

Company Code: 600469

Company abbreviation: Fengshen

Feng Shen Tire Company Limited Annual Report 2022



Important Tips

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

II. All directors of the company attended the board meeting.

3. Lixin CPA (Special General Partnership) issued a standard unqualified audit report on the Company.

4. Wang Jianjun, the person in charge of the company, Wang Xiaoliu, the person in charge of accounting work, and Du Lihong, the person in charge of accounting institution (accounting officer in charge), declare that they guarantee the truthfulness, accuracy and completeness of the financial report in the annual report.

V. Proposed distribution of profits or proposed transfer of capital from provident funds for the current reporting period as resolved by the Board of Directors

According to the resolution of the Sixteenth Meeting of the Eighth Session of the Board of Directors of the Company on April 28, 2023, the Company will distribute a cash dividend of RMB0.5 (including tax) for every 10 shares to all shareholders based on the total share capital of 729,450,871 shares on the date of registration of the implementation of the equity distribution, with a total proposed cash dividend of RMB36,472,543.55 (including tax). There will be no bonus share distribution and no capitalization of capital reserve for the year.

After the announcement of the Company's profit distribution plan and before its implementation, if there is any change in the share capital of the Company that can participate in the profit distribution, it is proposed to adjust the total amount of distribution accordingly in accordance with the same distribution ratio per share.

VI. Risk statement for forward-looking statements

✓Applicable ☐ Not applicable

The future plans, development strategies and other forward-looking statements covered in this report do not constitute material commitments by the Company to investors, and investors are advised to be aware of the investment risks.

VII. Whether there is non-operating appropriation of funds by controlling shareholders and other related parties No

VIII, Whether there is a violation of the prescribed decision-making procedures to provide external guarantees No

IX, Is there any case where more than half of the directors cannot guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the company No

X. Significant Risk Warning

During the reporting period, there were no particularly significant risks that could have a material impact on the Company's production and operation. The Company has described the possible risks in detail in this report, please refer to the relevant content of "Possible Risks" in "Section III Management Discussion and Analysis" of this report.

XI. Other

☐Applicable ☒Not applicable

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Catalog of available documents	Contains the signature and seal of the person in charge of the company, the person in charge of accounting work, and the person in charge of the accounting institution The financial statements.
	The original copies of all company documents and the manuscripts of announcements that have been publicly disclosed during the reporting period.

Section I Interpretation

I. Interpretation

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

Commonly used word definitions		
China Securities Regulatory Commission	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
Corporate Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
The Company, the Company, Fengshen Co.	Refers to	Fengshen Tire Co.
China Sinochem	Refers to	China Sinochem Holdings Limited Liability Company
Rubber Company	Refers to	China Chemical Rubber Co.
Section II Company Profile and Key Financial Indicators		
I. Company Information		
Base	Refers to	Fengshen Tire (Taiyuan) Co.
Chinese name of the company	Refers to	Fengshen Tire Co.
Chinese abbreviation of the company	Refers to	Fengshen shares
Wind God (Hong Kong)	Refers to	Fengshen Tire (Hong Kong) Co
Foreign language name of the company	Refers to	AEOLUS TYRE CO.,LTD.
Abbreviation of the company's foreign name	Refers to	AEOLUS
Pirelli	Refers to	Pirelli Tyre S.p.A
Legal representative of the company	Refers to	Wang Jianjun
Prometeon Tyre Group, PTG	Refers to	Prometeon Tyre Group Lr.L.

II. Contact person and contact information

		Board	Securities Representative
Pirelli (Jiaozuo)	Refers to	Pirelli Tyre (Jiaozuo) Co	
Name	Linlin Zhang		Sun Jing
Contact Address	No.48 Jiao Dong Nan Road, Jiaozuo		No.48, Jiao Dong Nan Road,
Designated Information Disclosure Media	City, Henan Province, China	Henan Securities Journal, Shanghai Securities News, Shanghai Stock Exchange website	Jinghua Securities News, China
Phone	0391-8999080		0391-3999080
Reporting Period	0391-8999080		0391-3999080
E-mail	company@aeolustyre.com		company@aeolustyre.com

III. Basic Information Introduction

End of reporting period	Refers to	December 31, 2022
Company Registered Address	Refers to	No.48, Jiao Dong Nan Road, Jiaozuo City, Henan Province, China
Historical change of the company's registered address		Not applicable

Company Office Address	Report No. 48, Jiao Dong Nan Road, Jiaozuo City, Henan Province, China
Postal code of the company's office address	454003
Company Website	http://www.aeolustyre.com
E-mail	company@aeolustyre.com

IV. Disclosure of information and location of availability

Name and website of the media in which the company discloses its annual report	China Securities Journal https://www.cs.com.cn/ , Shanghai The Securities Journal" https://www.cnstock.com/
Website of the stock exchange where the company discloses its annual report	www.sse.com.cn
The place where the company's annual report is filed	Corporate Investor Relations Management Department

V. Brief description of the company's stock

Company stock profile				
Stock Types	Stock exchange listing	Stock short name	Stock Code	Stock short name before change
A shares	Shanghai Stock Exchange	Fengshe n shares	600469	G Wind God

VI. Other relevant information

Accounting firm engaged by the company (domestic)	Name	Lixin CPA (Special General Partnership)
	Office Address	4F, No. 61 Nanjing East Road, Huangpu District, Shanghai
	Name of Signing Accountant	Dong Hongjun, Huang Fazhou

VII. Major accounting data and financial indicators for the past three years (i) Major accounting data

Unit: Yuan Currency: RMB

Key Accounting Data	2022	2021	Current period over previous year Year-over- year increase/decr ease (%)	2020
Operating income	4,987,894,009.26	5,557,572,578.05	-10.25	5,578,726,789.65
Net attributable to shareholders of listed companies Profits	84,521,408.26	-109,024,869.62	Not applicable	201,089,061.22
Deductions attributable to shareholders of listed companies Net profit before recurring gains and losses	50,839,079.12 7 / 345	-122,698,414.51	Not applicable	168,200,894.03
Cash flows from operating activities Net	450,624,239.68	247,019,864.32	82.42	439,184,999.89

(ii) Key financial indicators

Key Financial Indicators	2022	2021	Current period compared to the same period of the previous year Period increase/decrease (%)	2020
Basic earnings per share (yuan/share)	0.12	-0.15	Not applicable	0.35

Diluted earnings per share (yuan/share)	0.12	-0.15	Not applicable	0.35
Basic per after non-recurring gains and losses Share earnings (yuan/share)	0.07	-0.17	Not applicable	0.29
Weighted average return on net assets (%)	3.11	-3.87	Increase of 6.98 hundred Points	9.01
Weighted average after non-recurring gains and losses Return on average net assets (%)	1.87	-4.35	Increase of 6.22 hundred Points	7.53

Description of the main accounting data and financial indicators of the company for the previous three years at the end of the reporting period

☐Applicable ☒Not applicable

VIII. Differences in accounting data under domestic and foreign accounting standards

(i) Differences in net profit and net assets attributable to shareholders of the listed company in the financial reports disclosed simultaneously in accordance with IAS and in accordance with PRC GAAP

☐Applicable ☒Not applicable

(ii) Differences in net profit and net assets attributable to shareholders of the listed company in financial reports disclosed simultaneously in accordance with overseas accounting standards and in accordance with PRC accounting standards

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

ix. quarterly key financial

data for 2022

Unit: Yuan Currency: RMB

	First Quarter (January - March)	Second quarter (April-June)	Third Quarter (July-September)	Fourth Quarter (October- December)
Operating income	1,052,909,208.35	1,338,388,706.18	1,351,058,118.60	1,245,537,976.13
Attributable to shareholders of listed companies	-41,254,837.56	52,134,365.68	52,486,701.18	21,155,178.96
Net profit of				
Excluding non-recurring gains and losses attributable to shareholders of the listed company	-45,715,188.56	33,456,190.84	45,300,192.33	17,797,884.51
Explanation of differences between quarterly data and disclosed periodic reports				
Net profit after	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable			
Cash generated from operating activities	43,856,333.48	124,869,365.32	244,681,841.63	37,216,699.25
Non-recurring gain or loss items and amounts				
Net profit after	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable			

Non-recurring gain or loss items	Report Amount in 2022	Note (As appropri ate (Use)	2021 Amount	Amount in 2020
Gain or loss on disposal of non-current assets	9,375,037.11		10,150,403.21	64,737.48
The approval is ultra vires, or there is no official approval document, or occasional tax rebate or reduction. Free				

Government subsidies that are recognized in current profit or loss but are closely related to the Company's normal business operations, in accordance with national policies, and continuously enjoyed in accordance with certain standards or quotas Except for government grants of	11,007,410.50		9,950,685.37	30,823,474.36
To non-financial enterprises included in current profit or loss Funds occupancy fees charged				
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than the identifiable cost of the investee at the time the investment is acquired. Gain arising from fair value of recognized net assets				
Gain or loss on exchange of non-monetary assets				
Losses from entrusting others to invest or manage assets Benefit				
Allowance for impairment of various assets due to force majeure factors, such as natural disasters Preparation				
Gain or loss on debt restructuring	952,648.12		190,529.89	
Enterprise restructuring costs, such as the resettlement of employees Expenses, integration costs, etc.				
Transactions arising from a transaction at an unfair price Gain or loss in excess of fair value of				
Net loss for the period from the beginning of the period to the date of consolidation of a subsidiary resulting from a business combination under common control Benefit				
not related to the company's normal business operations or Gains or losses arising from				

transactions	Report			
In addition to effective hedging activities related to the Company's normal business operations, gains or losses from changes in fair value of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other Investment income earned on debt investments				
Receivables individually tested for impairment Item, reversal of provision for impairment of contract assets	2,683,702.23		1,020,455.40	
Gains or losses on external entrusted loans				
Changes in the fair value of investment properties subsequently measured using the fair value model Gains and losses arising from operations				
One-time profit or loss for the current period in accordance with the requirements of taxation, accounting and other laws and regulations Effect of adjustments on current profit or loss				
Custodian fee income earned from entrusted operations	962,264.15		1,007,547.17	170,754.72
Outside of business other than the above Revenue and Expenses	15,154,668.82		-6,680,915.00	8,381,239.62
Others that meet the definition of non-recurring gains or losses Profit and loss items				

Less: Income tax effect amount	6,453,401.79		1,965,161.15	6,552,038.99
Effect of minority interests (tax) (after)				
Total	33,682,329.14		13,673,544.89	32,888,167.19

For non-recurring gains and losses defined by the Company in accordance with the definition of "Interpretive Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Gains and Losses

Recurring items of profit or loss, and items that define non-recurring items of profit or loss listed in "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" as recurring items of profit or loss, should explain the reasons.

☐Applicable ☒Not applicable

XI, Items measured using fair value

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Project Name	Opening balance	Closing balance	Current period change	Effect on current period profit Amount of impact
Receivables financing	633,869,395.58	298,776,868.19	-335,092,527.39	
Investments in other equity instruments	3,230,000.00	2,660,000.00	-570,000.00	
XII. Other				
Total	637,099,395.58	301,436,868.19	-335,662,527.39	

☐Applicable ☒Not applicable

Section III Management Discussion and Analysis

I. Discussion and Analysis of Business Conditions

In 2022, the international environment will become more complex and severe, with the overlap of factors such as global counter-globalization and continued high shipping costs, accelerating the repositioning of the global supply chain; the continued promotion of the domestic "carbon peak, carbon neutral" dual carbon policy and energy and environmental protection control measures; the tire industry's upstream raw materials such as carbon black prices have skyrocketed, and enterprises' operating costs have remained at historically high levels with limited transmission to the downstream market. Operating costs have been at a historically high level, with limited transmission to the downstream market. In the face of severe external challenges, the company further increased the adjustment of product structure and market structure, and actively promoted marketing innovation, technological innovation and management innovation during the reporting period, which significantly increased the proportion of products and markets with better profitability and helped improve the company's profitability.

In 2022, the Company achieved operating revenue of RMB 4,988 million, down 10.25% year-on-year, and net profit of RMB 0.85 billion, turning a loss into a profit for the year. The main work carried out by the Company is as follows:

1、Implement market restructuring and promote fleet digital system

The domestic radial tire repair market, 2022 focus on promoting the "9 +1" region sales increase and brand product channel combination strategy implementation. 2022 "9 +1" region is expected to achieve sales accounted for 58%, an increase of 5% year-on-year. We will increase the strategic investment in fleet business, promote the construction of customer service force with "Windwise" intelligent tires and fleet service system as the core, and actively promote the truckless carrier platform and total cost of ownership (TCO) business, so that the large fleet KA business will achieve sales growth of more than 20% in 2022.

In the domestic radial tire supporting market, we actively adjust the supporting product structure, concentrate resources to key customers and transform to high-end products. At the same time, we focus on developing all-terrain crane customers and special tire business, and actively develop international top host supporting plants to enter the world-class circle of friends.

The domestic hydropower mining market, the proportion of non-installed sales increased significantly. 2022 domestic engineering tire repair market annual non-installed sales accounted for 65%, sales increased 16% year-on-year.

We will set up localized sales teams in overseas markets to realize the change from simple export mode to localized sales mode and from single channel to multi-channel strategy. Continue to improve the sales ratio of high-end products, in 2022, the sales of high-end radial tire series will increase by 10% year-on-year; the proportion of high-end products will be 21%, up 7% year-on-year; the sales of radial engineering tires above 49 inches will increase by 105.7% year-on-year.

2、Promote the digitalization of information technology and optimize the details of business management

In terms of intelligent business, we promote the intelligent tire fleet management system (radial tire) of Windwise project; in the hydropower mining market, we put online the intelligent tire mining management system (engineering tire) and intelligent tire market testing system, and provide corresponding WeChat mini-programs for different systems to facilitate the promotion and application of engineering tires and giant tires in the hydropower mining scenario. For the integration of sales, market channels, logistics delivery, inventory, demand and other whole chain management data, the development of multi-dimensional intelligent analysis charts, the construction of a successful unified standard comprehensive domestic marketing data analysis platform, digital means to support the work of the sales front line in all aspects, to provide data support for the company's marketing decisions at all levels (company level, marketing business units, sales regions), to provide wholesalers with sales Data analysis services for wholesalers.

In terms of intelligent manufacturing, we have established a giant tire production control system, and in promoting the PTG 4.0 PRO digitalization project Fengshen localization, we have realized the automatic cleaning, sorting, uploading, statistical analysis, business function visualization and other functional modules of the historical data of the production control system, which are now applied to the daily work of the semi-finished product laboratory and quality control profession. Data-oriented application development: With the completeness of Python software in the field of data science and the convenience of application development and other features, we have developed WEB applications for data sharing, data collection, and office automation, which both empower business to improve management efficiency and promote the application of digital transformation of front-line basic work.

3、In-depth promotion of comprehensive benchmarking, grasp the quality and efficiency

In 2022, with "6+X" as the direction, benchmarking topics as the platform and management salon activities as a powerful grip, the benchmarking work has achieved the improvement of product quality, production management, health and environmental protection and equipment efficiency. The manufacturing system uses "matrix benchmarking" to output 32 factory-level and 157 process-level indicators, covering the whole process of tire manufacturing, which strongly supports the achievement of the company's targets.

Improve quality and reduce costs to see results. By optimizing the market, customer and product structure and strengthening cost control, we cut costs by more than 100 million yuan. The company set up a procurement task force and formulated more than 60 raw material supplier development plans to ensure no less than 3 or more qualified suppliers for each specification of major raw materials.

4、Implement talent plan to improve employee skills

In 2022, the company set up a special class for human resources change, in accordance with the "special class + project cluster" model to promote a total of output job descriptions. We have 12 key projects, including the compilation and application of the HR book, HR digital platform, ranking system construction, talent pool and succession plan. Starting from the structural problems faced by the company's Human Resources Department, we will improve the management of HR modules and organizations, enhance organizational effectiveness, improve the company's organizational capabilities, and support the implementation of the company's strategies.

Overall, in 2022, in the face of unfavorable conditions such as high raw material prices, energy

Report
prices and shipping costs, the Company actively adjusted its market structure, made good efforts to reduce costs and increase efficiency, continuously promoted technological innovation, and strived to improve its operations to ensure smooth and orderly operations.

II. Industry in which the

Company operates during the reporting period 1. Operating costs remain high

2022, by the domestic energy consumption double control, power coal prices and other factors, the tire industry enterprises production costs continue to go

High. Although domestic and foreign tire companies in the cost pressure are different levels of price increases, but due to the downstream automotive and construction machinery industry market downturn conditions, market demand is reduced, the market wholesale prices and retail prices can not rise, resulting in lower channel profits.

2、Overall sea freight is in a downward trend

In 2021, the domestic tire industry exports have experienced container shortage, Los Angeles port congestion, Suez Canal blocking ships and other domestic and international shipping adverse factors, shipping rates have seen a significant surge. 2022, the beginning of the gradual liberalization of control measures in many countries, ship quasi-class rate and turnover efficiency has rebounded significantly, shipping prices generally fell from last year's high.

3, green and intelligent into the industry development direction

Increasingly fierce market competition, the application of upgraded technology and people's attention to environmental protection are driving the tire industry to gradually move toward green and intelligent. Green, intelligent tires are bound to become the mainstream tire industry, so lower noise, better reduce the fuel consumption of cars, taking into account the tire's whole life cycle of tracking, analysis, management of intelligent services will be the focus of future competition in the tire industry.

4、International layout accelerated

With the gradual expansion of the scope of anti-dumping in the world trade, coupled with the impact of international trade barriers such as the trade war between China and the United States, the domestic tire enterprises export situation is serious, the domestic tire enterprises exports bring greater challenges, internationalization has been an important expansion direction of the tire industry. Many domestic tire enterprises by grasping the national "Belt and Road" policy opportunities, overseas production capacity layout, to avoid trade barriers, to further enhance the influence and competitiveness of Chinese tires in the global market.

III. Businesses engaged by the Company during the reporting period

(i) Main business engaged by the company

The company was founded in 1965 and is a large listed tire company held by China Sinochem Holdings Limited, one of the **"World's Top 500" companies**. The company is an advanced enterprise in lean six sigma promotion in the domestic tire industry: it was awarded the advanced unit of environmental protection in the national petroleum and chemical industry in **the** 12th Five-Year Plan, and represented Chinese enterprises to attend the 3rd United Nations Green Industry Conference and made a typical speech. **"Green Factory"** and **"Green Supply Chain Management Enterprise"** of **China's chemical industry in 2020**; **"Best Supplier of 2022"** and **"Excellent Supplier of 2022 After-sales Service"** of Dongfeng Commercial Vehicle in 2022. In 2022, we were awarded **"2022 Best Supplier"** and **"2022 Excellent Supplier of After-sales Service"** by **Dongfeng Commercial Vehicle**.

The company mainly produces many brands such as "Feng Shen", "Wind Power", "Ka Zhi Li" and "Henan". The company is a strategic supplier of XCMG, LONGGONG and other domestic construction machinery vehicle production giants, a strategic supplier of tires for Dongfeng Commercial Vehicle Company, a supplier of tires for Mercedes-Benz Daimler, a world-renowned medium and heavy truck manufacturer, and a supporting supplier for VOLVO and other global construction equipment companies. The company's tire products sell well in more than 140 countries and regions around the world, and the price level of products in overseas markets, especially in many high-end markets in Europe and the United States, ranks among the top products in China.

Ltd., Fengshen Tire (Hong Kong) Co., Ltd., Aeolus Tire (Canada) Inc. and Aeolus Tire (Russia) LLC. 100% equity interest, 20% equity interest in Pirelli Tire (Jiaozuo) Ltd. and 10% equity interest in PTG, and signed an equity trusteeship agreement and a supplementary agreement with the rubber company to manage a total of 90% equity interest in PTG in trust. Ltd. and 10% of PTG, and signed a shareholding trust agreement and a supplementary agreement with Rubber Company to manage a total of 90% of PTG's shares in trust. By carrying out a series of business integration, we will accelerate the pace of transformation and upgrading of the enterprise, accelerate the internal development of the enterprise, and continue to provide high-quality products and efficient services to domestic and foreign customers.

(II) The company's

business model 1.

Procurement model

The company adopts two modes of centralized and unified centralized management and independent procurement, and the procurement categories include natural rubber, synthetic rubber, steel cord, carbon black and other raw and auxiliary materials, while implementing a strict supplier management system (including supplier access, withdrawal and process control, etc.) The main bulk raw materials are purchased through the Great Wall E-commerce platform with unified price comparison, the historical record data can be checked and traced, and the process can be controlled, which is

conductive to the company to reduce procurement costs and improve economic efficiency. Synthetic rubber is mainly procured through long-term strategic partners such as PetroChina and Sinopec; natural rubber is mainly procured through the way of e-commerce platform, implementing a flexible procurement method combining forward and spot according to market changes, implementing uneven procurement strategy, and procuring from high-quality rubber-producing areas such as Thailand. The company has a stable supply channel of raw materials at home and abroad, and the procurement cost can be controlled.

