) Related leasing situation**

As the lessor, the Company:

√ Applicable Not applicable

Unit: CNY

Name of leasee	Types of leased assets	Confirmed rental income in the current period	Rental income recognized in the previous period
Meizhou Yuanling Investment Industry Co., Ltd.	Transport means	49,646.04	49,646.01
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	Houses and parking spaces	9,868,363.29	0.00
Total		9,918,009.33	49,646.01

As the lessee, the Company:

√ Applicable Not applicable

Unit: CNY

Name of lessor	Types of leased assets	Simplified rental fees for short-term leases and low value asset leases (if applicable)	Variable lease payments not included in the measurement of lease liabilities	Rent paid	Interest expense on lease liabilities assumed	Increased use rights assets

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				(if applicable)							
		The amount incurred in current period	Amount incurred in last period	The amount incurred in current period	Amount incurred in last period	The amount incurred in current period	Amount incurred in last period	The amount incurred in current period	Amount incurred in last period		
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	Booth rental	2,083,605.88				2,083,605.88					

Information of related leasing situation

 Applicable Not applicable**(4) Information of related party guarantee**

As the guarantor, the Company

 Applicable Not applicable

As the guarantor, the Company

 Applicable Not applicable

Description of related party guarantees

 Applicable Not applicable**(5) Related party fund borrowing and lending** Applicable Not applicable**(6) Asset transfer and debt restructuring of related parties** Applicable Not applicable**(7) Compensation for key management personnel** Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Compensation for key management personnel	22,781,662.23	22,403,023.49

(8) Other related party transactions Applicable Not applicable**6. Accounts receivable and payable to related parties****(1) Accounts receivable** Applicable Not applicable

Unit: CNY

Item Name	Related parties	Ending balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision

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					n
Accounts receivable	Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	19,322,987.20	4,167,968.34	0.00	/
Prepayments	Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	139,928.10	/	0.00	/
Prepayments	Beijing Jiaju Technology Co., Ltd.	349,433.96	/	0.00	/
Other receivables	Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	5,667,862.40	1,133,572.48	0.00	/
Other receivables	Meizhou Yuanling Investment Industry Co., Ltd.	56,100.00	11,220.00	0.00	/

(2) Accounts payable

√ Applicable □ Not applicable

Unit: CNY

Item Name	Related parties	Closing book balance	Opening book balance
Receipts in advance	Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	0.00	692,893.04

7. Related party commitments

□ Applicable √ Not applicable

8. Other

□ Applicable √ Not applicable

XIII. Share-based payments**1. Overall information of share-based payment**

√ Applicable □ Not applicable

Unit: share Currency: CNY

The total amount of various equity instruments granted by the Company in this period	1,210,697.00
The total amount of various equity instruments exercised by the Company in the current period	6.00
The total amount of various equity instruments that have expired in the current period of the Company	4,853,794.00
The range of exercise prices for stock options issued by the Company at the end of the period and the remaining term of the contract	The 16th meeting of the third board of directors of the Company reviewed and approved the <i>Proposal on Adjusting the List of Incentive Targets and Number of Options Granted for the First Time in the 2021 Stock Option Incentive Plan</i> , the <i>Proposal on Adjusting the Exercise Price of the 2021 Stock Option Incentive Plan</i> and the <i>Proposal on Granting Stock Options to Incentive Targets for the First Time</i> , agreed to grant 5,367,837 stock options to 510 incentive recipients on July 2, 2021, with an exercise price of CNY 146.97 per share. The exercise period is divided into two stages. Provided that the exercise conditions set by the company are met, from the first trading day 12 months after the completion date of the initial authorization of the stock option to the last trading day within 24 months after the completion date of the initial authorization of the stock option, the incentive targets may