2、Production mode

The company adopts the production mode of "production by sales, promotion by production and balance between production and sales" by combining the characteristics of production capacity, product process and product structure, and according to the demand of downstream customers in the tire market and the forecast judgment of the market. The company has advanced industrial tire production equipment, imported Pirelli tire manufacturing process technology, benchmarking with the industry, giving full play to its own advantages, implementing continuous improvement, optimizing core equipment, forming a perfect high-end production capacity of industrial tires; at the same time, adopting lean production tools and information management means to monitor production resources dynamically, deployment, collaborative operation, in order to improve the efficiency of production operations; increase the application of advanced technology means in The company also adopts lean production tools and information management tools to monitor, deploy and collaborate with production resources in order to improve the efficiency of production operation.

3、Sales model

The company uses different sales models for different market segments, including:

(1) Direct sales model:

Domestic direct sales customers are mainly the host supporting factories of trucks and buses and construction machinery vehicles. The company relies on the domestic leading technology and service strength, for many years in the truck and bus and construction machinery vehicle manufacturers to occupy a dominant supporting position. The company has a professional supporting marketing team, focusing on the downstream supporting market, providing a full range of products and services to key OEMs, and has long been recognized by the OEMs.

(2) Distributor sales model:

Export Market: The company has 6 major marketing regions overseas, targeting North America, Latin America, Europe, Middle East Africa, Asia Pacific and CIS and other markets. At present, the company has more than 300 overseas primary dealers, and the sales scope of products covers most of the countries and regions in the world.

Replacement market: Domestic regions are sold according to distribution networks, and currently more than 200 primary distributors are developed in all provinces of the country, realizing the overall layout of domestic sales channels and service networks. The company carries out centralized and collaborative management to maximize the advantages of each brand in different market segments, and develops new products in a customized and targeted manner through research and judgment of market demand to quickly gain more market share.

IV. Analysis of core competitiveness during the reporting period

√Applicable □ Not applicable

The company seizes the opportunity of market development and continues to innovate and develop, and its products are sold well in many countries and regions around the world. After years of accumulation and precipitation, the company has formed the following core competitive advantages:

(A) has a high visibility in the global tire brand

The company attaches great importance to brand building and increasingly consolidates market channels. In 2020, the company was awarded "Green Factory" and "Green Supply Chain Management Enterprise" in China's chemical industry; in 2022, the company was awarded "Best Supplier of 2022" and "Excellent Supplier of 2022 After-sales Service" by Dongfeng Commercial Vehicle. In 2020, the company was awarded "Green Factory" and "Green Supply Chain Management Enterprise" in China's chemical industry; in 2022, the company was awarded "2022 Best Supplier" and "2022 Excellent After-Sales Service Supplier" by **Dongfeng** Commercial Vehicle. With the business synergy with PTG, the company has formed the advantage of multi-gradient and multi-brand promotion, and its brands are clearly positioned and complementary, covering various industrial tire market segments, meeting the needs of different markets for products with different price levels and functions, and providing integrated value-added services for customers.

(II) Good R&D platform and technological innovation capability

The company is a national high-tech enterprise, a national technology innovation demonstration enterprise, with national enterprise technology center, post-doctoral research station and other scientific research platform, through independent innovation, technology introduction and the combination of "industry, academia and research" and other ways to continuously improve the company's scientific and technological innovation capacity and technology research and development level.

The company signed the Patent and Proprietary Technology License Agreement with Pirelli and the Technical Assistance Agreement with PTG. At present, Pirelli industrial tire technology is being transferred to the ground in an orderly manner, accelerating the pace of the company's advancement to a world-class tire enterprise.

The company has a large number of core technologies such as the R&D and manufacturing technology of giant engineering radial tires, the design and manufacturing technology of wide

base ultra-low profile tubeless radial tires, the design and manufacturing technology of ultra-low rolling resistance green tires, and the design and manufacturing technology of intelligent tires. The total number of patents owned by the enterprise is 347, presiding over and participating in 1 international standard, 89 national standards and 16 industry standards.

(iii) Have a full range of industrial tires product manufacturing and service capabilities

The company has the ability to manufacture medium and high-end tires, and besides producing its own brand, it also processes high-end industrial tires of Pirelli brand on behalf of the company.

The company has developed a long-term product enhancement plan around the multi-gradient brand strategy to provide high-end and cost-effective industrial tires for different customer groups in the market. Through the integration and upgrading of Pirelli tire manufacturing technology, we have launched new products such as "Neo" series, new lightweight and fuel-saving tires, green fuel-saving tires, and "KAZI" series, which have become the strong support points for the company's export, supporting and replacement markets. It has become a strong support point for the growth of the company's export, supporting and replacement markets. In the radial engineering tyre, we are also trying to develop various new products, and in 2022, Fengshen radial engineering tyre 59/80R63 "Giant" was successfully launched in Jiaozuo base, which marks a milestone for Fengshen to "be the global industrial tyre 'quality' leader". This milestone marks an important step towards "being the global industrial tire 'quality' leader".

(iv) Advanced quality management system and product performance certification

The company takes quality as the center, insists on green manufacturing and sustainable development, and implements total quality management. The company has passed ISO9001 quality system, IATF16949 system, ISO14001 environmental management system, OHSAS18001, GB/T23331-2012 energy management system, and the company has also passed the ISO9001 quality system.

The company has obtained 16 certifications, including ISO10012:2003, ISO/IEC17025, DOT, and ECE. Guided by the technical standards of the global high-end market, our products have been certified by SMARTWAY in the USA.

We have obtained B/C grade in the EU labeling law test, and the noise has reached the second stage limit value requirement of the EU labeling law, which is one of the few companies in the industry that can reach and pass the above international certification standards.

(E) A full range of market channels and network layout

The company has established a "trinity" market channel and sales network of export market, supporting market and replacement market to achieve complementary advantages and business synergy. The export market covers the global marketing markets of North America, Latin America, Europe, Middle East, Africa, Asia Pacific and CIS, with products sold to more than 140 countries and regions. In the ancillary market, we supply directly to more than 20 leading automobile and construction machinery OEMs, such as Dongfeng Motor and XCMG. In the maintenance market, we have formed a marketing system based on dealer wholesale and listed store retail, and our sales network covers the whole country.

V. Major operations during the reporting period

During the reporting period, the Company achieved a cumulative operating revenue of RMB 4,988 million, a decrease of 10.25% year-on-year, and a net profit of RMB 85 million.

The year-over-year increase was

RMB194 million, resulting in a

reversal of losses. (I) Analysis

of main business

1. Analysis of changes in the income statement and related accounts in the cash flow statement

Unit: Yuan Currency: RMB

Subjects	Number of current period	Year-earlier period	Percentage of change (%)
Operating income	4,987,894,009.26	5,557,572,578.05	-10.25
Operating Costs	4,294,447,521.09	4,989,614,733.24	-13.93
Selling expenses	136,514,972.56	151,238,294.72	-9.74
Overhead	152,844,070.14	176,042,759.95	-13.18
Finance costs	4,642,999.09	33,775,153.99	-86.25
R&D expenses	232,343,270.09	256,167,139.32	-9.30
Net cash flows from operating activities	450,624,239.68	247,019,864.32	82.42
Net cash flows from investing activities	-30,082,569.55	-79,161,740.48	Not applicable
Net cash flows from financing activities	129,299,190.84	-99,926,742.63	Not applicable

During the reporting period, the Company took the initiative to restructure the market and comprehensively sort out the profitability of its products. Compared with 2022, the Company took the initiative to sort out the ancillary markets, which accounted for a higher percentage. It was less profitable, while seizing the opportunity to expand sales in export markets, benefiting from the recovery in export markets brought about by the decrease in shipping costs and exchange rate changes. Although sales revenue decreased by 10.25% year-on-year, the Company's gross profit margin increased by 4.04% and the absolute amount of gross profit increased by 23.55%. This, coupled with further strengthening of cost control, resulted in a significant improvement in performance and a turnaround in profitability. Specific analysis is as follows:

Trend of gross profit margin of main business in the company's consolidated statement

Unit: RMB million

2022 Annual				
Proj ects	2022	Report 2021	Change amount	Percentage change
Revenue from main business	475,719.75	537,381.07	-61,661.32	-11.47%
Cost of main operations	407,996.76	482,566.69	-74,569.93	-15.45%
Gross profit from main business	67,722.99	54,814.38	12,908.61	23.55%
Gross margin of main business	14.24%	10.20%	4.04%	

(1) Comprehensively sort out the profitability of products in each market and improve the gross profit level of advantageous markets

Company's gross margin by market product

Market	Gross margin in 2022	Gross margin in 2021	Change
Replacement	7.23%	11.13%	-3.90%
Supporting	2.86%	3.90%	-1.04%
Export	22.02%	17.05%	4.97%
Total	14.24%	10.20%	4.04%

During the reporting period, in the face of the severe competitive situation in the domestic tire industry, the company comprehensively sorted out and analyzed the profitability level of products in each market, seized the opportunity and strengthened the gross margin level in the export market. 2022, with the liberalization of control measures in various countries around the world, the ship's on-time rate and turnover efficiency rebounded significantly, the shipping price generally decreased compared with last year's high level, the pressure of logistics cost in the export market weakened compared with 2021, and at the same time The export market gross margin will increase from 17.05% in 2021 to 22.02% in 2022, and the overall gross margin level will also increase from 10.20% to 14.24%, an increase of 4.04 percentage points year-on-year.

(2) Optimize the market structure and expand the sales ratio of export market Unit: RMB million

Market	Revenue in 2022	2022 Collections Share of income	Revenue in 2021	Revenue in 2021 Percentage of	Year-over-year change in revenue	Change in revenue share
Replacement	112,753.65	24%	112,145.98	21%	0.54%	3%
Supporting	106,287.04	22%	229,457.69	43%	-53.68%	-21%
Export	256,679.06	54%	195,777.40	36%	31.11%	18%
Total	475,719.75	100%	537,381.07	100%	-11.47%	/

During the reporting period, according to the different profit levels of products in each market, the Company took the initiative to seek changes, optimize the market structure, actively expand the channels of overseas customers, and boost the overall profitability by increasing the revenue share of export market with higher gross margin level. The revenue share of export market will increase from 36% in 2021 to 54% in 2022.

(3) Raw material prices have fallen

Changes in the purchase price index of major raw materials in the past three years

Category	2022	2021	2020
Natural Rubber	110	117	100
Synthetic rubber	126	129	100
Carbon Black	161	136	100
Curtain fabric	112	127	100
Steel cord	101	109	100

Costs as a percentage of revenue	Report 2022	2021	2021 VS 2020
Raw Materials	61.10%	65.45%	-4.35%
Artificial	6.29%	5.89%	0.40%
Energy costs	7.72%	6.67%	1.05%
Manufacturing costs and others	10.65%	11.79%	-1.14%
Total	85.76%	89.80%	-4.04%

During the reporting period, except for carbon black, the company's main raw material prices fell to a certain extent compared with 2021, accounting for a 4.35% year-on-year decrease in revenue.

(4) Operational excellence and enhanced budget control

Company period expenses

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence	Change ratio
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Selling expenses	136,514,972.56	151,238,294.72	-9.74%
Overhead	152,844,070.14	176,042,759.95	-13.18%
R&D expenses	232,343,270.09	256,167,139.32	-9.30%
Finance costs	4,642,999.09	33,775,153.99	-86.25%
Projects	2022	2021	
Selling expenses as a percentage of revenue	2.74%	2.72%	
Administrative expenses as a percentage of revenue	3.06%	3.17%	
R&D expenses as a percentage of revenue	4.66%	4.61%	

During the reporting period, the Company continued to actively promote various innovative measures to improve quality and reduce costs, strengthen budgetary control, and effectively optimize management expenses and selling expenses. Financial expenses, affected by the depreciation of RMB, increased significantly during the reporting period, resulting in a significant decrease in financial expenses year-on-year.

Details of significant changes in the type of business, composition of profit or source of profit of the company during the period

☐Applicable ☒Not applicable

2. Revenue and cost analysis

☒Applicable ☐ Not applicable

During the reporting period, the Company's revenue from main business was RMB4,757 million, a decrease of 11.47%, and the cost of main business was RMB4,080 million, a decrease of 15.45%.

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

Unit: Yuan Currency: RMB

Main business by industry						
By Industry	Operating income	Operating Costs	Gross 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 margin over the previous year (%)
Rubber and plastic Products	4,757,197,450.28	4,079,967,562.60 257.345	14.24	-11.47	-15.45	Increase of 4.04 Percent
Main business by product						
Sub-	Operating income	Operating Costs	Gross	Increase or	Increase or	Increase or

			(%)	Increase or decrease in revenue over the previous year (%)	Increase or decrease of this year over the previous year (%)	Annual increase or decrease (%)
Resellers	3,694,327,054.36	3,047,494,930.89	17.51	19.98	16.29	Increase of 2.62 Percent
Direct Sales	1,062,870,395.92	1,032,472,631.71	2.86	-53.68	-53.18	Decrease by 1.04 Percent

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

The company has established a "trinity" market channel and sales network of export, supporting and replacement markets to achieve complementary advantages and business synergy. The export market covers the global marketing markets of North America, Latin America, Europe, Middle East, Africa, Asia Pacific and CIS, with products sold to more than 140 countries and regions. In the supporting market, we provide direct services to Dongfeng Motor, China FAW, China National Heavy Duty Truck, Xuzhou Construction Machinery, Liuzhou Construction Machinery, and other enterprises.

State construction machinery and other more than 20 leading automobile and construction machinery manufacturers to provide supporting services. To replace the market, the company has formed a marketing network model dominated by product lines and a professional marketing team, forming a marketing system based on wholesale dealers and retail listed stores, with a marketing network covering the whole country.

(2). Production and sales situation analysis table

√Applicable □ Not applicable

Main Products	Unit	Production volume	Sales volume	Inventory	Increase or decrease in production volume over the previous year (%)	Increase or decrease in sales volume over the previous year (%)	Increase or decrease in inventory over the previous year (%)
Description of production and sales					During the reporting period, the Company's production decreased by 25.60% and sales decreased by 25.89% due to the decline in domestic commercial vehicle sales and weakening demand.		
(3). Performance of major purchase contracts and major sales contracts					□Applicable √Not applicable		
Tires	Article	3,985,608	3,983,737	959,783.00	-25.60	-25.89	0.20

(4). Cost analysis table

Unit: Yuan

Sub-industry situation							
By Industry	Cost component items	Amount for the period	Percentage of total cost for the period (%)	Amount in the same period of the previous year	Percentage of total costs in the same period of the previous year (%)	Percentage change of the current amount over the same period of the previous year (%)	Fact Sheet
Rubber and plastic Material products	Raw Materials	2,906,599,214.64	71.24	3,517,060,758.55	72.88	-17.36	
	Artificial	299,416,803.42	7.34	316,278,552.54	6.55	-5.33	
	Energy costs	367,119,641.08	9.00	358,407,332.62	7.43	2.43	
	Manufacturing costs and others	506,831,903.47	12.42	633,920,232.28	13.14	-20.05	
Sub-products							
Sub-products	Cost components Projects	Amount for the period	This period accounts for Total Cost	Amount in the same period of the previous year	Previous Year Same period	This issue of Gold Amount compared to previous	Situation Description

			Pro por ti on (%)		Perc enta ge of total cost (%)	Year- on- year percen tage chang e (%)	
Tires	Raw Materials	2,906,599,214.64	71.24	3,517,060,758.55	72.88	-17.36	
	Artificial	299,416,803.42	7.34	316,278,552.54	6.55	-5.33	
	Energy costs	367,119,641.08	9.00	358,407,332.62	7.43	2.43	
	Manufactu ring Costs and others	506,831,903.47	12.42	633,920,232.28	13.14	-20.05	

Cost Analysis Other Fact Sheets

During the reporting period, the cost of raw materials and its proportion decreased year-on-year due to the decline in the purchase price of major raw materials. Energy costs and their proportion increased year-on-year due to the increase in coal prices and electricity prices.

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

☐Applicable ☒Not applicable

(6). Significant 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

Sales to the top five customers amounted to RMB100,999.06 million, accounting for 21.29% of the total annual sales; among the sales to the top five customers, sales to related parties amounted to RMB0 million, accounting for 0% of the total annual sales.

Sales to a single customer exceeded 50% of the total amount during the reporting period, or there were new customers among the top 5 customers, or there was heavy dependence on a few customers

☐Applicable ☒Not applicable

B. Major suppliers of the company

☒Applicable ☐ Not applicable

The purchase amount of the top five suppliers was RMB1,326,521,000, accounting for 39.56% of the total annual purchase amount; among the top five suppliers, the purchase amount of related parties was RMB203,350,000, accounting for 6.06% of the total annual purchase amount.

The proportion of purchases from a single supplier exceeds 50% of the total amount during the reporting period, and there are new suppliers among the top 5 suppliers or heavy dependence on a few suppliers

☐Applicable

Report

☒Not applicable

Other

Description

None

3. Fees☒Applicable ☐ Not applicable

For details, please refer to the section "Section III.5 (1) Analysis of Main Businesses (4)" **Operational Excellence and Enhanced Budgetary Control".

4. R&D investment**(1). R&D investment table**☒Applicable ☐Not applicable

Unit: Yuan

Expensed R&D investment for the period	232,343,270.09
Capitalized R&D investment for the period	
Total R&D investment	232,343,270.09

Total R&D investment as a percentage of operating revenue (%)	4.66
Share of R&D investment capitalized (%)	

(2). Research and development staff fact sheet√Applicable ☐ Not applicable

Number of company's R&D staff	686
Number of R&D personnel as a percentage of total company headcount (%)	12.11%
Educational structure of R&D personnel	
Academic Structure Category	Number of academic structure
Doctoral students	2
Master's Degree	20
Undergraduate	120
Specialty	139
High School and below	405
Age structure of R&D staff	
Age Structure Category	Age Structure Number
Under 30 years old (excluding 30 years old)	64
30-40 years old (including 30 years old, not including 40 years old)	249
40-50 years old (including 40 years old, not including 50 years old)	223
50-60 years old (including 50 years old, not including 60 years old)	150
60 years old and above	

(3). Fact Sheet☐Applicable √Not applicable**(4). Reasons for the significant changes in the composition of R&D personnel and the impact on the future development of the company**☐Applicable √Not applicable**5. Cash Flow**√Applicable ☐ Not applicable

Proj ects	Amount for the period	Amount of previous period	Change ratio %
arising from operating activities Net cash flow	450,624,239.68	247,019,864.32	82.42

from investment activities Net cash flow	-30,082,569.55	-79,161,740.48	Not applicable
arising from financing activities Net cash flow	-129,299,190.84	-99,926,742.63	Not applicable

Explanation of the reasons for the change in net cash flow from operating activities: mainly due to the increase in cash flow from operating activities as a result of the Company's improved profitability.

Explanation of the reasons for the changes in net cash flows from investing activities: mainly due to the decrease in cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets.

The reason for the change in net cash flow from financing activities: mainly due to the compression of loans and repayment of borrowings.

(ii) Description of significant changes in profit due to non-main business

□Applicable √Not applicable

(iii) Analysis of assets and liabilities

√Applicable □Not applicable

1. Assets and liabilities

Unit: Yuan

Project Name	End of the period	End of the period as a percentage of total assets (%)	Prior period end	Ratio of prior period ending amount to total assets (%)	Percentage change in the amount at the end of the current period compared to the end of the previous period (%)	Fact Sheet
Other notes						
(1) Financing of receivables: due to a decrease in notes receivable;	298,776,868.19	4.14	633,869,395.58	8.44	-52.86	(1)
(2) Other current assets: due to a decrease in taxes to be deducted;	23,495,820.48	0.32	48,918,568.75	0.85	-152.05	(2)
(3) Construction in progress: resulting from the completion of construction-in-progress projects to fixed assets;	17,831,514.02	0.25	36,164,705.02	0.75	-68.25	(3)
(4) Other non-current assets: due to the decrease in prepayment for equipment work;	2,910,839.85	0.04	4,884,815.88	0.07	-40.41	(4)
(5) Accounts payable: due to a decrease in accounts payable for purchases;	682,307,711.41	9.45	992,907,229.28	13.21	-31.28	(5)
(6) Non-current liabilities due within one year: due to the increase in long-term borrowings due within one year;	1,204,895,418.26	16.68	6,290,811.80	0.08	19,055.87	(6)
(7) Long-term borrowings: due to the conversion of long-term borrowings to long-term borrowings due within one year;						
(8) Other comprehensive income: as a result of the current period's changes in other comprehensive income of associates recognized under the equity method;						
Active liabilities						
Long-term borrowings	√Applicable □ Not applicable		1,200,000,000.00	15.97	-100.00	(7)
(1) Asset Size	-98,719,930.88	-1.37	-65,877,758.74	-0.88	49.85	(8)
Other comprehensive income	Division: foreign assets 484,259,837.71 (Unit: Yuan Currency: RMB), accounting for 6.71% of the total assets.					

(2) Notes related to the high percentage of foreign assets

□Applicable √Not applicable

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

√Applicable □Not applicable

See "Section X. Financial Reporting - Notes to Consolidated Financial Statements, 81".

4. Other notes

□Applicable √Not applicable

(iv) Analysis of industry operating information

√Applicable □Not applicable

In 2022, the downward pressure on the economic operation of the tire industry continued to increase, manifested by a serious contraction of the domestic market, a significant decline in industry efficiency, factory inventories continue to rise, and the start-up rate continued to go down.

Tire industry upstream rubber, carbon black, additives, cord fabric, steel cord and other raw materials and energy prices rose sharply, driving up the cost of rubber products enterprises, seriously eroding corporate profits.

According to the statistics of China Rubber Tire Association, the annual output of rubber tire outer tube in China in 2022 is 856.3 million, down 5% year-on-year. Due to the severe contraction of the domestic market, the capacity utilization rate of domestic all-steel tires in 2022 will be about 60.8%, down 17.7 percentage points; the capacity utilization rate of semi-steel tires will be about 70.2%, down 6.3 percentage points.

2022 domestic auto market new energy vehicle production and sales of a single, to China's independent brand tires brought opportunities, tire companies to seize the opportunity to actively adjust the product structure, from the profile, pattern, formula, structure, materials, technology and other multi-dimensional technological innovation, new energy vehicle tires new products have been listed. Truck and bus production and sales continue to be sluggish, some foreign companies to adjust their operating strategies and exit the Chinese truck and bus tire market. Off-highway tires have become a hot spot for investment, and a number of projects have been started.

The "double anti" litigation has achieved certain results. May 4, the EU General Court on China Rubber Industry Association and China Chamber of Commerce for Import and Export of Minerals and Chemicals on behalf of 27 Chinese exporters to sue the European Commission on China's truck tires "double anti" tax order. The Court of First Instance ruled that all the "double anti" tariff orders against Chinese enterprises were revoked. On the one hand, the case won in the first instance so that the Chinese enterprises involved in the litigation is expected to return to the European market; on the other hand, the Chinese tire enterprises to provide a new way of thinking through judicial remedies against unfair trade remedies. At the same time, the EC decided to conduct a re-investigation on the Chinese winning enterprises. During the re-investigation period, the EU Customs will not impose "double anti" duties on the litigation enterprises, and only the new measures may be paid after the re-investigation results are announced; after the re-investigation is completed, the litigation enterprises may not implement or implement lower "double anti" measures.

In the first half of 2022, the export volume of tires accounted for 51.65% of all production, exceeding 50% for the first time, the highest percentage ever. In the case of a decline in total tire production, the export volume accounted for more than 50%, indicating that export sales supported the operation of the industry. 2022 annual, China's cumulative exports of rubber tires amounted to 7.65 million tons, up 4.7% year-on-year; the export value was 131.418 billion yuan, up 16%.

Analysis of operating information in the chemical industry

1 Basic

information of the industry (1).

Industry policies and their changes

√Applicable ☐ Not applicable

September 19, 2022, the Ministry of Industry and Information Technology and four other departments jointly issued the "raw materials industry" three products "implementation plan," the interpretation of the program pointed out that the tire industry to focus on the development of green low-carbon products, enrich new material varieties, optimize the means of product design, strengthen the quality of target management, improve the effectiveness of the quality system, the establishment of innovation evaluation System, build brand globalization development strategy, strengthen the upstream and downstream linkage and other seven aspects, accelerate the implementation of the industry "increase variety, improve quality, create brand" strategy and landing, in order to effectively promote the industry development model from the scale of speed to quality and efficiency change.

GB 29449-2012 and Carbon Black Energy Consumption Limit per Unit Product (GB 29440-2012) two standards were included in the integration and revision plan, and CRA was responsible for organizing the implementation of the integration and revision of the standard. Through a lot of data research, as well as analysis and processing of research data of enterprises, the boundary of the standards was redefined; the first proposal was made to separate raw material oil and fuel oil, and not to include raw material oil in the calculation of carbon black energy consumption, so that the energy consumption limit per unit product of carbon black was significantly reduced; the two products of tires and carbon black were integrated into one energy consumption standard, and the finalized "Rubber Industry (Tires and Carbon Black) Energy Consumption Limit per Unit Product Limit" draft for public comments.

The mandatory national standards such as the "heavy vehicle tires" (GB 9744) revised opinions, the tire rolling resistance and wet road grip limit value in accordance with the China Green Tire Roadmap developed by the Rubber Association into the standard.

The Ministry of Industry and Information Technology has released two industry standards, "Green Factory Evaluation Requirements for the Tire Industry" (HG/T 6061-2022) and "Green Supply Chain Management Requirements for Tire Manufacturing" (HG/T 6062-2022), which were developed by the industry and organized by the China Rubber Association, with an implementation date of April 2023.

1 Day, the release and implementation of these two industry standards for the green transformation and upgrading of the tire industry to provide the basis.

(2). Basic information of major industry segments and the company's industry position

√Applicable ☐ Not applicable

The company's main products are industrial tires used for trucks and construction machinery vehicles. Truck and bus tires are mainly used for a variety of road conditions of trucks (trucks, light trucks, dump trucks, tractors), buses, buses and other transportation vehicles of different functional parts (guide wheels, drive wheels, trailer wheels, etc.) vehicle tires. Construction

machinery tires are mainly used in mines, coal, construction sites, tunnels and other operating conditions and harsh operating environment of wheeled vehicles and a variety of construction machinery (loaders, excavators, bulldozers, road rollers, cranes, etc.) vehicle tires.

The company is one of the few companies in China that specializes in the development and manufacture of industrial tires, and has rich operational experience in the field of industrial tires. The company is committed to providing higher performance and more cost-effective green, safe, energy-saving and environmentally friendly tires to a wide range of customer groups such as domestic and foreign OEM supporting customers, large logistics fleets and retailers.

2 Products and Production

(1). Main business model

☒ Applicable ☐ Not applicable

See "Section III Management's Discussion and Analysis (II) Business Model of the Company" in this report.

Major adjustments to the business model during the reporting period

☐ Applicable ☒ Not applicable

(2). Main product information

☒ Applicable ☐ Not applicable

Products	Industry segments	Main upstream raw materials	Main downstream applications	Main price influencing factors
Tires	Rubber and plastic products	Natural rubber, synthetic rubber, carbon black, skeleton material materials, etc.	Trucks, buses, construction machinery vehicles	Changes in raw material prices and market environment

(3). R&D Innovation

√Applicable □Not applicable

(A) three core breakthroughs

Breakthrough one: 63 inch giant engineering radial tire breakthrough.

In order to complete the national rubber industry's "14th Five-Year Plan" development plan to vigorously develop giant engineering tires, Fengshen Tire has carried out innovative research from structure, formula, process, raw materials and other aspects to solve the problem of the neck of the giant tire technology; output the world-class giant tire core technology from research and development to process manufacturing; product performance reaches the international leading level; Build Fengshen's own patent barriers of key performance technology of giant tire, break break the monopoly of international giants on giant tire industry, enhance Fengshen's brand image and bring growth of sales and profit to the company.

Breakthrough II: European labeling method ABA product development breakthrough.

Responding to the implementation of the national dual carbon strategy related policies in the tire industry, reduce vehicle energy consumption, while improving product competitiveness, from the industry price war competition. Fengshen tire research on the formula, pattern, process, etc., to develop ABA label grade products, the current product rolling resistance, noise level to reach the European label law A level, the level of wet slip level to B level.

Breakthrough three: the development of green and sustainable tires breakthrough.

The implementation of the national dual carbon strategy related policies in the tire industry requires companies to develop in the direction of the target. Fengshen Tire is committed to the mining and application of green and recyclable materials, and has set the stage goal of green and sustainable materials, which is comparable to the international tire giants. The proportion of sustainable materials in a single tire has increased from 38% to more than 45%, reaching the goal of more than 40% in the first phase of the world's giants, increasing the durability of tires by 30%, reducing rolling resistance by 2.5%, maintaining the high performance of tires while minimizing the carbon emissions in the tire's life cycle, reducing the carbon footprint, in line with the national "double carbon" policy. This is in line with the national "double carbon" policy.

(II) Collaborative innovation situation

In terms of technology synergy with PTG, Fengshen focuses on technology transfer and integration around formulation, product and process simulation, skeleton material analysis, pattern design, product design technology, testing method technology, digital technology, process technology and equipment landing, etc., with the goal of achieving secondary innovation.

In terms of industry-academia research, the formula development project with Qingdao University of Science and Technology has completed the basic research content of the project through the efforts of both parties, basically reaching the goals set at the beginning of the project, and the output of the project will be transformed and applied in the subsequent formula development and design. The material research project with Henan University has completed program optimization and performance evaluation, and achieved more satisfactory results, and the next step is performance verification, as well as indoor verification and outdoor road test of finished tires. Cooperate with Beijing Rubber Industry Design Institute to research the giant engineering radial tire project, to improve and solve the parts of the giant tire product such as performance enhancement and process improvement.

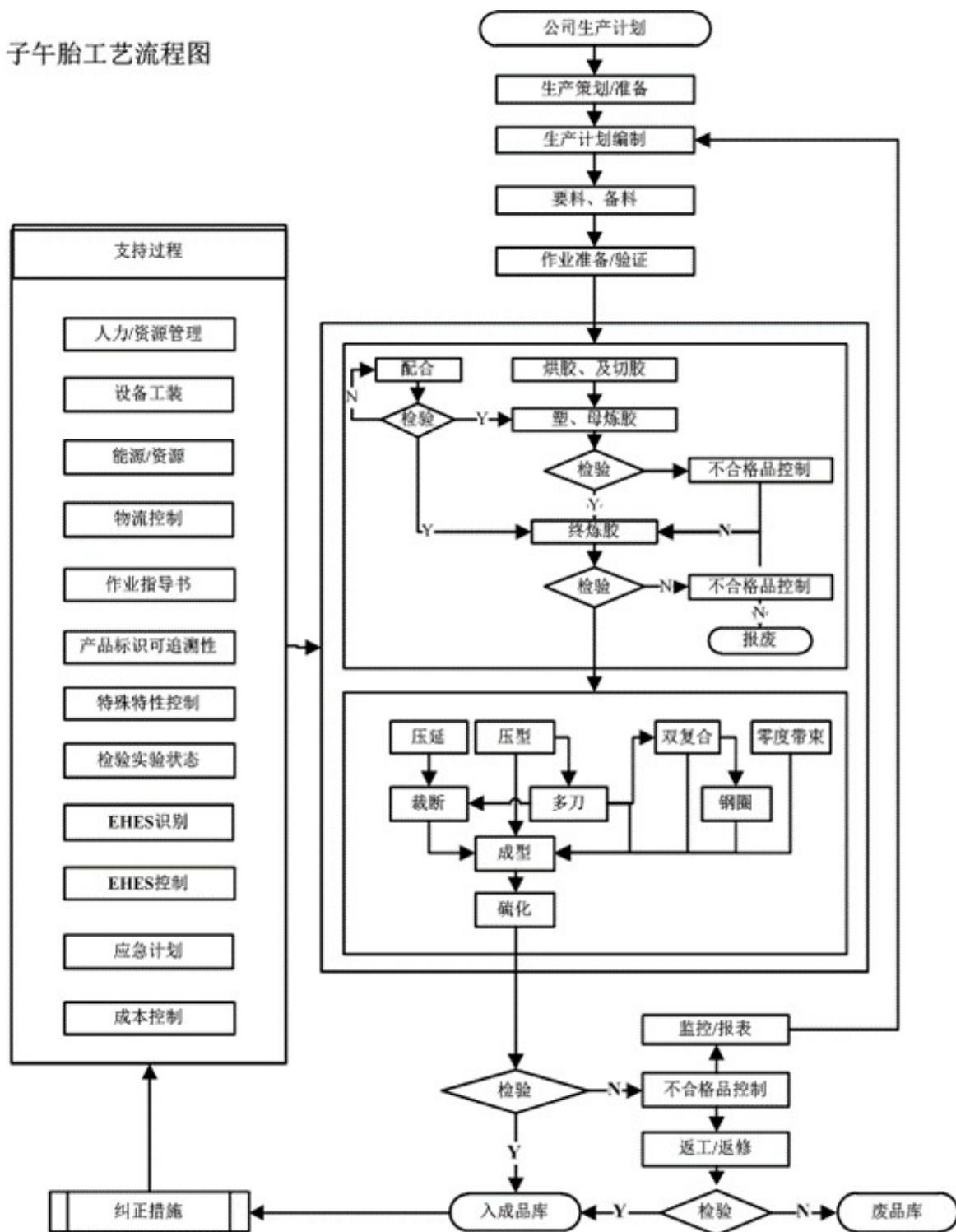
(iii) Patent intellectual property rights

In order to promote the technological progress of the enterprise, realize the transformation and upgrading of the enterprise, and fully protect the core technology and interests of the company, Feng Shen declared a total of 27 patents in 2022, including 2 invention patents, 7 utility models and 18 appearance patents.

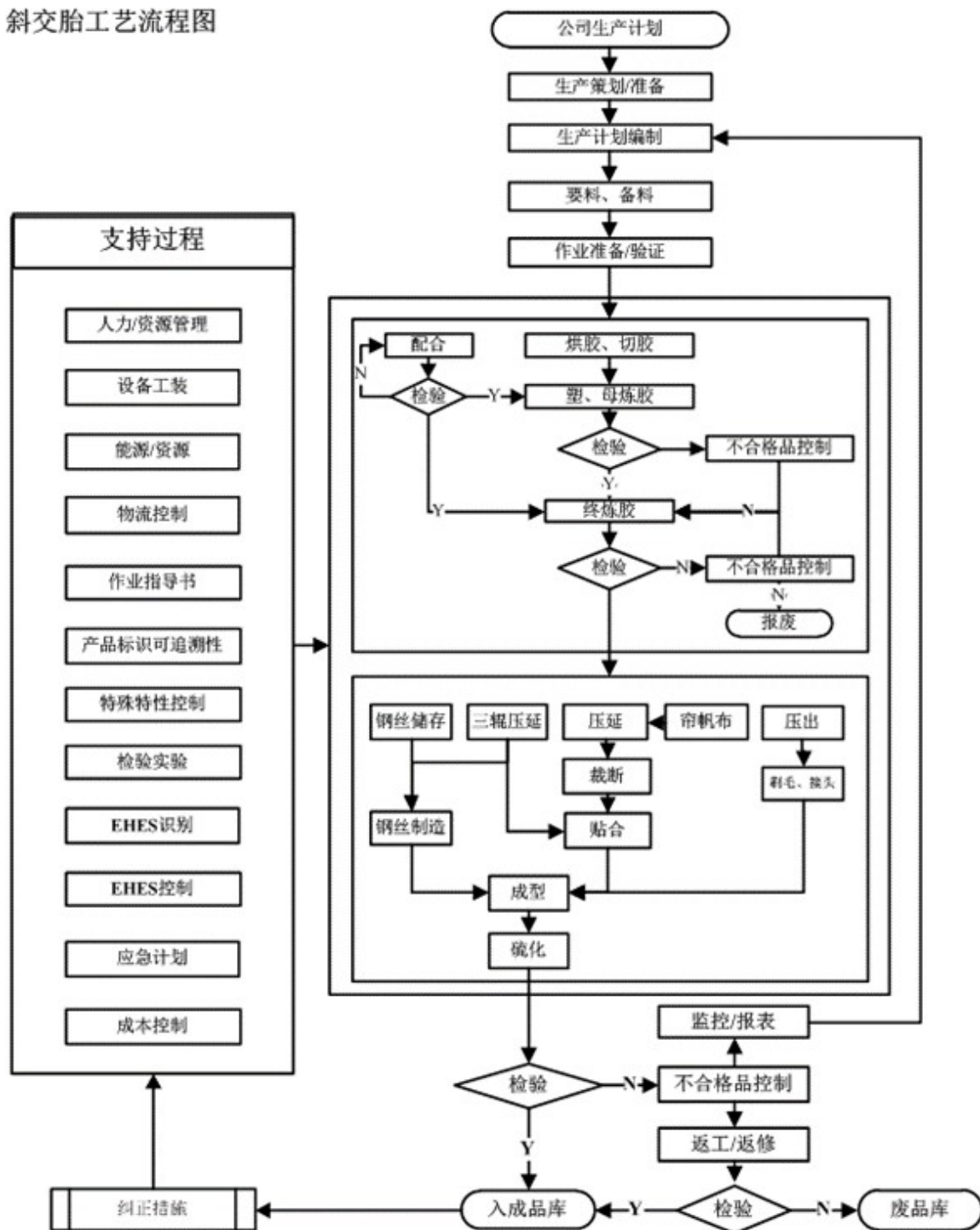
(4). Production process and flow

☒Applicable ☐Not applicable

子午胎工艺流程图



斜交胎工艺流程图



(5). Production capacity and start-up situation

√Applicable □Not applicable

Unit: RMB million Currency: RMB

Main plant or Projects	Design capacity	Capacity utilization (%)	Capacity under constructi on 39 / 345	Capacity under construction has been invested Amount of capital	Capacity under construction expected Completion time
Radial load tires	6 million sets/year	60.17%	/	/	/
Radial	200,000	99.00%	80,000	64.2	2024/6/30

Increase or decrease of production capacity

√Applicable □Not applicable

The company has implemented a radial engineering tire project of 80,000 sets on the basis of the original plant to expand the radial engineering tire and giant tire production capacity.

Adjustment of product line and capacity structure optimization

√Applicable □Not applicable

In 2022, in order to meet the market demand of radial engineering tires and balance the production capacity of radial load tires and radial engineering tires, the plant will be built in Jiaozuo Zhongzhan. Upgrade and transform part of radial tire production line into radial engineering tire production line, and increase the capacity of radial engineering tire by 30,000 pieces/year.

Unusual production stoppage

□Applicable √Not applicable

3 Raw Material Procurement

(1). Basic information of main raw materials

√Applicable □Not applicable

Main raw materials	Sourcing Model	Settlement Method	Price change year-on-year Dynamic ratio (%)	Purchase volume	Consumption
Natural Rubber	long appointment + point picking	Collections or wire transfers	-6.08%	93086	98421
Synthetic rubber (butyl)	Long contract stock	Advance payment or delivery order Payment	-2.29%	15036	15325
Carbon Black	Bidding Inquiry	After 3 months of delivery Payment	18.05%	61000	60246

(2). Basic information of major energy sources

√Applicable □Not applicable

Major energy sources	Sourcing Model	Settlement Method	Ratio of year-on-year price change (%)	Purchase volume	Consumption
Coal	Collective procurement	Acceptance of goods according to the actual International single burn settlement	42%	71,986 tons	71,986 tons
Electricity	Self-pick	Monthly billing	15.7%	346,644,125 KWH	346,644,125 KWH
Steam	Self-pick	Monthly billing	0%	163,941 tons	163,941 tons
Running water	Self-pick	Monthly billing	0%	1,598,910 tons	1,598,910 tons

(3). Responses to the risk of fluctuations in raw material prices

Major holdings of financial products such as derivatives

☐Applicable ☒Not applicable

(4). Basic information on the use of other methods such as phased reserves

☐Applicable ☒Not applicable

4 Product Sales

(1). Basic information of the company's main business by industry segment

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Segmentation	Operating income	Operating Costs	Gross 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 margin over the previous year (%)	Gross margin of products in the same field in the same industry
(2). Basic information of the company's main business by sales channel							
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable							
Sales channels	Operating income			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 margin over the previous year (%)	
Rubber and plastic Material products	Replacement 4,757,197,450.28	4,079,967,562.60	1,127,536,494.42	14.24	-11.47	0.54	
	Supporting		1,062,870,395.92			-53.68	
	Export		2,566,790,559.94			31.11	
During the reporting period, the domestic replacement market was extremely competitive							

and revenue was basically flat. The ancillary market was affected by the decline in production and sales volume of domestic commercial vehicle OEMs and the optimization and adjustment of the company's market structure, resulting in a large decline in revenue. In the export market, influenced by the optimization of global control measures and the decrease in shipping costs, the company actively expanded overseas markets, resulting in significant revenue growth.

Accounting Policy Statement

☐Applicable ☒Not applicable

5 Environmental protection and safety situation

(1). Basic information on major production safety accidents during the reporting period

☐Applicable ☒Not applicable

(2). Major environmental violations

☐Applicable ☒Not applicable

[illegible]

2. Significant non-equity investments

☐Applicable ☒Not applicable

3. Financial assets

measured at fair value

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Asset Class	Opening Number	Fair value for the period Change in profit or loss	Accumulated in equity Changes in fair value	Provision for the period Impairment	Purchase amount for the period	Current sale/redemption Return amount	Other changes	End of period
	Stock Portfolio	3,230,000.00		-3,760,000.00					2,660,000.00
	Total	3,230,000.00		-3,760,000.00					2,660,000.00

Investment Status

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Variety of securities	Stock Code	Stock short name	Initial investment cost	Funding Sources	Opening book value	Change in fair value for the period Profit and loss	Accumulated fair value changes included in equity	Amount purchased during the period	Amount sold during the period	Gain or loss on investments for the period	Carrying value at the end of the period	Accounting Accounts
	Private equity investments												
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	Stock	600815	Shandong Xiangrong Co.	6,420,000.00	Own	3,230,000.00		-3,760,000.00				2,660,000.00	Other interests Tools Investment
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	Derivatives Investment												
	Total	/	/	6,420,000.00	/	3,230,000.00		-3,760,000.00				2,660,000.00	/

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

☐Applicable ☒Not applicable

(vi) Significant asset and equity sales

☐Applicable ☒Not applicable

(VII) Analysis of major holding and equity participation companies

☒Applicable ☐ Not applicable

Company Name	Main business	Registered Capital	Percentage of equity participation	Total assets (million yuan)	Net assets (million yuan)	Net profit (million yuan)
Fengshen Tire (Tai (Former) Co.	Production and sales of Industrial Tires	30,000,000 Yuan	100%	108,060.71	-5661.04	-7,427.05
Fengshen Tire (Hong Kong) Co.	Tire-related business import and export trade, the Foreign Exchange Receipts and Payments	HK\$5 million	100%	878.21	232.13	-13.89
Aeolus Tyre (Russia) LLC	Tire-related business import and export trade and Foreign Exchange Receipts and Payments	1 million	100%	4954.11	1166.37	511.20
Aeolus Tire (Canada) Inc.	Tire-related business import and	500,000 USD	100%	342.13	342.13	-0.18

	export trade and Foreign Exchange Receipts and Payments					
Pirelli Tyre (Jiao) Ltd.	Production and sales Passenger Tires	35,000,000 Yuan	20%	115,386.83	43,956.45	2,468.71
Prometeon Tyre Group S.r.l.	Production and sales Industrial Tires	100 million euros	10%	1,315,686.70	381,386.82	12,396.27

(viii) Information on structured subjects controlled by the Company

☐ Applicable ☒ Not applicable

VI. Discussion and analysis of the Company's future development (I) Industry pattern and trends

☒ Applicable ☐ Not applicable

Domestic tire industry in the world economic instability, downside risks intensified, still facing enormous pressure, gradually showing the following trends: First, international trade friction will become normalized, "going out", global layout strategy will become the industry's development trend; Second, in the "smart "energy manufacturing development background, enterprise manufacturing will face automation, information technology to intelligent, digital transformation; Third, with the Internet + deep into the lives of the public, e-commerce platform has become the mainstream sales method, the tire industry sales channels and sales model also need to accelerate the change to adapt to future development; Fourth, the main raw materials and energy prices fluctuate significantly; Fifth, the The wave of reverse globalization brought about by the global supply chain re-layout intensified.