	<p>exercise 50% of the total number of incentive stock options granted; from the first trading day 24 months after the grant date to the last trading day within 36 months from the grant date, the remaining 50% of the exercisable rights shall remain. During the period from the first grant date to the completion of stock option grant registration, 10 incentive recipients lost their eligibility to participate in this incentive plan due to reasons such as resignation, involving a total of 76,886 stock options. Therefore, the actual number of incentive recipients granted for the first time in this incentive plan is 500, and the actual number of stock options granted for the first time is 5,290,951. Where: a total of 2,645,604 stock options were granted to the incentive targets during the first stage of exercise, Due to resignation and unsatisfactory performance evaluation, 1,603,028 shares were cancelled. In the first stage, the non market unlocking conditions met the standards, and a total of 1,042,576 million shares were planned to be exercised. The exercise period was from September 21, 2022 to July 1, 2023, and 6 shares had been exercised as of December 31, 2022; In the second stage, a total of 2,645,347 stock options were issued. Due to resignation, 238,954 stock options in the second stage have been cancelled in 2022. As of December 31, 2022, all 2,406,393 pharmaceutical products have become invalid due to non market unlocking conditions not meeting the standards.</p> <p>The 23rd meeting of the third board of directors of the Company reviewed and approved the <i>Proposal on Granting Reserved Stock Options for the 2021 Stock Option Incentive Plan to Incentive Targets</i>, and agreed to grant CNY 1,232,055 pre reserved stock options to 174 incentive objects on June 23, 2022 as the grant date. During the period from the reserved grant date to the completion of stock option grant registration, three incentive objects lost their eligibility to participate in this incentive plan due to resignation or other reasons, involving a total of 21,358 stock options. Therefore, the actual number of incentive recipients granted this time is 171, and the actual number of stock options granted is 1,210,697, with an exercise price of CNY 145.22 per share. The exercise period is divided into two stages, provided that the exercise conditions set by the company are met.</p> <p>From the first trading day 12 months after the completion date of the initial authorization of the stock option to the last trading day within 24 months after the completion date of the initial authorization of the stock option, the incentive targets may exercise 50% of the total number of incentive stock options granted; from the first trading day 24 months after the grant date to the last trading day within 36 months from the grant date, the remaining 50% of the exercisable rights shall remain.</p> <p>Where: in the first stage, a total of 605,419 copies were released, but due to non market unlocking conditions not meeting the standards, they have all become invalid as of December 31, 2022.</p>
<p>The range of exercise prices for other equity instruments issued by the Company at the end of the period and the remaining term of the contract</p>	

2. Equity settled share-based payments

Applicable Not applicable

Unit: CNY

<p>Method for determining the fair value of equity instruments on the grant date</p>	<p>The fair value of stock options is estimated using the Black-Scholes stock option model</p>
--	--

Basis for determining the number of exercisable equity instruments	On each balance sheet date, the number of equity instruments that can be unlocked is confirmed based on subsequent information such as the latest changes in the number of incentive targets who have obtained feasible rights, assessment status, etc. After the implementation of the equity incentive plan, the expected number of unlocked equity instruments is consistent with the actual number of unlocked instruments.
Reasons for significant differences between the current estimate and the previous estimate	None
Accumulated amount of equity settled share-based payments recognized in capital reserve	10,514,852.83
The total amount of expenses recognized for equity settled share-based payments in this period	-1,220,603.57

3. Cash settled share-based payments

Applicable Not applicable

4. Modification and termination of share-based payment

Applicable Not applicable

5. Other

Applicable Not applicable

XIV. Commitment and contingency

1. Important commitments

Applicable Not applicable

2. Contingencies

(1) Significant contingencies on the balance sheet date

Applicable Not applicable

(2) The company should also provide a description if there are no important contingencies that need to be disclosed:

Applicable Not applicable

1. Other contingent liabilities and their financial impact

The Company and Shanghai Pudong Development Bank Co., Ltd. carry out the "Pudong Development Bank Quick Loan" business, where the Company recommends merchants to the bank and assumes a prudent recommendation obligation to the bank regarding the recommended merchant's repayment ability. If the loan of the merchant is overdue for 60 days (inclusive), it is deemed that the Company has not fulfilled the obligation of prudent recommendation, which constitutes a breach of contract. The bank has the right to directly deduct the prudent recommendation performance bond deposited by the Company to pay liquidated damages. The cumulative total amount of liability for breach of contract shall not exceed 2% of the cumulative total amount of loans of the merchant actually recommended by the bank to the Company. As of the end of the reporting period, the cumulative loan amount recommended by the Company to the bank for merchants was CNY 21.17 million. There has been no default on matured loans, and the outstanding loan balance was CNY 2,918,000. The Company has made a prudent recommendation liability loss based on the bank's provision for 1.5% loan impairment on normal loans. The provision amount is detailed in "Section X Financial Report VII, Notes to major items in the consolidated financial statements 50- Estimated Liabilities".