(II) Corporate Development Strategy

☒ Applicable ☐ Not applicable

Led by the concept of "Science First", the company is determined to be the global leader in industrial tire "quality" and a sustainable tire manufacturing company with world-class influence. We will accelerate the construction of five Fengshen - World Fengshen, Technology Fengshen, Digital Fengshen, Green Fengshen and Humanistic Fengshen, actively promote the "315" strategy and implement the "6+X" key action plan to promote the high-quality and sustainable development of the company.

(III) Business Plan

√Applicable □Not applicable

1, solid foundation management, to achieve zero safety accidents

Take FORUS system as an opportunity to upgrade the company's HSE management system; practice social responsibility and actively introduce ESG system; deepen the management practice of "double prevention mechanism + safety information platform"; improve the quality and efficiency of high-risk accident management, accident / hidden danger return to risk, risk reduction plan, risk research and early warning analysis, etc. To realize that the risks above large are within acceptable range and in a safe and controlled state; to promote the skills improvement of safety professionals and professional safety personnel through training practice, mutual inspection by experts and benchmarking exchange; to continue to promote the construction of intelligent HSE project.

2, Increasing market structure adjustment and promoting sales business transformation

Continue to promote market restructuring. Actively respond to the long-term systematic pressure faced by the supporting market and solve the problem of poor profitability of the supporting market. Make use of the product market PM portfolio to seek new business growth, and carry out various business work such as high-end model matching, high-end product matching and special tire market development on the basis of profitability improvement. At the same time, we should focus on the development of the domestic host after-market and international top host supporting factories such as Daimler, VOLVO, SCANIA, to enter the world-class circle of friends.

Promote sales model transformation. In the domestic radial tire repair market, we will continue to promote the sales layout of "9+1" regions & commercial representative offices, optimize the existing sales staffing: transfer some of the sales staff currently in charge of wholesalers to full-time sales staff visiting core retailers; guide the construction of a full-time sales team for agents Fengshen; promote the commercial representative office model to achieve localization of sales staff and better management of the core retailer network.

3, Strengthen the management of core personnel and implement the talent development plan

Continuously carry out human resource transformation, from improving organizational effectiveness, perfecting talent management, improving incentive and constraint mechanisms, implementing accurate recruitment, strengthening training management, and implementing HR self-construction. Strengthen the function of Beijing headquarters, continue to promote the introduction of high-level talents, and implement the introduction plan of CXO and 50Plus professional talents to meet the demand for talents for international development of the company. We will continue to implement the "Eagle" talent program, continue to arrange cross-employment between bases for key personnel, and continue to carry out posting exercises in order to achieve the full utilization of talents and support the company's business development.

Strengthen the core personnel control. Combined with the company's turnover rate control

objectives, through the principle of combining on-site management and indicator monitoring, according to the different levels of employees and demand goals, classification and level of development can improve measures, focusing on improving the turnover rate control of core talent in research and development and new employees in the manufacturing system.

4、Strict risk prevention and control to achieve compliance

Conscientiously implement the requirements of the State-owned Assets Supervision and Administration Commission of the State Council on the construction of the rule of law and the implementation of the "Central Enterprises' Compliance Management Measures", and continue to promote the special work of the "Year of Compliance Management Strengthening". Take the implementation of the compliance management checklist as a grip, and strengthen the "three lines of defense" of compliance management. Cooperate with external legal intermediaries to strengthen the prevention of compliance risks.

Strengthen the whole process management of contracts before, during and after the event, promote the digital management of contracts, improve the quality of the whole process management of contracts, and strive to reduce the number of newly issued dispute litigation cases. Keep an eye on key cases, promote cases in the direction favorable to the company and protect the company's intellectual property rights according to the law.

(iv) Possible risks faced

☒Applicable ☐Not applicable

1、Risk of international political and economic changes

In recent years, the international competitive environment has become increasingly complex, with the trend of counter-globalization on the rise and the global industrial chain and supply chain facing the risk of "**chain breakage**"; international trade frictions are increasing, especially trade protectionism against China is increasing day by day. During the reporting period, coupled with the escalation of foreign geopolitical conflicts represented by the war between Russia and Ukraine, global inflation has intensified and the world economy is facing serious challenges.

Meanwhile, the settlement currency of the company's import and export business is mainly in US dollars. Due to the volatile international macroeconomic situation, the exchange rate of US dollar against RMB fluctuates significantly, which has a significant impact on the company's performance.

2、Risk of raw material price fluctuation

Natural rubber is the main raw material for the company's tire manufacturing. As a commodity, the price of natural rubber is closely related to trade policies, exchange rates and capital market conditions. In recent years, the prices of natural rubber and steel have fluctuated significantly due to the influence of overseas commodity markets, and the prices of other chemical raw materials have also been on the rise due to the national environmental management policy and the elimination of low-end excess capacity. As natural rubber, synthetic rubber, carbon black and steel cord are the main raw materials for the production of tires and account for a large proportion of production costs, the significant fluctuations in raw material prices will have a significant impact on the company's cost control and operating results. At the same time, energy prices are still running at a high level, which has a significant impact on the company's costs.

3, international trade barriers to enhance the risk

In recent years, with the start of anti-dumping investigations launched by the United States, Europe and the United States on Chinese tire exports, Brazil, India and other countries have gradually joined in, or to raise the access threshold to restrict the export of Chinese tires. 2021 in May the U.S. Department of Commerce announced the final ruling on the double anti-dumping tariff rate for products involved in the region of Southeast Asia-related countries, disguised as an increase in the export costs of China's tire enterprises. In May 2021, the U.S. Department of Commerce announced the final ruling on the double anti-duty rate for the products involved in Southeast Asian countries, which disguisedly increased the export costs of Chinese tire enterprises.

(E) Other

☐Applicable ☒Not applicable

Seven, the company does not apply the provisions of the standard or state secrets, trade secrets and other special reasons, not disclosed in accordance with the standard and the reasons explained

☐Applicable ☒Not applicable

Section IV Corporate Governance

I. Corporate governance-related information note

☒Applicable ☐ Not applicable

In strict accordance with the requirements of the Company Law, the Securities Law, the Code of Governance for Listed Companies and the documents on corporate governance issued by the CSRC and the Shanghai Stock Exchange, the Company has continuously improved its corporate governance structure, standardized its operations, strengthened its internal management, enhanced its information disclosure and established a more complete corporate governance structure and corporate governance system.

1. Regarding shareholders and shareholders' meetings:

The Company implements the convening, convening and proceedings of shareholders' meetings in accordance with the requirements of the Opinions on the Regulation of Shareholders' Meetings of Listed Companies, the Rules of Procedure of Shareholders' Meetings and the Articles of Association of the Company. It has established a corporate governance structure that can ensure the full exercise of the laws, administrative regulations and legal rights of all shareholders, treat all shareholders equally, and ensure that shareholders can fully exercise their rights and protect their legitimate rights and interests.

2. Regarding the controlling shareholder and the listed company:

The Company and the controlling shareholder are clearly distinguished in terms of assets, finance, institutions and business management, and each is independently accounted for and has independent responsibilities and risks. The Board of Directors, the Supervisory Committee and the internal institutions of the Company operate independently. The controlling shareholder exercises its rights and undertakes its obligations in strict accordance with the relevant provisions of the Company Law and the Articles of Association. The Company's connected transactions are fair and reasonable, and the basis for pricing, conclusion of agreements and performance of connected transactions are disclosed in a timely and adequate manner.

3. Regarding directors and the Board of Directors:

The directors of the Company attended the meetings of the Board of Directors and the general meeting of the Company in accordance with the relevant laws and regulations and in a serious and responsible manner, and exercised their rights and performed their duties faithfully, honestly and diligently. The Board of Directors of the Company has set up four professional committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee, and each special committee has been carrying out its work conscientiously, giving full play to its professional functions and operating in accordance with the relevant work rules and regulations and the rules of procedure. The independent directors have conscientiously performed their duties as independent directors, actively attended the relevant meetings, carefully considered the proposals of the Board of Directors, expressed their opinions on major matters and matters requiring the prior approval or independent opinions of the independent directors as required, gave full play to the role of independent directors and provided effective protection for the scientific decision-making of the Board of Directors.

4. Regarding the Supervisors and the Supervisory Board:

All the supervisors of the Company, in accordance with the Rules of Procedure of the Supervisory Committee and in the spirit of being responsible to the shareholders, have conscientiously performed their duties and supervised the daily connected transactions, related transactions, financial position of the Company as well as the legality and compliance of the directors and senior management of the Company in performing their duties.

5. Regarding information disclosure and transparency:

The Board of Directors has designated the secretary of the Board of Directors to be responsible for information disclosure, established an investor relations management department with corresponding personnel to perform information disclosure obligations, receive visitors and answer inquiries in accordance with the law, and designated China Securities Journal and Shanghai Securities News as the company's information disclosure media to disclose relevant company information in a true, accurate, complete and timely manner.

6. on the daily supervision and prevention work:

The Company has formulated the "Registration and Filing System for Lovers of Insider Information", "Work System for the Secretary of the Board of Directors" and "Accountability System for Material Errors in Information Disclosure in Annual Reports". During the reporting period, the daily supervisory work was carried out solidly to ensure the legal compliance of the Company's operation and management, the safety and integrity of the Company's assets, the truthfulness and accuracy of information disclosure, and the absence of incidents of using insider trading.

7. Regarding related transactions:

The Company insists on regulating the business of connected transactions in strict accordance with the Articles of Association, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors, the Working System of Independent Directors, the Management Measures of Connected Transactions and other relevant regulations, and the independent directors and lawyers issue witness opinions to continuously improve the standardized operation of the Company.

8. Regarding investor relations management:

During the reporting period, the Company maintained close daily communication with investors in a transparent, open and fair manner, grasped market developments and analyzed market concerns in a timely manner, organized and participated in various forms of investor meetings, and continued to deliver the Company's information in a timely manner through various channels such as SSE E Interactive, email and hotline to enhance communication with investors and strengthen market confidence.

9. Registration management of insider knowledge:

The Company strictly follows the Company Law, the Securities Law, the Measures for the Administration of Information Disclosure of Listed Companies and other relevant regulations, formulates and improves the "Registration and Filing System for Informants of Insider Information", keeps the confidentiality and registration of insider information such as interim reports and periodic reports, and strictly manages the users of external information of the Company to effectively maintain the fair principle of information disclosure of the Company.

Whether there are material differences between corporate governance and the provisions of laws, administrative regulations and CSRC on the governance of listed companies; if there are material

differences, the reasons should be explained

☐Applicable ☒Not applicable

Second, the company's controlling shareholder, the actual controller in ensuring the independence of the company's assets, personnel, financial, institutional, business and other specific measures, as well as the impact of the company's independence and the solutions taken, work progress and follow-up work plan

☒Applicable ☐ Not applicable

The Company and the controlling shareholder are clearly distinguished in terms of assets, finance, institutions and business management, and each is independently accounted for and has independent responsibilities and risks. The Board of Directors, the Supervisory Committee and the internal institutions of the Company operate independently. The controlling shareholder exercises its rights and undertakes its obligations in strict accordance with the relevant provisions of the Company Law and the Articles of Association. The Company's connected transactions are fair and reasonable, and the basis for pricing, conclusion of agreements and performance of connected transactions are disclosed in a timely and adequate manner.

The controlling shareholder, the de facto controller and other units under their control engaged in the same or similar business as the Company, and the impact of competition or significant changes in the situation of competition in the same industry on the Company, the measures taken to solve the problem, the progress of solving the problem and the follow-up solution plan

☒Applicable ☐Not applicable

On 14 February 2014, the Company disclosed the "Announcement on the Fulfillment of the Company's Shareholders' Undertaking"(for details, see Announcement No.: Pro 2014)-006), Announcement on Further Clarification of Commitments by the Controlling Shareholder of the Company disclosed on 21 June 2014 (Announcement No.: Pro 2014-020).

On June 6, 2016, the Company disclosed ~~the~~ Announcement on Purchase and Sale of Assets and Connected Transactions (Announcement No.: Pro 2016-048) to purchase 100% equity interest in Fengshen (Taiyuan) and 100% equity interest in Qingdao Huanghai Rubber Co., Ltd. from Rubber Company in cash; to purchase 10% equity interest in **Pirelli** Industrial S.r.l. from Pirelli in cash, and also to Pirelli Industrial S.r.l. will purchase 10% equity interest in Pirelli Industrial S.r.l. from Pirelli for cash and sell the equity interest held by Pirelli in Jiaozuo Fengshen

The transaction proposal of the subject assets, including 80% equity interest in God Tire Limited Liability Company, was completed on October 22, 2016 (Announcement No.: Pro 2016-066).

On 13 April 2017, the Company disclosed the "Preliminary Plan for the Issuance of Shares to Purchase Assets and Raise Matching Funds and Connected Transaction of Fengshen Shares" (Announcement No.: Pro 2017-024), in which the Company proposed to conduct a major asset reorganization and purchase the equity interests of the subject assets, including Guilin Baili Tire Co. Due to the prior signing of the Asset Injection Agreement by the parties to the transaction in 2017 December 31, 2018 automatically terminated, the company held an extraordinary general meeting on January 22, 2018 to consider the "on the termination of this major assets". On January 24, 2018, the Company disclosed an interim announcement (Announcement No.: Pro 2018-013) that there were objectively significant obstacles to the continuation of the Transaction as the legal basis for the Transaction no longer existed.

On March 16, 2018, the Company disclosed the "Announcement on the Signing of Equity Escrow Agreement and Related Transactions by Fengshen Co. (Announcement No.: Pro 2018-020), the Company was entrusted to manage the equity of other industrial tire assets of the controlling shareholder Rubber Company, Guilin Peili Tire Co.

On 4 December 2018, the Company disclosed the Proposal on Signing the Equity and Debt Transfer Agreement and Related Transaction and the Proposal on Signing the Equity Escrow Agreement and Related Transaction (Announcement No.: Pro 2018-063). The Company and Qingdao Huanghai Rubber Group Co., Ltd (hereinafter referred to as "Huanghai Group") signed the "Equity and Debt Transfer Agreement" in relation to Qingdao Huanghai Rubber Co. (hereinafter referred to as "Huanghai Group"), the Company transferred 100% of the equity interest in Huanghai Co.

The Company transferred its claims on Huanghai Limited to Huanghai Group on 30 June 2018. The Company also signed the "Equity Trusteeship Agreement" with Huanghai Group on Huanghai Limited, in which Huanghai Group entrusted the Company to manage 100% of its equity interest in Huanghai Limited (Announcement No.: Pro 2018-064). On December 4, 2018, the Company disclosed the "Proposal on the Signing of <Equity Trust Termination Agreement> and Related Transactions, Agreed that the Company and the controlling shareholder, Rubber Company, entered into the Equity Escrow Termination Agreement to terminate the escrow of 100% equity interest in Guilin Peili Tire Company Limited (Announcement No.: Pro 2018-065).

The Company signed the Equity Escrow Agreement with PTG on June 12, 2018, June 28, 2019 and July 24, 2020, respectively, to accept the entrustment of 100% equity interest in its wholly-owned subsidiary, Tuopu Trading (Beijing) Company Limited (Announcement No.: Pro 2018-043, Pro 2019-047 and Pro 2020-038).

On June 29, 2020, the Company held the Twenty-eighth Meeting of the Seventh Session of the Board of Directors and considered and passed the "Proposal on the Company's Non-public Offering of A Shares in 2020", "Proposal on the Company's Non-public Offering of A Shares Involving Connected Transactions" and "Proposal on the Company's Signing of the Subscription Agreement for the Non-public Offering of Shares with Conditions in Force" and other related proposals. The relevant proposals. The controlling shareholder of the company has promised to submit to Fengshen by December 31, 2021 to inject its industrial tire assets into Fengshen. For details of the specific plan of God shares, please refer to the "Response to Feedback on the Application Document for Non-public Offering of A Shares (Revised)" disclosed by the Company on

September 19, 2020.

On 30 November 2020, the Company disclosed the Announcement on the Signing of Equity Trusteeship Agreement and Connected Transaction. The Company signed the Equity Trusteeship Agreement with its controlling shareholder, China National Chemical Rubber Corporation, under which the Company will accept the entrustment of the management of 52% equity interest in PTG (Announcement No.: Pro 2020-070).

On February 9, 2021, the Company disclosed the "Reminder Announcement on the Planning of Major Asset Reorganization", announcing that the Company intends to pay cash for the 38% equity interest in PTG held by High Grade (HK) Investment Management Limited ("HG"). (hereinafter referred to as "HG") for 38% equity interest in PTG.

On June 2, 2021, the Company held the Thirty-fifth Meeting of the Seventh Session of the Board of Directors and considered and passed the "Proposal on the Specific Plan of the Company for the Reorganization" and other proposals related to the Reorganization, at which the Company proposed to purchase 38% equity interest in PTG held by HG, which was listed and transferred by Beijing Property Exchange, through its wholly-owned subsidiary Fengshen Hong Kong by paying cash.

On 12 July 2021, the Company held the Thirty-sixth Meeting of the Seventh Session of the Board of Directors and considered and approved the "Proposal on the Termination of the Company's Major Assets Reorganization". Considering that the controlling shareholder has entrusted its 52% equity interest in PTG to the Company, the business synergy between the Company and PTG is now progressing smoothly. The Company will actively study with the controlling shareholder to find a way to completely resolve the competition in the same business. In order to effectively safeguard the interests of the listed company and the general investors, the Company has decided to terminate the restructuring after prudent study.

On December 31, 2021, the Company disclosed the "Announcement on the Controlling Shareholder's Proposed Acquisition of 38% Equity Interest in PTG", **and the** Rubber Company has
On December 30, 2021, an agreement was signed with HG to acquire its 38% equity interest in PTG.

On June 30, 2022, the Company disclosed the "Announcement on the completion of the acquisition of 38% equity interest in PTG by the controlling shareholder", and the transaction has been fulfilled
The Company will complete the filing procedures with the relevant state ministries and commissions and officially complete the handover on June 28, 2022.

On August 3, 2022, the Company held the ninth meeting of the eighth session of the Board of Directors and agreed that the Company should be entrusted to manage 38% of the equity interest of PTG held by Rubber Company, and after the effective date of this Agreement, the Company will be entrusted to manage a total of 90% of the equity interest of PTG.

III. Briefing on the shareholders' meeting

Sessions	Date	Search index of the designated website where the resolution is published	The resolution is published in the phi Date of disclosure	Conference Resolutions
First Extraordinary General Meeting of Shareholders in 2022	2022 February 10 Day	http://www.sse.com.cn	2022 February 11 Day	For details, please refer to the Company's announcement on February 11, 2022. Announcement of Resolutions of the First Extraordinary General Meeting of the Company in 2022 (Announcement No. (No.: Pro 2022-007)).
2021 Annual General Meeting of Shareholders	2022 May 25 Day	http://www.sse.com.cn	2022 May 26 Day	For more details, please refer to the Company's announcement on May 26, 2022. Announcement of Resolutions of the Annual General Meeting of the Company for 2021" (Announcement No.: Pro (2022-021)).
Second Extraordinary General Meeting of Shareholders 2022	2022 August 19 Day	http://www.sse.com.cn	2022 August 20 Day	For details, please refer to the Company's announcement on August 20, 2022. Announcement of Resolutions of the Second Extraordinary General Meeting of the Company in 2022 (Announcement No. (No.: Pro 2022-035)).

Third Extraordinary General Meeting of Shareholders 2022	2022 December 5 Day	http://www.sse.com.cn	2022 December 6 Day	For details, please refer to the Company's announcement on December 6, 2022. Announcement of Resolutions of the Third Extraordinary General Meeting of the Company in 2022" disclosed on 20 June 2012 (Announcement No. (No.: Pro 2022-056).
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Preferred stockholders whose voting rights have been restored request an extraordinary general meeting

☐Applicable ☒Not applicable

Information Note for the Shareholders' Meeting

☐Applicable ☒Not applicable

IV. Directors, Supervisors and Senior Management

(i) Changes in shareholdings and remuneration of current and outgoing directors, supervisors and senior management during the reporting period

√Applicable □ Not applicable

Unit: Unit											
Name	Position(Not e)	Gen der	Age	Term Start Date	Term Expira tion Date	Numb er of share s held at the begin ning of the year	Numb er of share s held at the end of the year	Increase or decrease in shares during the year	Reasons for chang e	Total pre-tax compensati on received from the Company during the reporting period Amount (million yuan)	Whether or not to receive compensati on from a related party in the company
Wang Feng	President	Male	58	2021-08-24	2024-08-23	0	0	0	Note	168.29	No
Yang Hanjian	Directors	Male	45	2023-02-09	2024-08-23	0	0	0	0	-	Yes
Wang Jianjun	Director and Party Committee Secretary General Manager	Male	45	2021-08-24	2024-08-23	0	0	0	Note	42.60	No
Jiao Mengyuan	Directors	Male	60	2021-08-24	2024-08-23	0	0	0	0	-	Yes
Wu Chunqi	Independent Directors	Male	52	2021-08-24	2024-08-23	0	0	0	0	9.52	No
Xu Yanhua	Independent Directors	Femal e	67	2021-08-24	2024-08-23	0	0	0	0	9.52	No
Zongyu Xu	Independent Directors	Male	61	2021-08-24	2024-08-23	0	0	0	0	9.52	No
Liu	Supervisors	Femal	53	2021-08-24	2024-08-23	0	0	0	Note	15.76	No

Zhao Jianyong (Outgoing)	Executive Director, Party Secretary and General Manager of Fengshen (Taiyuan) Management, Trade Union President	Male	61	2021-08-24	2024-08-23	0	0	0	Note	33.25	No
Liu Xinjun (Outgoing)	Secretary of the Board of Directors, the Deputy Chief Financial Officer	Male	45	2021-08-24	2024-08-23	0	0	0	Note	39.00	No
Total	/	/	/	/	/				/	481.22	/

Notes:

1. The company held the second extraordinary general meeting of 2019 on July 23, 2019, and considered and approved the "Wind God Stock Employee Stock Ownership Plan". The company's first employee stock ownership plan company directors, supervisors and

The total number of shares granted to 10 senior management personnel was 1,025,500, accounting for 14.78% of the total shares of the first employee stock ownership plan. The directors, supervisors and senior management of the company under the second employee stock ownership plan

The total number of shares granted to 10 directors, supervisors and senior management of the Company was 115,200 shares, accounting for 14.78% of the total shares of the Phase II Employee Stock Purchase Plan. Ten directors, supervisors and senior management of the Company under the Third Employee Stock Purchase Plan were granted a total of 282,700 shares, accounting for 15.58% of the total shares of the Third Employee Stock Purchase Plan. The

total amount of after-tax remuneration disclosed in the annual report is consistent with the requirements of the report on personal matters of leading cadres. 2. The Company held the fifteenth meeting of the eighth session of the Board of Directors on January 18, 2023, and considered and approved the "Proposal to Change the Company's Directors", "Proposal to Change the Company's General Manager" and "Proposal to Proposal to Change the Secretary of the Board of Directors of the Company", and disclosed the "Announcement on the Retirement and Departure of Senior

Management".

Name	Main work experience
Wang Feng	CPC member, Master of Business Administration, professor-level senior engineer. He is the Chairman of the Company, enjoys the special allowance of the national government, the representative of the 12th National People's Congress, the representative of the 10th and 11th People's Congress of Jiaozuo City, and the member of the 10th CPC Committee of Jiaozuo City. Now he is the Executive Director and Secretary of the Party Committee of China National Chemical Rubber Corporation. He was the Secretary of the Party Committee and General Manager of the Company, and the Company a Member of the Board of Directors for the second, third, fourth, fifth, sixth, seventh and eighth terms, Senior Strategic Advisor to Pirelli Tyre, Chief Integration Management Officer of Pirelli Industrial Tyre.
Yang Hanjian	CPC Member, Master's Degree, Director of the Company. Currently, he is the Chief Financial Officer of China National Chemical Rubber Co. He was the Chief Financial Officer and a member of the Party Committee of Sinochem Petroleum Sales Co.
Wang Jianjun	CPC member, master's degree, director, party secretary and general manager of the Company. He was the deputy general manager of our Jiaozuo Branch, head of manufacturing department, head of human resources department, safety and environmental protection Minister of the Ministry.
Jiao Mengyuan	CPC member, master's degree, accountant, director of the Company. Now he is the chairman, party secretary and general manager of Henan Tire Group Co. Director of Capital Limited.
Wu Chunqi	He is a member of the Communist Party of China, a doctor of law and a post-doctor of land management of Renmin University of China, and an independent director of the Company. He is currently the President of the Urbanization Research Institute (Zongcheng Think Tank) of Beijing Urban College and the President and Professor of China Real Estate (Natural Resources) Registration Institute. He is also the secretary-general of China Real Estate (Natural Resources) Registration Collaborative Innovation Center, and the secretary-general of Zhongguancun High-tech Enterprise Association of Natural Resources. Chairman of the Professional Committee.
Xu Yanhua	He is a member of the Communist Party of China, with a bachelor's degree, a senior engineer and an independent director of the Company. He is currently the chairman of China Automobile Speed Charging Promotion Association, the secretary-general of China Power Battery Industry Innovation Alliance, and Deputy Secretary General of China Automotive Chip Industry Strategic Alliance and Deputy Secretary General of Electric Vehicle 100 Association. He was the head of the planning department of FAW Group and the deputy chief engineer of FAW Group.
Zongyu Xu	He is a member of the Communist Party of China, has a doctorate in accounting and is an independent director of the Company. He is a professor of accounting in the School of Management of Shanghai University and a supervisor of doctoral students. He is currently the Director of Accounting Department of Shanghai University School of Management, China Accounting

	He is a member of the Higher Engineering College Branch of the Society, and an expert in the assessment of accounting and finance professions in Shanghai.
Liu Chenhong	CPC member, bachelor degree, chairman of the supervisory committee, head of the party committee work department and vice chairman of the labor union of the Company, head of the human resources department of Jiaozuo Base.
Qi Chunyu	He is a member of the Communist Party of China (CPC), has a postgraduate degree and is a supervisor of the Company. He is currently the deputy director of the Discipline Inspection Office of China National Chemical Rubber Corporation. He used to be the enterprise management of China National New Chemical Materials Corporation and General Institute of Chemical Science and Technology. Lawyer of the Department, Lawyer of the Asset Operation Department and Supervisory Department of China National New Chemical Materials Corporation, Assistant to the Director of Liaoyuan Plant.
Original Leiqing	He is a member of the Communist Party of China, has a postgraduate degree, is a senior economist and a supervisor of the Company. He is currently the executive director and general manager of Jiaozuo State-owned Development Investment Company Limited, and the supervisor of Jiaozuo City Industrial Investment Group Ltd. and Vice President.
Qi Rong	CPC member, bachelor degree, accountant, supervisor and head of audit department of the Company. He has served as the Deputy Director and Director of the Finance Department of the Company.
Zhang Peng	CPC member, bachelor's degree, director of Fengshen (Taiyuan) Office (Party Committee Office) and secretary of the Youth League Committee.
Zhang Xiaoxin	He is a member of the Communist Party of China, a graduate student, a professor-level senior engineer, the chief operating officer and executive vice president of the Company. He has been the deputy director and director of the power branch of Henan Tire Factory, the production of the Company Deputy Minister, Minister, Assistant General Manager, Deputy General Manager of the Department, Chairman of the Labor Union, Chairman of the Supervisory Board, General Manager.
Shin Yusheng	CPC member, bachelor degree, professor-level senior engineer, deputy general manager of the Company. He has served as deputy director of Henan Tire Factory's Technical Research Department and deputy director of the Project Office; director of the Company's Enterprise Development Department and Deputy Chief Engineer, Assistant General Manager, Deputy General Manager.
Linlin Zhang	CPC Member, Master's Degree, Secretary of the Board of Directors of the Company. He is currently the Director of the Office (Party Committee Office) of Fengshen Tire Co. He was the Deputy Chief Information Officer of the Company, Management Vice President of Information Department.

Other information notes

☐Applicable ☒Not applicable

(ii) The positions of current and outgoing directors, supervisors and senior management during the reporting period

1. Employment with shareholders

√Applicable □ Not applicable

Name of the incumbent	Name of shareholder unit	In the shareholder unit Positions held	Term Start Date	Term Expiration Date
Wang Feng	China Chemical Rubber Co.	Executive Director, Party Committee Clerks	December 2022	/
Yang Hanjian	China Chemical Rubber Co.	Chief Financial Officer	December 2022	/
Wang Jianjun	China Chemical Rubber Co.	Deputy Secretary of the Party Committee	January 2023	
Jiao Mengyuan	Henan Tire Group Co. Company	Secretary of the Party Committee and Director President and General Manager	August 2018	/

2. Employment in other units

√Applicable □ Not applicable

Name of the incumbent	Name of other units	Senior Deputy Director of the Discipline Inspection Commission Office (Party Working in other units as The position of Office (Party Dean	Term Start Date	Term Expiration Date
Qi Chunyu	China Chemical Rubber Co.	Director of the Discipline Inspection Commission Office (Party Working in other units as The position of Office (Party Dean	April 2023	/
Wu Chunqi	Beijing City College Urbanization Research Institute	Inspection Office) (Main) (Holding jobs)	June 2015	/
Wu Chunqi	Shandong State-owned Zhongcheng Qingtai Development Investment Co., Ltd. (Original Leiqing has Firm Services Limited company	Executive Part-time Director, General Manager Lawyer Science	November 2010 December 2017	//
Serving in a shareholder unit	Guolian Automotive Power Battery Research Institute (National Power Battery Creation) (New Center)	Chairman of the Supervisory Board	June 2016	/
Xu Yanhua	China Automotive Power Battery Production Industry Innovation Alliance	Secretary General	June 2016	/
Xu Yanhua	China Automotive Chip Industry Creation New Strategic Alliance	Under Secretary General	September 2020	/
Xu Yanhua	China Electric Vehicle Council 100	Under Secretary General	January 2017	/
Zongyu Xu	Shanghai Zijiang Enterprise Group Co	Independent Directors	June 2020	May 2023

(iii) Compensation of directors, supervisors and senior management

√Applicable □ Not applicable

Decision-making procedures for compensation of directors, supervisors and senior management	The remuneration of directors shall be formulated by the Remuneration and Evaluation Committee of the Board of Directors of the Company and approved by the General Meeting of Shareholders of the Company; the remuneration of senior management shall be formulated by the Remuneration and Evaluation Committee of the Board of Directors of the Company. The Company's Board of Directors will approve the decision.
Directors, Supervisors, Senior Management Report Compensation determination basis	Remuneration incentive and restraint mechanism for directors and executives of the company and performance appraisal for executives of the company Implementation details.

(iv) Changes in directors, supervisors and senior management of the Company

√Applicable □ Not applicable

Name	Positions held	Change situation	Reason for change
The actual reports received by all directors, supervisors and senior management at the end of the reporting period	481.22 million yuan Directors	Elections	/
Yang Hanjian	Director, Secretary of the Party Committee, General Manager	Elections	/
Wang Jianjun	Board Secretary	Appointments	/
Total remuneration			
Limin Zhang	Chairman of the Supervisory Board	Elections	/
Liu Chenhong	Supervisors	Elections	/
Zhang Peng	Directors	Outgoing	/
Zhang Xiaoxin	Directors	Outgoing	/
Jiao Chonggao (outgoing)			

(V) Description of the penalties imposed by securities regulators in the past three years

□Applicable √Not applicable

(vi) Other

□Applicable √Not applicable

V. Information about the Board of Directors held during the reporting period

Session Zhang Jianyong (outgoing)	Date	Executive Director and Party Committee of Fengshen (Taiyuan) Secretary, General Manager, Trade Union Chairman	Conference Resolutions	/
Eighth session of the Board of Directors Liu Xinjun (outgoing)	January 21st	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on January 22, 2022.	Outgoing	/
Five meetings		Announcement of Resolutions of the Fifth Meeting of the Board (Announcement No.: Pro 2022-001).		
Eighth session of the Board of Directors	April 2022 28th	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on April 29, 2022.		

Six meetings		Announcement of Resolutions of the Sixth Meeting of the Board of Directors of the Company (Announcement No. 2022-008).
Eighth session of the Board of Directors Seven meetings	May 2022 30 days	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on May 31, 2022. Announcement of Resolutions of the Seventh Meeting of the Board (Announcement No.: Pro 2022-022).
Eighth session of the Board of Directors Eight meetings	June 2022 22nd	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on June 23, 2022. Announcement of Resolutions of the Eighth Meeting of the Board of Directors of the Company (Announcement No.: Pro 2022-023).
Eighth session of the Board of Directors Nine meetings	August 2022 3 days	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on August 4, 2022. Announcement of Resolutions of the Ninth Meeting of the Board (Announcement No.: Pro 2022-029).

Eighth session of the Board of Directors Ten meetings	August 2022 29th	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on August 30, 2022. Announcement of Resolutions of the Tenth Meeting of the Board (Announcement No. Pro 2022-036).
Eighth session of the Board of Directors Eleventh Meeting	2022 10 11 November	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on October 12, 2022. Announcement of Resolutions of the Eleventh Meeting of the Board of Directors (Announcement No.: Pro 2022-042).
Eighth session of the Board of Directors Twelve meetings	2022 10 27th of July	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on October 28, 2022. Announcement of Resolutions of the Twelfth Meeting of the Board of Directors (Announcement No.: Pro 2022-045).
Eighth session of the Board of Directors Thirteen meetings	2022 11 10th	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on November 11, 2022. Announcement of Resolutions of the Thirteenth Meeting of the Board of Directors (Announcement No.: Pro 2022-049).
Eighth session of the Board of Directors Fourteen meetings	2022 11 18th	For details, please refer to the "Eighth Session of the Board of Directors of the Company" disclosed by the Company on November 19, 2022. Announcement of Resolutions of the Fourteenth Meeting of the Board of Directors (Announcement No.: Pro 2022-051)

VI. Performance of duties by directors

(i) Participation of directors in the board of directors' meetings and shareholders' meetings

Name of Director	Whether independent director	Participation in the Board of Directors						Participating Shareholders General Assembly
		Number of board meetings to be attended during the year	Number of personal attendance	Number of participants by correspondence	Number of Delegated Attendance	Number of absences	Whether two consecutive meetings without personal participation proposal	Attendance at shareholders' meetings
Wang Feng	No	10	10	0	0	0	No	4
Yang Hanjian	No	0	0	0	0	0	No	0

Wang Jianjun	No	0	0	0	0	0	No	0
Jiao Mengyuan	No	10	10	0	0	0	No	4
Wu Chunqi	Yes	10	1	9	0	0	No	4
Xu Yanhua	Yes	10	1	9	0	0	No	4
Zongyu Xu	Yes	10	1	9	0	0	No	4
Jiao Chongga (Outgoing)	No	10	1	9	0	0	No	4
Zhang Xiaoxin (Outgoing)	No	10	10	0	0	0	No	4

Note: The Company held the First Extraordinary General Meeting of 2023 on 8 February 2023 and considered and approved the "Proposal for the Election of Mr. Yang Hanjian as Non-Independent Director of the Eighth Session of the Board" and "Election of Mr. Wang Jianjun as Non-Independent Director of the Eighth Session of the Board".

Explanation of failure to attend two consecutive board meetings in person

☐Applicable ☒Not applicable

Number of board meetings held during the year	10
Of which: Number of on-site meetings	0
Number of meetings held by means of communication	9
Number of meetings held on-site in combination with communication	1

(ii) Dissenting opinions of directors on matters relating to the Company

☐Applicable ☒Not applicable

(iii) Others

☐Applicable ☒Not applicable

VII. Specialized committees under the Board of Directors

√Applicable □ Not applicable

(1). Membership of special committees under the Board of Directors

Specialized Committee Categories	Member Name
Audit Committee	Jiao Chonggao (outgoing), Xu Yanhua, Xu Zongyu
Nominating Committee	Wang Feng, Wu Chunqi, Xu Yanhua
Compensation and Appraisal Committee	Wang Feng, Wu Chunqi, Xu Zongyu
Strategy Committee	Wang Feng, Jiao Chonggao (outgoing), Zhang Xiaoxin (outgoing), Jiao Wengyu, Wu Chunqi, Xu Yanhua

The Board held the Fifteenth Meeting of the Eighth Session of the Board of Directors and the First Extraordinary General Meeting of 2023 on January 18, 2023 and February 8, 2023 to consider and approve the Proposal on the Change of Directors of the Company, electing Mr. Yang Hanjian and Mr. Wang Jianjun as candidates for the Eighth Session of the Board of Directors of the Company, and at the same time, Mr. Yang Hanjian succeeded Mr. Jiao Chonggao as a member of the Strategy Committee and Audit Committee of the Board of Directors of the Company, and Mr. Wang Jianjun succeeded Mr. Zhang Xiaoxin as a member of the Strategy Committee of the Board of Directors of the Company. Mr. Yang Hanjian will replace Mr. Jiao Chonggao as a member of the Strategic Committee and Audit Committee of the Board of Directors, and Mr. Wang Jianjun will replace Mr. Zhang Xiaoxin as a member of the Strategic Committee of the Board of Directors.

(2). The Audit Committee met 5 times during the reporting period

Date	Conference content	Important comments and suggestions	Other duties performed Situation
2022 January 21 Day	Matters related to the Fifth Meeting of the Eighth Session of the Board of Directors	The Audit Committee carried out its work in strict accordance with the laws, regulations and relevant rules and regulations, diligently and diligently, and made relevant comments based on the actual situation of the Company. It will be considered.	None
2022 April 28 Day	Matters related to the Sixth Meeting of the Eighth Session of the Board of Directors	The Audit Committee carried out its work in strict accordance with the laws, regulations and relevant rules and regulations, diligently and diligently, and made relevant comments based on the actual situation of the Company. It will be considered.	None
2022 August 29 Day	Matters related to the Ninth Meeting of the Eighth Session of the Board of Directors	The Audit Committee carried out its work in strict accordance with the laws, regulations and relevant rules and regulations, diligently and diligently, and made relevant comments based on the actual situation of the Company. It will be considered.	None
2022 April 28 Day	Matters related to the Sixth Meeting of the Eighth Session of the Board of Directors	The Audit Committee carried out its work in strict accordance with the laws, regulations and relevant rules and regulations, diligently and diligently, and made relevant comments based on the actual situation of the Company. It will be considered.	None

(3). The Remuneration and Evaluation Committee held 1 meeting during the reporting period

Date	Conference content	Important comments and suggestions	Other duties performed Situation
2022 August 29 Day	Matters related to the Ninth Meeting of the Eighth Session of the Board of Directors	The Audit Committee carried out its work in strict accordance with the laws, regulations and relevant rules and regulations, diligently and diligently, and made relevant comments based on the actual situation of the Company. It will be considered.	None
2022 April 28 Day	Matters related to the Sixth Meeting of the Eighth Session of the Board of Directors	The Audit Committee carried out its work in strict accordance with the laws, regulations and relevant rules and regulations, diligently and diligently, and made relevant comments based on the actual situation of the Company. It will be considered.	None

(4). 1 meeting of the Strategy Committee during the reporting period

Date	Conference content	Important comments and suggestions	Other duties performed Situation
2022 November 18th	Matters related to the 18th meeting of the Board of Directors	The Strategy Committee carried out its work in strict accordance with laws, regulations and relevant rules and regulations, diligently and diligently, and made relevant comments based on the actual situation of the Company, and after full communication and discussion, unanimously approved and agreed to submit to the Board of Directors for consideration.	None
(5). The existence of objectionable matters in particular <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable			
VIII. Description of the risks identified by the Supervisory Board for the Company <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable			

The Supervisory Board 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) Employee profile

Number of active employees of the parent company	4,636
Number of active employees of major subsidiaries	1,027
Total number of active employees	5,663
Retired employees of the parent company and major subsidiaries who are required to bear the costs	1,305
Number of workers	
Professional Composition	
Professional composition categories	Number of professional composition
Production staff	4,032
Sales staff	251
Technical Staff	743
Finance Staff	62
Administrative staff	575
Total	5,663
Education level	
Education level category	Number (people)
Graduate student and above	62
Bachelor's degree (including self-study)	644
Specialty	1,036
High School and below	3,921
Total	5,663

(ii) Remuneration Policy

√Applicable ☐ Not applicable

During the reporting period, the remuneration policy implemented by the Company for general employees was based on the Company's Remuneration Management System and the Notice on the Implementation of the Company's Remuneration Adjustment Plan; the remuneration of directors was implemented in accordance with the Implementation Rules of the Company's Remuneration Incentive and Restraint Mechanism for Directors; the remuneration of senior management was implemented in accordance with the Implementation Rules of the Remuneration Incentive and Restraint Mechanism for Senior Management. The individual remuneration of the management staff is calculated based on the achievement of the performance index of the post, and the calculation of the remuneration of the production line staff is mainly based on the output, quality and work assignment of the staff.