2. As of December 31, 2022, there are no other contingencies that need to be disclosed by the Company.

3. Other

Applicable Not applicable

XV. Events After the Balance Sheet Date

1. Important non adjustment matters

Applicable Not applicable

2. Profit distribution situation

√ Applicable Not applicable

Unit: '00 million Currency: CNY

Proposed profits or dividends to be distributed	10.75
Profit or dividend declared for distribution after review and approval	/

According to the profit distribution plan for 2022 passed at the board meeting of the company on April 25, 2023, the Company intends to distribute a total cash dividend of CNY 1.075 billion (tax inclusive) to all shareholders based on the total share capital on the registration date of equity distribution less the number of shares in the Company's share repurchase account, accounting for 40% of the net profit attributable to shareholders of the parent company in 2022. If the total share capital of the Company changes before the equity registration date for the implementation of equity distribution, the Company intends to maintain the total profit distribution unchanged and adjust the profit distribution ratio per share accordingly. This plan still needs to be reviewed and approved by the general meeting of shareholders.

3. Sales return Applicable Not applicable**4. Description of other events after the balance sheet date** Applicable Not applicable**XVI. Other important items****1. Correction of accounting errors in previous period****(1) Retrospective restatement** Applicable Not applicable**(2) Prospective application** Applicable Not applicable**2. Debt restructurings** Applicable Not applicable**3. Asset replacement****(1) Exchange of non-monetary assets** Applicable Not applicable**(2) Replacement of other assets** Applicable Not applicable**4. Pension plan** Applicable Not applicable**5. Discontinued operations** Applicable Not applicable**6. Segment information****(1) Basis for determining reporting segments and accounting policies** Applicable Not applicable**(2) Financial information of the reporting segment** Applicable Not applicable**(3) If the Company has no reporting segments or cannot disclose the total assets and liabilities of each reporting segment, the reason should be explained** Applicable Not applicable

The reasons why the Company did not prepare and present segment information reports are as follows:

1. The Company's main business is the production and sales of products such as cabinets, wardrobes, wooden doors, bathrooms, etc. According to the *Industrial Classification for National Economic Activities* issued by the National Bureau

of Statistics in 2017, the industry the Company is engaged in is the wooden furniture manufacturing industry (C211) in the furniture manufacturing industry (C21), and the company does not have multiple business situations;

2. The products produced by the company are all different products of customized furniture, with similar economic characteristics. The management considers this type of business to be managed as a whole, and some business expenses are incurred benefiting from various categories of products, making it impossible to evaluate the specific operating results of individual products.

(4). Other descriptions:

Applicable Not applicable

7. Other important transactions and matters that have an impact on investor decision-making

Applicable Not applicable

8. Other

Applicable Not applicable

XVII. Notes to Main Items of the Parent Company's Financial Statements

1. Accounts receivable

(1) Disclosure by aging

Applicable Not applicable

Unit: CNY

Aging	Closing book balance
within 1 year	
Where: sub items within 1 year	
within 1 year	978,445,389.08
Subtotal within 1 year	978,445,389.08
1-2 years	336,454,977.23
2-3 years	79,523,378.72
More than 3 years	
3-4 years	28,453,949.63
4-5 years	8,253,722.47
Over 5 years	8,553,285.59
Total	1,439,684,702.72

(2) Classified disclosure by bad debt provision method

Applicable Not applicable

Unit: CNY

Category	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Percentage of provision (%)		Amount	Proportion (%)	Amount	Percentage of provision (%)	
Single item provision for bad debts	94,518.266.26	6.57	68,124,192.24	72.08	26,394,074.02	43,592,586.33	4.04	30,514,810.43	70.00	13,077,775.90