At the same time, we have implemented incentive policies such as subject and achievement awards, gold and silver staff allowances, quarterly funds for quality and quarterly awards for cost reduction and efficiency improvement to encourage employees to complete their work tasks with higher quality and efficiency.

(iii) Training Program

√Applicable ☐ Not applicable

During the reporting period, the company prepared a total of 904 company-level and department-level training plans based on strategic planning, training needs of the four lines and audit requirements, including 260 for the science and technology line, 527 for the production line, 25 for the marketing line and 92 for the management line. 2022

In 2009, with the joint efforts of all departments, the company actually conducted 846 training sessions, including 79 company-level training sessions and 767 department-level training sessions, with about 24.4 hours of training per person, and the completion rate of training plan was 93.3%, including the completion rate of company-level training plan was 91.8% and the completion rate of department-level training plan was 96.5%. The employees' R&D ability, quality management method, management ability and production operation method have been improved.

(iv) Outsourcing of labor services

√Applicable ☐ Not applicable

Total number of hours worked for labor outsourcing	2116540 hours
Total compensation paid for outsourcing of labor services	48.95 million yuan

X. Proposals for profit distribution or capital reserve transfer

(i) Establishment, implementation or adjustment of cash dividend policy

√Applicable ☐ Not applicable

The Company has established a continuous, scientific, stable and transparent dividend policy and decision-making mechanism, and has clearly defined the criteria and dividend distribution ratio of the Company: Except for special circumstances, the Company shall distribute dividends in cash if it is profitable in the current year and the accumulated undistributed profits are positive. The accumulated profit distributed in cash in the last three years shall be at least 30% of the average annual profit available for distribution achieved in the last three years. The Company implements its dividend policy in strict accordance with the relevant provisions of the Company Law, the Securities Law and the Articles of Association.

(II) Special Note on Cash Dividend Policy

√Applicable ☐ Not applicable

Whether it complies with the provisions of the articles of association or the resolution of the shareholders' meeting	√Yes <input type="checkbox"/> No
Whether the criteria and percentage of dividends are clear and unambiguous	√Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	√Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and responsibilities and played their proper roles	√Yes <input type="checkbox"/> No
Whether the parent company is profitable during the reporting period and has positive cash flow, and whether the parent company has adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests have been fully Sub-protection	√Yes <input type="checkbox"/> No

profit available for distribution to shareholders, but has not proposed a cash profit distribution plan, the company shall disclose in detail the reasons and the use and plan of use of the undistributed profit

☐Applicable ☒Not applicable

(iv) Profit distribution and capitalisation of capital reserves for the reporting period

☒Applicable ☐ Not applicable

Unit:Yuan Currency:RMB

Number of bonus shares per 10 shares (shares)	
Number of dividends per 10 shares (yuan) (tax included)	0.5
Number of conversions per 10 shares (shares)	
Amount of cash dividends (including tax)	36,472,543.55

Ordinary shares attributable to listed companies in the consolidated statements of income for the year of dividend distribution Net profit for shareholders	84,521,408.26
As a percentage of the consolidated statement of income attributable to common shareholders of the listed company Ratio of net profit (%)	43.15%
Repurchase of shares in cash included in cash dividends	
Total dividend amount (including tax)	36,472,543.55
Total dividends as a percentage of the total amount of dividends attributable to listed companies in the consolidated financial statements Ratio of net income to common stockholders (%)	43.15%

XI, The situation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures and their effects (a) The relevant incentive matters have been disclosed in the interim announcement and there is no progress or change in the subsequent implementation

☒ Applicable ☐ Not applicable

Matter Overview	Query Index
On January 21, 2022, the fifth meeting of the eighth session of the Board of Directors of the Company was held to consider and approve the "Proposal on the Extension of the Employee Stock Ownership Plan of the Company", which extended the duration of the first employee stock ownership plan of the Company for six months, i.e. until August 14, 2022; the duration of the second employee stock ownership plan of the Company The extension is for six months, until October 14, 2022.	The Company's operations in January 2022 22nd disclosure related announcement (Announcement No.: Pro (2022-004).
On August 3, 2022, the Ninth Meeting of the Eighth Session of the Board of Directors of the Company was held to consider and approve the Proposal on the Extension of the First Employee Stock Purchase Plan of the Company, which extended the duration of the First Employee Stock Purchase Plan of the Company by six months, i.e. until February 14, 2023. (B) Incentive situation not disclosed in the interim announcement or with subsequent progress Equity incentive situation <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	The Company's operations were completed in August 2022. Disclosure of relevant announcement on 4th (Announcement No.: Pro (2022-033).
On October 11, 2022, the Company held the eleventh meeting of the eighth session of the Board of Directors to consider and approve Other notes <input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable Proposal on the Extension of the Second Employee Stock Purchase Plan of the Company", the duration of the Second Employee Stock Purchase Plan of the Company was extended by 6 months, i.e. until April 14, 2023. 71/345	The Company's operations are scheduled for October 2022. The relevant announcement was disclosed on 12 December (Announcement No.: Pro

Status of Employee Stock Purchase Plan

☐Applicable ☒Not applicable

Other Incentives

☐Applicable ☒Not applicable

(iii) Equity incentives granted to directors and senior management during the reporting period

☐Applicable ☒Not applicable

(iv) The appraisal mechanism for senior management and the establishment and implementation of incentive mechanism during the reporting period

☒Applicable ☐ Not applicable

The Remuneration and Evaluation Committee of the Board of Directors of the Company is responsible for the appraisal of the senior management of the Company and conducts annual performance evaluation work for the senior management of the Company based on the Implementation Rules of the Remuneration Incentive and Restraint Mechanism for Directors/Executives of Fengshen Tire Co.

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

√Applicable □ Not applicable

For details, please refer to the "Annual Internal Control Evaluation Report for 2022" disclosed by the Company on the website of the SSE (www.sse.com.cn).

Description of significant deficiencies in internal control for the reporting period

□Applicable √Not applicable

XIII, Management control over subsidiaries during the reporting period

√Applicable □ Not applicable

The Company has formulated the Management System of Subsidiaries in accordance with the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other laws and regulations and the relevant provisions of the Articles of Association of the Company. The Company strictly follows the Management System of Subsidiaries to further strengthen the management of its subsidiaries and improve the overall operational efficiency and risk resistance of the Company.

XIV, Information Note Related to Internal Control Audit Report

√Applicable □Not applicable

For details, please refer to the "2022 Annual Internal Control Audit Report" disclosed by the Company on the website of the SSE (www.sse.com.cn). Whether to disclose the internal control audit report: Yes

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

XV, Listed companies governance special action self-examination problems rectification and correction is not applicable

XVI. Other

□Applicable √Not applicable

Section V Environmental and Social Responsibility

I. Environmental information situation

Whether to establish mechanisms related to environmental protection	Yes
Funds invested in environmental protection during the reporting period (unit: RMB million)	1,302.54

(i) Description of the environmental protection of the Company and its major subsidiaries that are key emission units announced by the environmental protection

authorities

√Applicable ☐ Not applicable

1. Discharge information

√Applicable ☐ Not applicable

Fengshen shares and its subsidiary Taiyuan base belong to the key emission units announced by the ecological environment department, and the specific environmental protection situation is as follows:

(1) Main pollutants and characteristic pollutants of wastewater: Chemical oxygen demand, ammonia nitrogen, PH

Refining, molding and vulcanization exhaust gas: particulate matter, non-methane total hydrocarbons, odor concentration
Boiler exhaust gas: sulfur dioxide, nitrogen oxides, soot

(2) Discharge method
Wastewater discharge method:

The Jiaozuo base is divided into two plants, East and West. The production and domestic wastewater is treated by the company's water treatment system and treated to the standard in accordance with ~~the~~ Emission Standards for Rubber Products Industry Pollutants (GB27632-2011) and ~~the~~ Comprehensive Sewage Discharge Standards (GB8798-1996), and most of the treated wastewater from the East plant is reused, while the rest is discharged into the municipal sewage network and disposed of centrally through Jiaozuo Kangda Ltd. for centralized disposal. The wastewater from the west plant is partly reused, but the rest is discharged into the municipal sewage network and disposed of centrally through the wastewater treatment plant in the middle station area of Jiaozuo City Industrial Cluster by Jiacheng (Jiaozuo) Water Services Co.

The Taiyuan base has built a sewage network, and all steam condensate is reused. Production and domestic wastewater is treated by the company's water treatment system, and after it meets the standards in accordance with ~~the~~ Emission Standards for Rubber Products Industry Pollutants (GB27632-2011), the production wastewater is connected to the municipal network together with domestic wastewater and enters the Qingxu County Wastewater Treatment Plant.

Refining, molding and curing exhaust gas emission methods:

Refining, molding and vulcanization exhaust gases are collected through gas collector, treated by VOCs treatment facilities, and then discharged to high standards. Boiler exhaust gas emission mode:

There are 3 sets of 130t/h ~~boilers~~ in the Power Operation Department of Jiaozuo Base East Plant (using 2 sets and 1 set), ~~3~~ sets of sulfur denitrification and dust removal facilities are set up accordingly. After the boiler exhaust gas passes through the sulfur denitrification and dust removal facilities, it is treated to meet the standards in accordance with the "Emission Standards for Air Pollutants from Coal-fired Power Plants" (DB41/1424-2017) of Henan Province, and then emitted at high altitude through a 150m chimney.

There are three gas-fired boilers in the power plant of Taiyuan Base, two 35T and one 20T. The boilers are fueled by gas and natural gas, and an online monitoring system for flue gas from elevated sources is installed at the stack emission port to monitor the emission of various pollutants in real time, which is discharged at high altitude through the 60 m stack. The boiler exhaust gas is subject to the special emission limit of GB13271-2014 for boiler air pollutants.

During the reporting period, the company's major pollutants and characteristic pollutants all met the emission standards and did not exceed the emission standards.

2. Construction and operation of anti-pollution facilities

☒ Applicable ☐ Not applicable

(1) There is one set of wastewater treatment system in each of the east and west plants of Jiaozuo Base, with treatment capacity of 12,000t/d and 1920t/d. The production wastewater and domestic wastewater as well as domestic water of the surrounding residents are collected and disposed of by the plant wastewater treatment station, and then used as supplementary circulating cooling water of the power plant and green water of the plant after deep treatment by the wastewater treatment facilities. Online monitoring facilities are installed at the main discharge point of the plant and networked with the environmental protection department to monitor the discharge of pollutants in real time, and all pollutants are discharged in accordance with the standards.

The exhaust gases from the refining, molding and vulcanization processes in the east and west plants of the Jiaozuo Base are treated with VOCs to meet the emission standards, and quarterly routine environmental monitoring is conducted in accordance with the requirements of the emission permit.

There are 3 sets of 130t/h boilers in the power supply department of the east plant of Jiaozuo Base (with 2 sets of boilers and 1 set of boilers), which are equipped with 3 sets of desulfurization, denitrification and dust removal facilities.

(2) The Taiyuan site has a wastewater treatment system with a treatment capacity of 2400t/d. The waste gas from the rubber making, molding and vulcanization processes is treated by VOCs and discharged to the standard, and quarterly routine environmental monitoring is carried out in accordance with the requirements of the emission permit; there are three gas boilers in the power plant, two 35T and one 20T, equipped with two sets of low-NO_x combustion + FGR flue gas cycle denitrification system, one set of gas purification desulfurization system and one set of SCR denitrification system. One set of gas purification and desulfurization system and one set of SCR denitrification system.

During the reporting period, the company's environmental protection facilities all operated normally and reliably without any abnormalities.

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

☐Applicable ☒Not applicable

4. Emergency response plan for sudden environmental events

☒Applicable ☐ Not applicable

- (1) Jiaozuo Base has formulated the Emergency Response Plan for Environmental Emergencies and completed the record in Jiaozuo Ecological Environment Bureau.
- (2) Taiyuan Base has formulated the Emergency Response Plan for Environmental Emergencies and completed the record in Qingxu County Ecological Environment Bureau.

5. Environmental self-monitoring program

√Applicable ☐ Not applicable

The Jiaozuo Base has prepared a daily environmental monitoring program for 2022 and commissioned a third-party environmental testing company, Zhengzhou Tongbiao Environmental Testing Co., Ltd. to conduct daily monitoring of the east plant area in accordance with the program and a third-party environmental testing company, Henan Heyang Environmental Technology Co.

The Taiyuan Base has prepared a daily environmental monitoring program for 2022 and has commissioned a third-party environmental testing company, Shanxi Cloud Platform Xijing Environmental Monitoring Co.

6. Administrative penalties imposed for environmental issues during the reporting period

☐Applicable √Not applicable

7. Other environmental information that should be disclosed

√Applicable ☐ Not applicable

The company's environmental information is disclosed on the corresponding environmental information disclosure website in accordance with the requirements of the relevant environmental authorities.

(II) Description of environmental protection of companies other than key emission units

☐Applicable √Not applicable

(C) conducive to the protection of ecology, pollution prevention and fulfillment of environmental responsibility related information

√Applicable ☐ Not applicable

In the project of creating "Class A Performance in Rubber Products Industry" in the west plant of Jiaozuo Base, through the installation of CO catalytic combustion equipment in the north side of the rubber making workshop, the secondary containment of 6 compacting machines in the rubber making workshop, the secondary containment of carbon black unpacking warehouse, and the installation of side suction hoods in the vulcanization workshop, the enterprise's pollutant emissions will be further reduced. further decrease.

The carbon black unpacking warehouse in the refining center of Jiaozuo base east plant uses magnetic suction skin curtain for secondary closure, which not only improves the collection efficiency of particulate matter on site, but also increases the neatness of the site; increases dust removal equipment, increases the processing efficiency of particulate matter and reduces the emission of particulate matter.

The company strictly follows the requirements of laws and regulations, adopts advanced

treatment technologies for wastewater and exhaust gas, and promotes environmental management with FORUS management system to achieve continuous and stable emission of various pollutants better than the national standards, which has achieved good environmental and social benefits.

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

Whether to adopt carbon reduction measures	Yes
Reduction of CO2 equivalent emissions (in tons)	16,273
Types of carbon reduction measures (e.g., use of clean energy to generate electricity, use of carbon reduction technologies in production processes, research and development of production processes, etc.) (New products to help reduce carbon emissions, etc.)	In 2022, Fengshen Tire will implement a total of key energy-saving and low-carbon projects, technological improvements and technologies. Measures, elimination of backward equipment, a total of 12, including waste heat utilization, elimination of fallen Post-equipment, energy classification utilization, and utility integration projects.

Specific instructions

√Applicable ☐ Not applicable

The company takes green manufacturing as its goal, actively develops low-carbon economy, continuously carries out energy saving and consumption reduction activities, uses resource and energy recycling, efficient utilization and other technologies, and relies on the information management platform to accurately manage energy consumption, improve the comprehensive utilization efficiency of resources, reduce resource and energy consumption, and effectively promote the promotion of energy saving and carbon reduction work.

II. Social Responsibility Work

(i) Whether to disclose a separate social responsibility report, sustainability report or ESG report

√Applicable ☐ Not applicable

For details, please refer to the "Annual Environmental, Social and Corporate Governance (ESG) Report 2022" disclosed by the Company on the website of the SSE (www.sse.com.cn).

(II) Social responsibility work specifics

√Applicable ☐ Not applicable

External donations, public welfare projects	Quantity / Content	Fact Sheet
Total input (million yuan)	26.17	
Of which: funds (million yuan)	26.17	Donation for the Dream School, purchase of support products, donation for the 99 Public Welfare Day, Veterans Care Foundation Gold, courageous foundation
Material discount (million yuan)		
Specific instructions		
Number of beneficiaries (people)		

√Applicable ☐ Not applicable

In the process of continuous development, the company effectively fulfills its social responsibility as a central enterprise, strongly supports charitable causes, actively participates in charitable activities, and always insists that "development originates from society, love and dedication to society, and builds a harmonious home". In 2022, 1882 employees of the company donated a total of RMB 48,711 yuan in the "Dream Help" campaign; the organization used the online platform to voluntarily purchase the donations for the poor people in Pingshan, Hebei and Gulang, Gansu.

The company has supported agricultural and sideline products in the region, and 1045 employees participated actively, spending a total of 67,425 yuan. Organized to participate in the 99 public

The company donated a total of RMB42,610 to the Jiaozuo Charity Day, with 1740 employees. The company donated to Jiaozuo Charity Federation Veterans Care Fund

100,000 Yuan, and donated 3,000 Yuan to Henan Province Courageous Foundation through Shanyang District Courageous Association of Jiaozuo City.

Third, consolidate and expand the results of poverty eradication and rural revitalization and other specific work

√Applicable ☐ Not applicable

Poverty alleviation and rural revitalization projects	Quantity / Content	Fact Sheet
Total input (million yuan)	1.032	The company purchased office supplies for the village where the village team was stationed; donated epidemic prevention materials; carried out warmth and sympathy relief activities for the needy people; and

(poverty alleviation, education poverty alleviation, etc.)		Employment.
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Specific instructions

√Applicable ☐ Not applicable

In order to consolidate the results of poverty eradication and prevent returning to poverty, the company's team in the village has carried out centralized and normalized investigation activities of dynamic monitoring to prevent returning to poverty, and implemented the special action of "six necessary investigations and six enhancements" to consolidate and expand the results of poverty eradication and poverty eradication, tighten the protective net against returning to poverty and build up the defense line against returning to poverty. Through the policy assistance, the employment rate of the households out of poverty and the labor force of the monitored households with employment ability and employment desire in the villages where they are stationed has achieved 100%, eliminating the risk of returning to poverty.

The team in the village writes a research report on rural revitalization, plans and promotes the implementation plan, and leads and enhances the self-development ability of the village committee in the village. We assisted the village branch to promote the creation of "five-star" branches and clarified the goal of creating stars. Carried out the centralized improvement of the living environment and completed the greening project. Through the implementation of support measures, we have continuously improved the effectiveness of the village committee's governance, dug deeper into the income generation projects, expanded the collective economy, and led the masses to get rich together.