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Of which:										
Bad debt reserve with draw n by portfolio	1,345,166,436.46	93.43	157,600,659.21	11.72	1,187,565,777.25	1,036,445,894.40	95.96	97,321,116.33	9.39	939,124,778.07
Of which:										
Total	1,439,684,702.72	100.00	225,724,851.45	15.68	1,213,959,851.27	1,080,038,480.73	100	127,835,926.76	11.84	952,202,553.97

Withdrawing bad debt reserves by individual item:

Applicable Not applicable

Unit: CNY

Name	Ending balance			Reason for provision
	Book balance	Bad debt provision	Percentage of provision (%)	
Engineering clients	94,518,266.26	68,124,192.24	72.08	Some engineering clients are unable to repay their due debts or have a downgrade in their credit rating
Total	94,518,266.26	68,124,192.24	72.08	/

Description of withdrawing bad debt reserves by individual item

Applicable Not applicable

Provision for bad debts by combination:

Applicable Not applicable

Portfolio provision item: expected credit loss

Unit: CNY

Name	Ending balance		
	Accounts receivable	Bad debt provision	Percentage of provision (%)
Engineering clients	1,222,050,018.19	139,524,468.74	11.42
Franchised dealers	64,275,805.01	8,289,718.47	12.90
Other clients	58,840,613.26	9,786,472.00	16.63
Total	1,345,166,436.46	157,600,659.21	11.72

Recognition criteria and instructions for withdrawing bad debts by combination:

Applicable Not applicable

If the provision for bad debts is made based on the expected credit loss general model, refer to the disclosure of other accounts receivable:

Applicable Not applicable

(3) Situation of bad debt reserves

Applicable Not applicable

Unit: CNY

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Category	Beginning balance	Current period change amount				Ending balance
		Provision	Return or reversal	Write-off or cancellation	Other changes	
Accounts receivable with single provision for bad debts	30,514,810.43	37,609,381.81				68,124,192.24
Bad debt reserve withdrawn by portfolio	97,321,116.33	61,804,592.76		1,525,049.88		157,600,659.21
Total	127,835,926.76	99,413,974.57		1,525,049.88		225,724,851.45

The amount of bad debt reserves recovered or reversed in the current period is significant:

Applicable Not applicable

(4) Actual verification of accounts receivable in the current period

Applicable Not applicable

Important accounts receivable verification status

Applicable Not applicable

(5) Accounts receivable from top five borrowers classified based on the ending balance

Applicable Not applicable

Unit: CNY

Company name	Ending balance	Proportion in the total ending balance of accounts receivable (%)	Bad debt provision of ending balance
Shanghai Aifeidi Building Materials Trading Co., Ltd	33,956,605.00	2.32	4,910,032.29
Shenzhen Evergrande Materials and Equipment Co., Ltd.	33,878,453.40	2.31	23,714,917.38
Shenzhen Lingchao Supply Chain Management Co., Ltd.	32,873,802.16	2.24	2,034,888.35
Guangzhou Yuantong E-commerce Technology Co., Ltd.	24,445,569.47	1.67	1,513,180.75
Shenzhen Branch of China Construction Science & Technology Group Co., Ltd.	22,208,196.28	1.52	1,374,687.35
Total	147,362,626.31	10.06	33,547,706.12

(6) Accounts receivable derecognized due to transfer of financial assets

Applicable Not applicable

(7) The amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

Applicable Not applicable

Other descriptions

Applicable Not applicable

2. List of other receivables

List of items√ Applicable Not applicable

Unit: CNY

Item	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividend receivable	0.00	0.00
Other receivables	6,733,661,374.43	5,433,781,485.95
Total	6,733,661,374.43	5,433,781,485.95

Other descriptions

 Applicable Not applicable**Interest receivable****(1) Classification of interest receivable** Applicable Not applicable**(2) Significant overdue interest** Applicable Not applicable**(3) Provision for bad debts** Applicable Not applicable

Other descriptions

 Applicable Not applicable**Dividend receivable****(4) Dividend receivable** Applicable Not applicable**(5) Important dividends receivable with an aging of over 1 year** Applicable Not applicable**(6) Provision for bad debts** Applicable Not applicable

Other descriptions

 Applicable Not applicable**Other receivables****(1) Disclosure by aging**√ Applicable Not applicable

Unit: CNY

Aging	Closing book balance
within 1 year	
Where: sub items within 1 year	
within 1 year	4,544,819,743.26
Subtotal within 1 year	4,544,819,743.26
1-2 years	1,432,560,353.41
2-3 years	661,358,189.62
More than 3 years	
3-4 years	97,776,776.45
4-5 years	868,619.25
Over 5 years	2,927,230.68
Total	6,740,310,912.67

(2) Classification by nature of funds

√ Applicable Not applicable

Unit: CNY

Nature of payment	Closing book balance	Opening book balance
Transactions with affiliated subsidiaries	6,558,275,532.55	5,354,618,237.38
Deposit	164,849,609.41	67,301,239.61
Business reserve fund	2,571,679.97	1,896,820.79
Security Deposits	8,392,507.56	8,616,326.79
Other	6,221,583.18	7,839,203.08
Total	6,740,310,912.67	5,440,271,827.65

(3) Provision for bad debts√ Applicable Not applicable

Unit: CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit loss (ECL) in the next 12 months	ECL over the entire duration (no credit impairment occurs)	Expected credit loss within whole duration (credit impairment has occurred)	
Balance as of January 1, 2022	6,090,933.37		399,408.33	6,490,341.70
Balance as of January 1, 2022 in the current period				
- Transfer to Phase II				
- Transfer to Phase III				
- Return to Phase II				
- Return to the Phase I				
Provision in current period	68,196.54		96,000.00	164,196.54
Reversals in the current period			5,000.00	5,000.00
Write-off in current period				
Canceled after verification in the current period				
Other changes				
Balance as of December 31, 2022	6,159,129.91		490,408.33	6,649,538.24

Description of significant changes in the book balance of other accounts receivable with changes in loss provisions in the current period:

 Applicable Not applicable

The basis for calculating the amount of bad debt reserves for the current period and evaluating whether the credit risk of financial instruments has significantly increased:

 Applicable Not applicable**(4) Information of bad debt reserves**√ Applicable Not applicable

Unit: CNY

Category	Beginning balance	Current period change amount				Ending balance
		Provision	Return or reversal	Write-off or cancellatio	Other changes	

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				n	
Single item provision for bad debts	399,408.33	96,000.00	5,000.00		490,408.33
Bad debt reserve withdrawn by portfolio	6,090,933.37	68,196.54			6,159,129.91
Total	6,490,341.70	164,196.54	5,000.00		6,649,538.24

The significant amount of bad debt reserves reversed or recovered in the current period: Applicable Not applicable

(5) Other accounts receivable actually written off in the current period

Applicable Not applicable

(6) Other accounts receivable with the top five ending balances collected by the debtor

Applicable Not applicable

Unit: CNY

Company name	Nature of payment	Ending balance	Aging	Proportion to the total ending balance of other accounts receivable (%)	Bad debt provision of ending balance
Qingyuan Oppein Integration Home Co., Ltd.	Transactions with affiliated subsidiaries	2,837,802,925.65	Within 2 years	42.10	
Chengdu Oppein Smart Home Co., Ltd.	Transactions with affiliated subsidiaries	1,357,874,413.14	Within 4 years	20.15	
Wuxi (Jiangsu) Oppein Integration Home Co., Ltd.	Transactions with affiliated subsidiaries	1,162,880,489.29	Within 2 years	17.25	
Tianjin Oppein Integration Home Co., Ltd.	Transactions with affiliated subsidiaries	393,786,809.62	within 1 year	5.84	
Guangzhou Oppein Home Design Institute Co., Ltd.	Transactions with affiliated subsidiaries	391,426,000.00	Within 3 years	5.81	
Total		6,143,770,637.70		91.15	

(7) Receivables involving government subsidies

Applicable Not applicable

(8) Other receivables derecognized due to transfer of financial assets

Applicable Not applicable

(9) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

Applicable Not applicable

Other descriptions

Applicable Not applicable

3. Long-term equity investments

Applicable Not applicable

Unit: CNY

Item	Ending balance			Beginning balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value