Section VI Important Matters

I. Implementation of commitments

(i) Commitments of the Company's actual controller, shareholders, related parties, acquirers and the Company and other committed related parties in the reporting period or continuing into the reporting period

√Applicable ☐ Not applicable

Applicable <input type="checkbox"/> Not applicable <input type="checkbox"/>								
Commitment Background	Type of commitment	Committee Parties	Commitment content	Commitment time and period	Availability of performance period Limit	Whether the timely and strict performance	Failure to perform in a timely manner should indicate the specific reasons for not completing the performance	If not fulfilled in time should explain the next plan
Commitments related to refinancing	Settlement of connected transactions	China Chemical Rubber Co.	1、The Company and other enterprises controlled by the Company will minimize the connected transactions with Fengshen Co. and its subsidiaries as far as possible; 2、For connected transactions that are really necessary or beneficial to the listed company and its subsidiaries, the Company and other enterprises controlled by the Company will conduct connected transactions with Fengshen Co. and its subsidiaries in accordance with the principles of fairness, equity and equitable remuneration in accordance with the law and fulfill the appropriate legal procedures, and will 3. The Company and other enterprises controlled by the Company will not conduct transactions with Fengshen and its subsidiaries on terms that are unfair compared with market prices, nor will they use their status as shareholders to engage in any transactions that are detrimental to the legitimate rights and interests of Fengshen and other shareholders of Fengshen; 4. 4. If the rights and interests of Fengshen shares or other shareholders are damaged as a result of the Company's breach of the above undertaking, the Company is willing to bear the responsibility arising therefrom. 5、This commitment letter will be effective after the signing of the Company. and until the date when one of the following conditions is satisfied: (1) The Company is no longer the controlling shareholder of Fengshen (2) The date of termination of listing of Fengshen shares on the Shanghai Stock Exchange.	Long-term validity	No	Yes	-	-
			1. The Company and other enterprises controlled by the Company will minimize the connected transactions with Fengshen shares and its					

		Ltd.	The Company and its subsidiaries under its control or actual control and other related parties will not directly or indirectly occupy the funds or other assets of Fengshen in any way, nor will they require Fengshen to provide guarantees in violation of the Articles of Association of Fengshen Tire Company Limited and relevant laws, regulations and regulatory documents, and will not harm the interests of Fengshen and other shareholders. If the rights and interests of Fengshen shares or other shareholders are damaged due to the Company's violation of the above-mentioned commitments, the Company is willing to bear the responsibility arising therefrom. 4、 This commitment letter will be effective after the signing of the Company. (1) The Company is no longer the controlling shareholder of Fengshen shares; (2) Fengshen shares are no longer the controlling shareholder of Fengshen shares. The date of listing on the Shanghai Stock Exchange.					
	Other	China National Chemical Corporation	1. As of the date of this commitment letter, the Company, its subsidiaries under its control or actual control and other related parties do not occupy the funds or other assets of Fengshen shares, nor do they require Fengshen shares to provide guarantees in violation of the law. 2. The Company undertakes that from the date of this commitment letter, the Company and its subsidiaries under its control or actual control and other related parties will not directly or indirectly occupy the funds or other assets of Fengshen in any way, and will not require Fengshen to provide guarantee in violation of the Articles of Association of Fengshen Tire Company Limited and relevant laws, regulations and regulatory documents, and will not harm the interests of Fengshen and other shareholders. 3. If the rights and interests of Fengshen shares or other shareholders are damaged as a result of the Company's breach of the above undertaking, the Company is willing to bear the responsibility arising therefrom. 4、 This commitment letter will be effective after the signing of the Company. (1) The Company is no longer the actual controller of Fengshen; (2) Fengshen is no longer the actual controller of Fengshen; (3) Fengshen is no longer the actual controller of Fengshen; (4) Fengshen is no longer the actual controller of Fengshen. The date of termination of listing on the Shanghai Stock Exchange.	Long-term validity	No	Yes	-	-
	Other	China Chemical Rubber Co.	1, in accordance with the relevant laws and regulations and the relevant provisions of the Articles of Association of Fengshen Tire Co., Ltd. to exercise the rights of the controlling shareholder, not to exceed the authority to interfere with the business management activities of the company, not to encroach on the interests of the company 益。 2. As one of the responsible parties for the measures to fill the return, if the Company violates the above commitments or refuses to fulfill the above commitments, the Company agrees to the relevant penalties or management measures to be taken by the CSRC and the Shanghai Stock Exchange and other securities regulators in accordance with the relevant regulations and rules formulated or issued by them; if the	Long-term validity	No	Yes	-	-

		Company or the investors are caused to suffer losses as a result of the violation of such commitments, the Company is willing to bear the losses to the Company or the investors in accordance with the law. Liability of investors for compensation.					
Other	China National Chemical Corporation	1, in accordance with relevant laws and regulations and the relevant provisions of the Articles of Association of Fengshen Tire Co., Ltd. to exercise the rights of the actual controller, not to exceed the authority to interfere with the business management activities of the company, and not to encroach on the interests of the company. 2, as one of the responsible subjects of the measures to fill the return, in case of violation of the above commitments or refusal to fulfill the above commitments, agree to the relevant penalties or management measures taken by the CSRC and the Shanghai Stock Exchange and other securities regulators in accordance with the relevant regulations and rules formulated or issued by them; if such commitments are violated and cause losses to the company or investors, willing to bear the losses to the company or investors in accordance with the law The liability for compensation.	Long-term validity	No	Yes	-	-
Share Restriction	China Chemical Rubber Co.	1. The shares subscribed by the Company in this non-public offering shall not be transferred, assigned or agreed to be partially or fully enjoyed in any way by other entities in the shares subscribed by the Company in this non-public offering for a period of thirty-six months from the closing date of the offering. 2. The shares of the Company increased after the end of this issue due to the Company's share bonus and capitalization of capital reserve shall also comply with the above-mentioned arrangement of the restricted sale period. After the expiration of the aforesaid share restriction period, they shall also comply with the relevant regulations of the CSRC and the Shanghai Stock Exchange and other regulatory authorities. 3. The Company will strictly comply with the relevant undertakings on the lock-up of shares, and will also strictly comply with the "Certain Regulations on Shareholding Reduction by Shareholders, Directors and Supervisors of Listed Companies" (CSRC Announcement [2017] No. 9) of the CSRC and the Shanghai Stock Exchange The implementation of the Rules for Implementation of Shareholding Reduction by Shareholders and Directors, Supervisors and Senior Management of the Shanghai Stock Exchange and other regulations and requirements on shareholding reduction. If the relevant laws, administrative regulations, the China Securities Regulatory Commission If the Company and the Shanghai Stock Exchange have other requirements for the transfer or reduction of shares, the Company will comply with the relevant requirements.	Thirty-six months from the closing date of this offering	Yes	Yes	-	-

			Execution. 4、 This commitment is irrevocable, if the violation of this commitment to the wind god shares or related each The Company is willing to bear the corresponding legal responsibility for any damage caused by the party.					
Other commitments	Resolving interbank competition	China Chemical Rubber Co.	Ltd. will differentiate the business development direction, product types, market distribution and sales customers of its subordinate enterprises when formulating business development plans, and try to avoid other subordinate enterprises from forming new interbank competition with Fengshen shares. 2. The rubber company will use Fengshen shares as a platform for integrating tire assets under ChemChina, and in accordance with relevant laws and regulations and CSRC's requirements on When the tire enterprises or assets under ChemChina have the conditions to enter the listed company, after the approval of state-owned assets, securities supervision and other competent departments, the company will determine the effective ways to inject the tire assets into Fengshen shares in accordance with the statutory procedures, such as directional issue, absorption and merger, cash purchase, etc. 3、 The rubber company will submit to Fengshen shares by December 31, 2017, the following information about the integration of China The specific plan for the injection of chemical's tire assets into Fengshen shares. At December 31, 2017 If the rubber company fails to submit the tire asset injection plan to Fengshen, or the tire asset injection plan fails to be considered and approved by the board of directors or general meeting of Fengshen or approved by the approval authority, the rubber company will take appropriate ways to solve the problem with Fengshen, including but not limited to entrusting Fengshen with the management of relevant tire business or assets, selling tire business or assets to unrelated third parties, etc. The company's business competition.	2017 December 31 Before	Yes	Yes	—	—
	Resolving competition with In	China Chemical Rubber Co.	In September 2020, Fengshen disclosed a non-public offering of A shares in the program, the rubber company will be Submit to Fengshen by December 31, 2021 for injection of the Company's industrial tire assets into Fengshen. The specific plan of Fengshen Stock. If the Rubber Company fails to submit the relevant asset injection plan to Fengshen before December 31, 2021, or the relevant industrial tire asset injection plan fails to be considered and approved by the board of directors or the general meeting of Fengshen or approved by the approval authority, the Rubber Company will take measures including but not limited to entrusting Fengshen with the management of the relevant industrial tire business or assets, providing the relevant industrial tire business or assets to the unrelated third party. The three parties sell industrial tire business or assets and other appropriate ways to solve the competition with Fengshen shares in the same industry.	2021 December 31 Before	Yes	Yes	—	—

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Note: On June 30, 2022, the Company disclosed the "Announcement on the completion of the acquisition of 38% equity interest in PTG by the controlling shareholder", the transaction has completed the filing procedures of the relevant state ministries and commissions, and on June 28, 2022

On August 3, 2022, the Company held the ninth meeting of the eighth session of the Board of Directors and considered and approved the "Proposal on the Signing of <Supplemental Agreement to the Equity Escrow Agreement> and Related Transaction with Rubber Company", agreeing to entrust the Company to manage 38% of the equity interest of PTG held by Rubber Company, and after this agreement takes effect, the Company will entrust a total of 90% of the equity interest of PTG and hold After the effective date of this agreement, the Company will be entrusted to manage a total of 90% of PTG and hold 10% of PTG's equity.

(ii) If the company's assets or projects have profitability forecasts and the reporting period is still in the profitability forecast period, the company provides an explanation on whether the assets or projects have met the original profitability forecast and the reasons for it

☐ Achieved ☐ Not achieved ☒ Not applicable

(iii) Completion of performance commitments and its impact on goodwill impairment testing

☐ Applicable ☒ Not applicable

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

☐Applicable

☒Not applicable

III. Non-compliance of guarantee

☐Applicable ☒Not applicable

IV. Explanation by the Board of Directors of the Company on the "Non-Standard Opinion Audit Report" of the accounting firm

☐Applicable ☒Not applicable

V. Explanation of the company's analysis of the causes and effects of changes in accounting policies, accounting estimates or corrections of significant accounting errors

(i) The company's analysis of the reasons for and effects of changes in accounting policies and accounting estimates

☒Applicable ☐ Not applicable

(1) Implementation of EITF Interpretation No. 15

On December 30, 2021, the Ministry of Finance issued Accounting Standard Interpretation No. 15 (Caihui [2021] No. 35, to

(hereinafter referred to as "Interpretation No. 15").

① Accounting for trial sales

Interpretation No. 15 provides for the accounting treatment and presentation of the sale of products or by-products produced by an enterprise before the fixed assets reach their intended useable state or in the course of research and development, and stipulates that the net amount of revenues related to trial sales offsetting costs should not be offset against the cost of fixed assets or research and development expenses. This provision is effective as of January 1, 2022, and is effective for the earliest period presented in the financial statements from the beginning of the period to the end of the period.

Trial sales that occurred between January 1, 2022 should be retroactively adjusted. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

② Judgment on loss-making contracts

Interpretation No. 15 clarifies that the "cost of performing the contract" considered by the enterprise in determining whether the contract constitutes a loss-making contract should be It also includes the share of incremental costs of performing the contract and other costs directly related to the performance of the contract. This provision is effective as of January 1, 2022

Effective January 1, 2022, companies should implement this provision for contracts with all obligations outstanding as of January 1, 2022, and the cumulative effect will be adjusted to the retained earnings and other related financial statement items at the beginning of the year in which the provision is implemented, without adjusting the comparative financial statement data of prior periods. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

(2) Implementation of the Notice on Issues Related to the Application of the "Regulations on Accounting for Rent Reduction Related to the New Crown Pneumonia Epidemic

On May 19, 2022, the Ministry of Finance issued the Notice on Issues Relating to the Application of the Accounting Treatment Provisions on the Concession of Rent Related to the New Coronary Pneumonia Epidemic (Caihui [2022] No. 13), which again adjusted the scope of application of the concession of rent related to the new coronary pneumonia epidemic that allows for the simplified method, eliminating the original "concession" only for the

amount of lease payments payable before June 30, 2022. The scope of application of the simplified method for rent concessions related to the new coronary pneumonia epidemic has been adjusted again, and the original "concession for lease payments payable before June 30, 2022 only" **has been cancelled.**

The limitation of the simplified method can only be applied. For the derogation of lease payments payable after June 30, 2022 that is directly caused by the Newcastle Pneumonia Epidemic, lessees and lessors may continue to choose to apply the simplified method of accounting regulated by the Accounting for Derogation of Rent Related to the Newcastle Pneumonia Epidemic, and other applicable conditions remain unchanged.

The Company has chosen to adopt the simplified method of accounting for all eligible leases before the scope of application adjustment, and has adopted the simplified method of accounting for all similar leases eligible after the scope of application adjustment, and has made retroactive adjustments to the relevant leases that were accounted for using lease changes before the issuance of the circular, but has not adjusted the data in the comparative financial statements of the previous period. The Company will make retroactive adjustments to the relevant lease contracts that were accounted for using lease changes prior to the issuance of the Circular, but will not adjust the comparative financial statement data of the prior period.

(3) Implementation of EITF Interpretation No. 16

On November 30, 2022, the Ministry of Finance (MOF) issued Interpretation of Accounting Standards for Business Enterprises No. 16 (Caihui [2022] No. 31, to (hereinafter referred to as "Interpretation No. 16").

- ① Accounting for the income tax effects of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 stipulates that for financial instruments classified as equity instruments by an enterprise, if the related dividend expense is deducted before corporate income tax in accordance with the relevant provisions of the tax policy, the income tax effect related to the dividend shall be recognized when the dividend payable is recognized and the income tax effect of the dividend shall be recognized in current profit or loss or in accordance with the accounting treatment consistent with that used in the past for transactions or events giving rise to distributable profit. Owner's equity items (including other comprehensive income items).

This provision is effective from the date of publication, and the relevant dividends payable occurring between January 1, 2022 and the effective date shall be paid in accordance with such

If the adjustment is made before January 1, 2022, and the related financial instruments have not been derecognized as of January 1, 2022, the adjustment should be made retroactively. The implementation of this provision has not had a significant impact on the Company's financial position and results of operations.

② Accounting treatment for companies that modify cash-settled share-based payments to equity-settled share-based payments

Interpretation No. 16 clarifies that if an enterprise modifies the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment, the equity-settled share-based payment shall be measured at the fair value of the equity instrument granted on the date of modification (whether it occurs during or after the end of the waiting period), and the services acquired shall be recognized in capital surplus, while the cash-settled share-based payment shall be derecognized share-based payments recognized as a liability at the date of modification, with the difference between the two recognized in profit or loss for the current period.

The provisions shall come into effect on the date of publication ~~and~~ relevant transactions added from January 1, 2022 to the effective date shall be adjusted in accordance with the provisions;
If the relevant transactions that occurred before January 1, 2022 are not treated in accordance with this provision, they should be retroactively adjusted to adjust the cumulative effect

The Company will adjust retained earnings and other related items as of January 1, 2022 without adjusting prior period comparative financial statement data. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

(iii) Accounting for deferred income taxes related to assets and liabilities arising from a single transaction for which no exemption from initial recognition applies

Interpretation No. 16 stipulates that for transactions that are not business combinations and do not affect either accounting profit or taxable income when they occur

(The exemption from initial recognition of deferred tax liabilities and deferred tax assets shall not apply to individual transactions (including lease transactions in which the lessee initially recognizes a lease liability at the beginning of the lease term and includes it in the right-of-use asset, and individual transactions in which a projected liability is recognized and included in the cost of the relevant asset due to the existence of an abandonment obligation for fixed assets, etc.) that result in equal amounts of taxable temporary differences and deductible temporary differences. The enterprises should recognize the corresponding deferred tax liabilities and deferred tax assets respectively when the transactions occur in accordance with the relevant provisions of ASBJ No. 18 - Income Taxes and other relevant regulations.

(4) Execution of Finance and Accounting [2022] No. 32

On December 6, 2022, the Ministry of Finance issued the Notice on Strict Implementation of Enterprise Accounting Standards and Effective Implementation of the 2022 Annual Report of Enterprises, which stipulates that enterprises should follow the Enterprise Accounting Standards No. 1 - Inventory (Caihui [2006] No. 3), the

The relevant provisions of ASBE No. 4 - Fixed Assets (Caihui [2006] No. 3, hereinafter referred to as the "Fixed Assets Standard") and other relevant regulations stipulate that routine repair costs of fixed assets that do not qualify for subsequent capitalization of fixed assets are charged to current profit or loss or to the cost of the relevant assets as incurred in accordance with the

beneficiary objects. The daily repair costs of fixed assets related to the production and processing of inventories are treated in accordance with the principles for determining the cost of inventories. The daily repair costs of fixed assets incurred by administrative departments and sales organizations established by enterprises are charged to administrative expenses or selling expenses in accordance with their functional classification. The daily repair costs of fixed assets related to the production and processing of inventories are charged to manufacturing expenses and are no longer included in administrative expenses.

(2) The company's analysis of the causes and effects of the correction of significant accounting errors

☐Applicable ☒Not applicable

(iii) Communication with the former accounting firm

☐Applicable ☒Not applicable

(iv) Other notes

☐Applicable ☒Not applicable

VI. Appointment and dismissal of accounting firm

Unit: Yuan Currency: RMB	
	Now hiring
Name of domestic accounting firm	Lixin CPA (Special General Partnership)
Domestic Accounting Firm Compensation	900,000
Years of audit by domestic accounting firms	10

Name of Certified Public Accountant of the domestic accounting firm	Dong Hongjun, Huang Fazhou
Domestic CPA firm CPA audit services of the company Renewal Year	10
Name of foreign accounting firm	Not applicable
Foreign Accounting Firm Compensation	Not applicable
Years of audit by foreign accounting firms	Not applicable

	Name	Compensation
Internal control audit accounting firm	Lixin Certified Public Accountants (Special Ordinary) (Partnership)	300,000
Financial Advisor	Not applicable	Not applicable
Sponsors	Not applicable	Not applicable

Information note on the appointment and dismissal of the accounting firm

☐Applicable ☒Not applicable

Information note on the change of accounting firm during the audit

☐Applicable ☒Not applicable

VII. Situations facing the risk of delisting

(I) Causes of the delisting risk warning

☐Applicable ☒Not applicable

(II) The company intends to take countermeasures

☐Applicable ☒Not applicable

(III) Circumstances and reasons for facing termination of listing

☐Applicable ☒Not applicable

VIII. Bankruptcy reorganization-related matters

☐Applicable ☒Not applicable

IX. Significant litigation and arbitration matters

The Company has significant litigation and arbitration matters during the year.

X. The listed company and its directors, supervisors, senior management, controlling shareholders and actual controllers are suspected of violating the law, being punished and rectifying the situation

☐Applicable ☒Not applicable

XI. Description of the integrity of the company and its controlling shareholders and de facto controller during the reporting period

☒Applicable ☐Not applicable

During the reporting period, the company and its controlling shareholder and actual controller were in good standing, and there were no cases of non-fulfillment of court judgments in force or large amount of debts due and unsettled.

XII. Significant connected transactions

(I) Connected transactions related to daily operations

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

☒Applicable ☐ Not applicable

Matter Overview	Query Index
On April 29, 2022, the Sixth Meeting of the Eighth Session of the Board of Directors of the Company The Meeting considered and approved the Announcement on the Estimated Daily Connected Transactions for 2022 and the Announcement on the Financial Statements of China National Chemical Corporation Limited. Proposal for the Risk Assessment Report for the Year 2021>.	The Company disclosed the relevant announcement on April 30, 2022 (Announcement No.: Pro 2022-008, Pro 2022-014).
On August 3, 2022, the Ninth Meeting of the Eighth Session of the Board of Directors of the Company considered and approved the "Supplemental Agreement to the Equity Escrow Agreement" and the connected transaction with China National Chemical Corporation Limited.	The Company disclosed the relevant announcement on August 4, 2022 (Announcement No.: Pro 2022-029).
On August 29, 2022, the tenth meeting of the eighth session of the Board of Directors of the Company considered and approved the "Third Amendment to the Agreement on the Commissioned by Tianyu Trading (Beijing) Co. The Case."	The Company disclosed the relevant announcement on August 30, 2022 (Announcement No.: Pro 2022-039).

☐Applicable ☒Not applicable

2. Matters that have been disclosed in the interim announcement but have progress or changes 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 achieved during the reporting period should be disclosed

☐Applicable ☒Not applicable

(iii) Significant connected transactions of joint foreign investments

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

3. Matters not disclosed in the provisional announcement

☐Applicable ☒Not applicable

(iv) Related debt transactions

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

3. Matters not disclosed in the provisional announcement

☐Applicable ☒Not applicable

(E) Financial business between the company and the finance company with which there is an affiliated relationship, the company's controlling finance company and related parties

☒Applicable ☐ Not applicable

1. Deposit Business

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related Parties	Affiliations	Maximum daily deposit limit	Deposit Rate Scope	Opening balance	Current Period Incurred		Closing balance
					Total amount deposited during the period	Total withdrawal amount for the period	
China National Chemical Industry Finance Co. Company	Same ultimate controlling party	500,000,000.00	1.61% - 2.025%	496,703,610.16		496,703,610.16	

2. Loan Business

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related Parties	Affiliations	Loan amount	Loan Rate Scope	Opening balance	Current Period Incurred		Closing balance
					Total loan amount for the period	Total repayment for the period	
Sinochem Group Finance Limited	Same ultimate controlling party	1,000,000,000.00	1.61% - 2.025%		8,158,144,573.33	158,144,573.33	1,000,000,000.00
China National Chemical Industry Finance Co. Company	Same ultimate controlling party	500,000,000.00	3.00%	60,000,000.00		60,000,000.00	
Total	/	/	/	496,703,610.16	8,158,144,573.33	7,654,848,183.49	1,000,000,000.00
Sinochem Group Finance	Same ultimate controlling party	1,000,000,000.00	2.60%		104,469,000.00		104,469,000.00

3. Credit business or other financial business

☐Applicable ☒Not applicable

4. Other notes

☐Applicable ☒Not applicable

(F) Other

☐Applicable ☒Not applicable

Significant contracts and their performance (i)

Escrow, contract and lease matters 1.

☒Applicable ☐ Not applicable

Unit:Yuan Currency:RMB										
Entrusted party name	Trustee Name	Assets under custody	Assets under custody involve Amount	Escrow start date	Custody termination date	Custodial earnings	Determination of custodial earnings Based on	Custodial earnings to the public Division Impact	Whether related transactions	Affiliations
Custodianship Description: China National Chemical Corporation	Fengshen Tire Co., Ltd.	Promote on Tyre Group S.I.F.	1,315.686.70	2020 Dec. 1	Agreed termination time Date of occurrence	96.23	Lease contract and actual performance Situation	Beneficial to the company's profit growth	Yes	Same ultimate controlling party

2. Contracting status

☐Applicable ☒Not applicable

3. Leasing situation

☒Applicable ☐ Not applicable

Unit: YuanCurrency:RMB										
Name of lessor	Leaseholder Name	Leased Assets	Amount involved in leased assets	Lease Start Date	Lease Termination Date	Lease income	Basic for determining lease income	Impact of lease income on the company	Whether related transactions	Affiliations
Fengshen Tire Co.	Henan Tire Group Co. Company	House	35,322.25	2022 Year 1 January 1	2022 Year 12 31st	60,960.00	Lease contract and actual performance Situation	60,960.00	Yes	Company Shareholders

Lease description: During the reporting period, the company's leasing business was mainly related parties.