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		ir m en t pr ov isi on			ir m en t pr ov isi on	
Investment in subsidiaries	1,124,696,529.99		1,124,696,529.99	711,367,617.29		711,367,617.29
Investment in affiliated and joint ventures	10,518,308.44		10,518,308.44	15,543,367.11		15,543,367.11
Total	1,135,214,838.43		1,135,214,838.43	726,910,984.40		726,910,984.40

(1) Investment in subsidiaries

√ Applicable □ Not applicable

Unit: CNY

The invested company	Beginning balance	Increase in current period	Decrease in the current period	Ending balance	Pr ov isi on fo r im pa ir m en t in th e cu rr en t pe ri od	Cl os in g ba la nc e of im pa ir m en t pr ov isi on
Tianjin Oppein Integration Home Co., Ltd.	56,706,428.19		61,111.72	56,645,316.47		
Guangzhou Oppein Integration Home Co., Ltd.	53,817,062.09		44,274.90	53,772,787.19		
Guangzhou Oppein Sanitary Ware Co., Ltd.	17,448,629.40		170,605.07	17,278,024.33		
Guangzhou Ouboni Integration Home Co., Ltd.	8,688,544.94		91,186.75	8,597,358.19		
Oppein (Guangzhou) Soft Decoration Design Co., Ltd.	3,515,365.72		78,389.66	3,436,976.06		
Oppein (Hong Kong) International Trade Company Limited	21,432,084.32			21,432,084.32		
Wuxi (Jiangsu) Oppein	52,101,428.58	30,701.23		52,132,129.81		

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Integration Home Co., Ltd.						
Qingyuan Oppein Integration Home Co., Ltd.	100,658,748.30		158,743.81	100,500,004.49		
Oppein United (Tianjin) Home Sales Co., Ltd.	1,000,000.00			1,000,000.00		
OPPEINITALYACA DEMYS.R.L.	2,568,895.00			2,568,895.00		
Guangzhou Oppein Creative Home Design Co., Ltd.	3,682,525.33	55,759.36		3,738,284.69		
Chengdu Oppein Smart Home Co., Ltd.	100,197,905.42		3,235.98	100,194,669.44		
Meizhou Oppein Investment Industry Co., Ltd.	100,000,000.00			100,000,000.00		

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Guangzhou Oppein Home Design Institute Co., Ltd.	100,000,000.00			100,000,000.00		
Xingpai Commercial Property Management (Guangzhou) Co., Ltd.	3,400,000.00			3,400,000.00		
Wuhan Oppein Smart Home Co., Ltd.	86,150,000.00	413,850,000.00		500,000,000.00		
Zhuhai Oppein Creative Home Design Co., Ltd.						
Total	711,367,617.29	413,936,460.59	607,547.89	1,124,696,529.99		

(2) Investment in affiliated and joint ventures

√ Applicable □ Not applicable

Unit: CNY

Investor	Beginning balance	Increase or decrease in current period							Ending balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Changes in other interests	Declare cash dividends or profits	Impairment provision		
I. Joint ventures										
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.	12,328,756.91		3,500,000.00	8,828,756.91	-					0.00
Sub-total	12,328,756.91		3,500,000.00	8,828,756.91	-					
II. Associated enterprise										
Beijing Jiaju Technology Co., Ltd.	3,214,610.20			7,303,698.24						10,518,308.44
Sub-total	3,214,610.20			7,303,698.24						10,518,308.44
Total	15,543,367.11		3,500,000.00	1,525,058.67	-					10,518,308.44

4. Operating income and operating cost**(1) Operating income and operating cost**√ Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period		Amount incurred in last period	
	Income	Cost	Income	Cost
Main business	10,835,087,887.82	8,542,342,870.66	10,268,664,320.18	7,889,158,909.12
Other businesses	493,238,032.66	484,141,214.64	472,355,588.10	446,277,615.22
Total	11,328,325,920.48	9,026,484,085.30	10,741,019,908.28	8,335,436,524.34

(2) Information of income generated by the contract

Applicable Not applicable

(3) Description of performance obligations

Applicable Not applicable

As of December 31, 2022, the corresponding transaction price for performance obligations that have been signed but have not yet been fulfilled or completed was CNY 600,606,528.86. Revenue is expected to be recognized between 2023 and 2024.

(4) Description of allocation to remaining performance obligations

Applicable Not applicable

5. Investment income

Applicable Not applicable

Unit: CNY

Item	The amount incurred in current period	Amount incurred in last period
Income from long-term equity investment accounted with cost method	0.00	0.00
Long-term equity investment income accounted by Equity method	-1,525,058.67	-6,461,645.66
Investment income from disposal of long-term equity investment	0.00	0.00
Investment income during the holding of transactional financial assets	0.00	0.00
Dividend income obtained from other equity instrument investments during the holding period	106,575.00	203,000.00
Interest income obtained from debt investments during the holding period	0.00	0.00
Other interest income obtained from debt investments during the holding period	0.00	0.00
Investment income from disposal of trading financial assets	6,061,357.32	2,512,753.42
Investment income from disposal of other equity instrument investments	0.00	0.00
Investment income from disposal of debt investments	0.00	0.00
Investment income from disposal of other debt investments	0.00	0.00
Profits on debt restructuring	0.00	0.00
Cost method accounting for dividend income during the holding period of long-term equity investments	700,000,000.00	0.00
Total	704,642,873.65	-3,745,892.24

6. Other

Applicable Not applicable

XVIII. Further information**1. Detailed statement of profits and losses and losses for the current period**

Applicable Not applicable

Unit: CNY

Item	Amount	Notes
Profits and losses on disposal of non-current assets	-267,179.73	/
Ultra vires examination and approval, or no formal approval documents, tax		/

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Item	Amount	Notes
return, reduction and exemption		
Government subsidies included in the current profits and losses (closely related to enterprise business, except for government subsidies enjoyed in accordance with national unified standards or quotas)	106,255,630.20	/
Capital occupancy fees charged to non-financial enterprises included in current profits and losses		/
The investment cost of subsidiaries, associates and joint ventures obtained by the enterprise is less than the income from the fair value of the identifiable net assets of the investee at the time of obtaining the investment		/

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Item	Amount	Notes
Profits and losses on non-monetary asset exchange		/
Profits and losses from entrusting others to invest or manage assets		/
Provision for impairment of assets due to force majeure, such as natural disasters		/
Profits and losses on debt restructuring		/
Enterprise restructuring costs, such as expenses for resettling employees and integration costs		/
Profits and losses exceeding fair value arising from transactions with significantly unfair transaction prices		/
Current net profits and losses of subsidiaries arising from business merger under the same control from the beginning of the period to the merger date		/
Profits and losses arising from contingencies unrelated to the normal business operation of the Company		/
In addition to the effective hedging business related to the normal business of the Company, the profits and losses from changes in fair value arising from the holding of 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 creditor's rights investments	-15,064,653.29	/
Reversal of provision for impairment of receivables and contract assets subject to independent impairment test		/
Profits and losses from entrusted loans		/
Profits and losses arising from changes in the fair value of investment real estate measured subsequently using the fair value model		/
The impact of one-time adjustment of current profits and losses on current profits and losses according to the requirements of tax, accounting and other laws and regulations		/
Custody fee income from entrusted operation		/
Other non-operating income and expenses other than the above items	11,468,590.83	/
Other profit and loss items that meet the definition of non-recurring profits and losses	19,781,431.38	/
Less: income tax impact	26,077,389.56	/
Minority interest impact	10,284.10	/
Total	96,086,145.73	/

The reasons shall be explained for the non-recurring profits and losses defined by the Company in accordance with the definition of *Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public No.1 - Non-recurring Profits and Losses*, and the non-recurring profits and losses listed in *Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public No.1 - Non-recurring Profits and Losses* as recurring profits and losses.

Applicable Not applicable

2. Net return on assets and earnings per share

Applicable Not applicable

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to common shareholders of the Company	17.37	4.41	4.38
Net profit attributable to common shareholders of the Company after deducting non-recurring profits and losses	16.75	4.26	4.22

3. Differences in accounting data under domestic and foreign accounting standards

Applicable Not applicable

4. Other

Applicable Not applicable

Chairman: Yao Liangsong

Approval and submission date of the board of directors: April 24, 2023

Revision Information

Applicable Not applicable