(ii) Guarantees

☐Applicable ☒Not applicable

(iii) Delegation of cash asset management to others

1. Entrusted financial management

(1) Overall situation of entrusted wealth management

☐Applicable

☒Not applicable

to **other cases**

☐Applicable ☒Not applicable

(2) Single entrusted financial situation

☐Applicable

☒Not applicable

to **other cases**

☐Applicable ☒Not applicable

(3) Provision for impairment of entrusted properties

☐Applicable ☒Not applicable

2. Entrusted Loan Status

(1) Overall situation of entrusted loans

☐Applicable

☒Not applicable

to **other cases**

☐Applicable ☒Not applicable

(2) Single entrusted loan situation

☐Applicable

☒Not applicable

to **other cases**

☐Applicable ☒Not applicable

(3) Provision for impairment of entrusted loans

☐Applicable ☒Not applicable

3. Other situations

☐Applicable ☒Not applicable

(iv) Other significant contracts

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

Section 7 Share Changes and Shareholders

I. Changes in share capital

(i) Statement of Changes in Shares

1.

On January 30, 2023, the Company cancelled a total of 1,686,313 repurchased shares with China Securities Depository and Clearing Corporation.

The Company will cancel the shares of the Company and timely complete the registration procedures for the change of shares and other related matters. After this share cancellation, the total number of shares of the Company changed from 731,137,184 shares to 729,450,871 shares.

Class of shares	Before this change		Cancellation of shares (Unit)	After this change	
	Number of shares (Unit)	Proportion (%)		Number of shares (Unit)	Proportion (%)
Limited Sale Shares	168,723,962	23.08	0	168,723,962	23.13
Unrestricted shares	562,413,222	76.92	1,686,313	560,726,909	76.87
Of which: repurchase special securities account household	1,686,313	0.23	1,686,313	0	0
Total number of shares	731,137,184	100.00	1,686,313	729,450,871	100.00

2. Description of changes in shares

☒Applicable ☐Not applicable

On January 21, 2023, the Company disclosed the "Implementation Announcement on Cancellation of Repurchased Shares", details of which can be found in the Company's The relevant announcements disclosed in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange (www.sse.com.cn).

3. Impact of the change in shares on financial indicators such as earnings per share and net assets per share for the most recent year and the most recent period (if any)

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

(ii) Changes in restricted shares

☐Applicable ☒Not applicable

II. Securities Issuance and Listing

(I) Securities issuance up to the reporting period

☐Applicable ☒Not applicable

Description of securities issuance as of the reporting period (for bonds with different interest rates during the duration, please describe them separately):

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

(iii) Status of existing internal employee shares

☐Applicable ☒Not applicable

III. Shareholders and actual controllers

(i) Total number of shareholders

Total number of common shareholders as of the end of the reporting period (households)	23,471
Total number of ordinary shareholders as at the end of the previous month prior to the date of disclosure of the annual report (Household)	22,435
Total number of preferred shareholders whose voting rights were restored as of the end of the reporting period (Household)	Not applicable
Priority for restoration of voting rights at the end of the month preceding the date of disclosure of the annual report Total number of shareholders of shares (households)	Not applicable

(2) Shareholdings of the top ten shareholders and the top ten outstanding

shareholders (or shareholders with unlimited selling conditions) as of the end of the reporting period

Unit:Unit

Shareholder Name (Full name)	Increase or decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	Number of shares held with limited selling conditions Quantity	Pledged, tagged or frozen		Nature of Shareholder
					Share Status	Quantity	
China Chemical Rubber Co. Company	-	419,435,536	57.37	168,723,962	None	-	State-owned Legal person
Beijing Servcorp Investment Fund Management Center (there are (Limited Partnership))	-	11,047,120	1.51	-	Pledges	11,047,120	Other
Jiaozuo City Investment Group has Limited company	-	11,005,600	1.51	-	None	-	State-owned Legal person
Henan Tire Group Co. Responsible Company	-384,200	8,573,838	1.17	-	Pledges	2,000,000	State-owned Legal person
Xiamen Seawing International Trade Ltd.	-	4,140,000	0.57 65 / 345	-	None	-	State-owned Legal person
CITIC Securities	3,612,934	3,613,310	0.49	-	None	-	State-

The repurchase special account among the top ten shareholders said Ming	Not applicable
The above shareholders proxy voting rights, proxy forms Note on voting rights and abstention from voting	Not applicable
Description of the above shareholders' affiliation or concerted action	Among the above top ten shareholders, Beijing Servcorp Changli Investment Fund Management Center (Limited Partnership) is a party acting in concert with China National Chemical Asset Management Company Limited, a subsidiary of China Sinochem Holdings Corporation. In addition to the above-mentioned affiliation, it is not known whether there is any affiliation or concerted action among the other shareholders mentioned above. Relationships.
Preferred stockholders whose voting rights have been restored and those who hold Description of the number of shares	Not applicable

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

√Applicable ☐ Not applicable

Unit: Unit

Serial number	Name of shareholders with limited selling conditions	Number of shares held with limited selling conditions	Restricted shares may be listed for trading Situation		Restricted Sale Conditions
			Listable for trading Time	Newly listed and tradable Number of shares	
1	China Chemical Rubber Co.	168,723,962	2023 11 13 March	168,723,962	The share lock-up period is 36 Months
(iii) Strategic investors or general corporations become the top 10 shareholders as a result of the placement of new shares					
result of the placement of new shares		Not applicable			
affiliation or concerted action		Not applicable			

(iii) Strategic investors or general corporations become the top 10 shareholders as a result of the placement of new shares	Not applicable	36 Months
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IV. Controlling shareholders and actual controllers

(i) Controlling Shareholders

1 Legal person

√Applicable ☐ Not applicable

Applicable <input type="checkbox"/> Not applicable <input checked="" type="checkbox"/>	
Name	China Chemical Rubber Co.
The person in charge of the unit or the legal representative	Wang Feng
Date of Establishment	May 31, 1988
Main Businesses	Research, production and sales of new chemical materials and related raw materials (except dangerous chemicals), tires, rubber products and latex products; development, design, production and sales of rubber and chemical equipment; import and export business; supervision of engineering construction; provision of technical consultation and technical services related to the above business. Subject to approval in accordance with the law, approved by the relevant departments before operating activities. Enterprises shall independently choose their own business projects and carry out business activities; projects subject to approval in accordance with the law, approved by the relevant

2 Natural Persons

☐Applicable ☒Not applicable

3 Special Note on the Absence of Controlling Shareholders of the Company

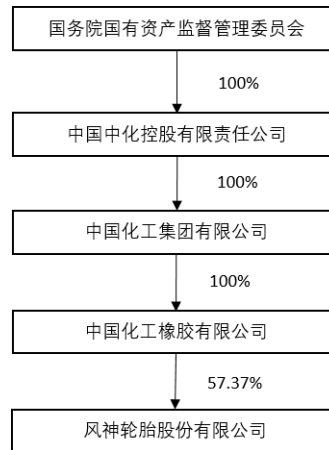
☐Applicable ☒Not applicable

4 Description of the change in controlling shareholders during the reporting period

☐Applicable ☒Not applicable

5 Block diagram of the ownership and control relationship between the Company and the controlling shareholder

☒Applicable ☐Not applicable



(II) Actual control person

1 Legal person

☒Applicable ☐Not applicable

Name	Central State-owned Assets Management Agency
The person in charge of the unit or the legal representative	Not applicable
Date of Establishment	Not applicable
Main Businesses	Not applicable
Other domestic holding and equity participation in the reporting period	Not applicable
Shareholdings in foreign listed companies	Not applicable
One Fact Sheet	None

2 Natural Persons

☐Applicable ☒Not applicable

3 Special Note on the Absence of the Company's Effective Control Person

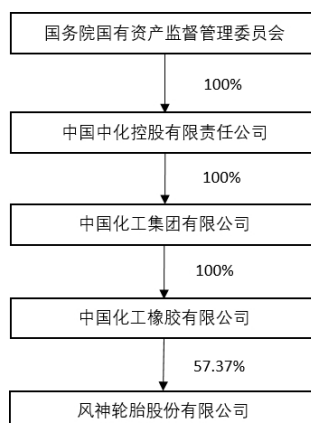
☐Applicable ☒Not applicable

4 Description of the change in control of the company during the reporting period

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable



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

☐Applicable ☒Not applicable

(III) Other information on controlling shareholders and actual controllers

☐Applicable ☒Not applicable

V. The number of shares pledged by the controlling shareholder or the largest shareholder of the company and its concerted parties accounts for more than 80% of the number of shares held by the company

☐Applicable ☒Not applicable

Sixth, other corporate shareholders holding more than ten percent of the shares

☐Applicable ☒Not applicable

VII. Description of share restriction reduction

☐Applicable ☒Not applicable

VIII. Specific implementation of share repurchase in the reporting period

☐Applicable ☒Not applicable

Section VIII Preferred Stock Related Information

☐Applicable ☒Not applicable

Section IX Bond Related Information

I. Corporate bonds, corporate bonds and non-financial corporate debt financing instruments

☐Applicable ☒Not applicable

II. Status of convertible bonds

☐Applicable ☒Not applicable

Section X Financial Reports

I. Audit Report

☒Applicable ☐ Not applicable

All shareholders of Fengshen Tire Co:
The Company's business is to provide the following services

I. Audit opinion

We have audited the financial statements of Fengshen Tire Co., Ltd (hereinafter referred to as Fengshen), which comprise the consolidated and parent company balance sheets as of December 31, 2022, the consolidated and parent company income statements, the consolidated and parent company statements of cash flows, the consolidated and parent company statements of changes in owners' equity, and the related notes to the financial statements for the year ended December 31, 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position as of December 31, 2022, and the consolidated and parent company results of operations and cash flows for the year 2022, prepared in accordance with the provisions of the ASBE.

Second, the basis for forming an audit opinion

We conducted our audit in accordance with PRC generally accepted auditing standards. Our responsibilities under these standards are further described in the "Responsibilities of Certified Public Accountants for the Audit of Financial Statements" section of our auditor's report. We are independent of Fengshen and have fulfilled our other responsibilities in accordance with the Code of Ethics for Certified Public Accountants in China. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, we consider to be most significant to the audit of the financial statements for the period. These matters are addressed in the context of 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 individually. We have identified the following matters as key audit matters that require communication in the audit report

Key Audit Matters	How the matter was responded to in the audit
<p>(i) Revenue recognition</p> <p>In FY2022, the revenue from sales of tires of Fengshen Corporation was RMB4,757,197,450.28, accounting for 95.37% of the total operating revenue, which is one of the main revenue sources and key performance indicators of Fengshen Corporation. Secondly, Fengshen has multiple sales channels, and different</p>	<p>The audit procedures we performed for revenue recognition from tire sales consisted primarily of:</p> <p>(1) Understood, assessed and tested the effectiveness of the design</p>

	<p>(3) Compare revenue and gross margin on a contemporaneous, monthly basis</p> <p>Analyze the changes in relevant financial indicators and review the reasonableness of the changes in revenue through comparative analysis with the industry;</p> <p>(4) Select a sample of revenue recognition and perform detail tests to check sales orders, shipment records, shipping documents, customs declarations, bills of lading, sales invoices, payback records, bookkeeping vouchers, etc.; for export revenue, obtain customs export data to assess the authenticity and completeness of revenue recognition;</p> <p>(5) In conjunction with the accounts receivable audit, select key customers to write letters to verify the current year's sales in order to assess the authenticity and accuracy of revenue recognition;</p> <p>(6) Performing cut-off tests on revenues around the balance sheet date to assess whether revenues are accounted for in the appropriate accounting period;</p> <p>(7) Check the adequacy and appropriateness of the presentation and disclosure of information related to revenue recognition in the financial statements</p> <p>When.</p>
<p>(ii) Provision for decline in value of inventories</p>	
<p>As shown in Note VII,9, as of December 31, 2022, the inventory balance of Fengshen shares was \$1, 142,871,658.38, and the amount of provision for inventory decline was \$25,818,536.23, which has a high carrying value, and the provision for inventory decline has a relatively significant impact on the financial statements, the main raw materials of Fengshen shares' products are rubber and rubber products, and the prices of rubber bulk commodities The main raw materials for Fengshen's products are rubber and rubber products, and the prices of rubber commodities continue to fluctuate significantly, and there is a greater possibility that Fengshen's products will fall in price.</p>	<p>The audit procedures we performed for the provision for inventory declines consisted primarily of:</p> <p>(1) Understood and tested internal controls related to the estimation of net realizable value of inventories and assessed the reasonableness of their design and the effectiveness of their implementation;</p> <p>(2) To monitor the inventory of Fengshen shares and check the quantity, condition and product age of the inventory;</p> <p>(3) Obtained a schedule of</p>

	<p>inventory impairment and reviewed the estimated selling prices, selling expenses and related taxes used in the net realizable value estimates of inventories. where, for the estimated selling price, we compared it to the most recent actual selling price;</p> <p>(4) Get the inventory drop schedule and recalculate Inventory impairment results.</p>
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IV. Other Information

The management of Fengshen (hereinafter referred to as "management") is responsible for other information. Other information includes the information covered in Fengshen's 2022 Annual Report, but excludes the financial statements and our audit report.

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

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

Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. We do not have any matters to report in this regard.

V. Management's and governance's responsibility for the financial statements

Management is responsible for preparing financial statements that give a fair view in accordance with accounting standards for businesses and for designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of Fengshen to continue as a going concern and disclosing matters related to going concern (where applicable) and apply the going concern assumption unless liquidation is planned, operations are discontinued, or there is no other realistic alternative. Governance is responsible for overseeing the financial reporting process for Fengshen Corporation.

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

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when one exists. Misstatements may result from fraud or error and are generally considered to be material if there is a reasonable expectation that, individually or in the aggregate, the misstatement could have affected the economic decisions made by users of the financial statements based on the financial statements.

In performing our audit work in accordance with auditing standards, we use professional judgment and maintain professional skepticism. At the same time, we perform the following:

(1) Identify and assess the risks of material misstatement of financial statements due to fraud or error, design and perform audit procedures to address those risks, and obtain sufficient appropriate audit evidence as a basis for expressing an audit opinion. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error because fraud may involve **c o l l u s i o n** , forgery, intentional omissions, misrepresentation, or override of internal control.

(2) Understand the internal controls relevant to the audit in order to design appropriate audit procedures.

(3) Evaluate the appropriateness of management's selection of accounting policies and the reasonableness of the accounting estimates and related disclosures made.

(4) To draw conclusions about the appropriateness of management's use of the going concern assumption. Also, based on the audit evidence obtained, we reach a conclusion as to whether there is a material uncertainty about the existence of matters or circumstances that may cast significant doubt about Fengshen's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require that we draw the attention of users of the financial statements to the relevant disclosures in the auditor's report; if the disclosures are not adequate, we should express a non-unqualified opinion. Our conclusion is based on information available to us as of the date of the audit report. However, future events or circumstances may cause Fengshen to fail to continue as a going concern.

(5) Evaluate the overall presentation (including disclosures), structure and content of the financial statements, and evaluate whether the financial statements present fairly the related transactions and events.

(6) We obtain sufficient and appropriate audit evidence about the financial information of entities or business activities in Fengshen to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit and accept full responsibility for the audit opinion.

We communicate with governance on matters such as planned audit scope, timing, and significant audit findings, including communication of internal control deficiencies of concern identified during our audit.

We also provide a statement to governance regarding compliance with ethical requirements related to independence and communicate with governance about all relationships and other matters that could reasonably be perceived to affect our independence, as well as related precautions, if applicable.

From the matters communicated with governance, we determine which matters are most significant to the audit of the financial statements for the period and therefore constitute critical audit matters. We describe these matters in our audit report, except in those cases where public disclosure of such matters is prohibited by law or regulation, or in those rare cases where we determine that a matter should not be communicated in the audit report if we reasonably expect that the negative consequences of communicating the matter in the audit report would outweigh the benefits in the public interest.

Lixin CPA
Accountants:
(Special General Partnership)

Chinese Certified Public

(Project Partner)

II. Financial Statements

Consolidated Balance Sheet

Prepared by: Fengshen Tire Co.

December 31, 2022

Unit:

Proj ects	Note	December 31, 2022	December 31, 2021
Current assets:			YuanCurrency:RMB
Monetary Funds	VII.1	1,448,601,949.93	1,144,219,229.82
Settlement Allowance			

Unwinding funds			
Financial assets held for trading			
Derivative financial assets			
Notes receivable	VII.4	391,980,727.07	530,157,781.11
Accounts Receivable	VII.5	557,438,741.55	517,849,836.09
Receivables financing	VII.6	298,776,868.19	633,869,395.58
Prepayments	VII.7	28,838,557.30	28,472,421.72
Premiums receivable			
Sub-insurance receivables			
Reserves for reinsurance contracts receivable			
Other receivables	VII.8	2,912,587.42	4,016,144.87
Of which: Interest receivable			
Dividend receivable			
Buy-back financial assets			
Inventory	VII.9	1,117,053,122.15	1,049,248,572.33
Contract Assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	VII.13	23,455,820.46	48,918,568.75
Total current assets		3,869,058,374.07	3,956,751,950.27
Non-current assets:			
Issuance of loans and advances			
Debt Investment			
Other debt investments			
Long-term receivables			
Long-term equity investments	VII.17	501,894,475.19	448,702,879.37
Investments in other equity instruments	VII.18	2,660,000.00	3,230,000.00
Other non-current financial assets			
Investment properties			
Fixed Assets	VII.21	2,578,653,561.71	2,759,363,923.52
Construction in progress	VII.22	17,831,514.02	56,164,705.02
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII.25	37,082,157.55	45,932,242.23
Intangible assets	VII.26	48,712,069.36	51,379,502.83
Development Expenses			
Goodwill			
Long-term amortized expenses	VII.29	99,904,389.66	116,544,212.26
Deferred income tax assets	VII.30	63,269,030.44	71,408,847.13
Other non-current assets	VII.31	2,910,631.63	4,884,815.88
Total non-current assets		3,352,917,829.56	3,557,611,128.24
Total Assets		7,221,976,203.63	7,514,363,078.51

Current liabilities:			
Short-term borrowings	VII.32	332,087,096.68	375,553,922.19
Borrowing from the central bank			
Unwinding funds			
Trading financial liabilities			
Derivative financial liabilities			

Notes Payable	VII.35	1,316,544,806.89	1,568,630,425.73
Accounts Payable	VII.36	682,307,711.41	992,907,229.28
Receipts in advance			
Contractual Liabilities	VII.38	152,024,701.80	126,885,005.65
Sale of repurchased financial assets			
Deposit-taking and interbank deposits			
Securities trading agency			
Underwriting securities			
Employee compensation payable	VII.39	46,791,704.66	37,255,600.93
Taxes Payable	VII.40	18,375,959.40	15,620,516.28
Other payables	VII.41	314,876,226.97	284,688,109.05
Of which: Interest payable			
Dividends payable			
Fees and commissions payable			
Sub-insurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	VII.43	1,204,895,418.26	6,290,611.80
Other current liabilities	VII.44	103,972,583.97	102,105,430.86
Total current liabilities		4,171,876,210.04	3,509,936,851.77
Non-current liabilities:			
Reserve for insurance contracts			
Long-term borrowings	VII.45		1,200,000,000.00
Bonds Payable			
Of which: Preferred shares			
Perpetual Debt			
Lease liabilities	VII.47	34,542,903.11	41,627,725.81
Long-term payables	VII.48	20,000,000.00	20,000,000.00
Long-term employee compensation payable	VII.49	1,234,125.91	1,258,320.06
Projected liabilities			
Deferred revenue	VII.51	19,085,725.92	25,340,804.47
Deferred income tax liabilities	VII.30	35,090,130.60	26,664,355.73
Other non-current liabilities			
Total non-current liabilities		109,952,885.54	1,314,891,206.07
Total liabilities		4,281,829,095.58	4,824,828,057.84
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII.53	731,137,184.00	731,137,184.00
Other equity instruments			
Of which: Preferred shares			
Perpetual Debt			

Capital surplus	VII.55	2,530,374,858.71	2,316,852,990.03
Less: Treasury stock	VII.56	8,496,260.92	8,496,260.92
Other comprehensive income	VII.57	-98,719,930.88	-65,877,758.74
Specialized reserves			
Surplus reserves	VII.59	317,847,689.20	302,784,156.07
General risk allowance			
Undistributed earnings	VII.60	-531,996,432.06	-586,865,289.77
Equity attributable to owners of the parent company (Total (or shareholders' equity)		2,940,147,108.05	2,689,535,020.67

Minority interests			
Owner's equity (or shareholders' rights) (Gain) Total		2,940,147,108.05	2,689,535,020.67
Liabilities and Owner's Equity (Total (or shareholders' equity))		7,221,976,203.63	7,514,363,078.51

Person in charge of the company: Wang Jianjun Person in charge of accounting work: Wang Xiaoliu Person in charge of accounting institution: Du Lihong

Parent

Company

Prepared by: Fengshen Tire Co.

Balance Sheet

Unit:

Projects	Note	December 31, 2022	December 31, 2021
Unit: Yuan			
Current assets:			
Monetary Funds		1,409,951,557.22	1,124,910,014.85
Financial assets held for trading			
Derivative financial assets			
Notes receivable		391,908,092.07	529,931,097.78
Accounts Receivable	XVII.1	583,677,982.88	523,091,716.22
Receivables financing		298,765,330.47	633,821,795.58
Prepayments		21,810,328.49	23,392,408.76
Other receivables	XVII.2	1,009,900,063.16	998,812,900.78
Of which: Interest receivable			
Dividend receivable			
Inventory		1,042,684,128.06	964,163,337.15
Contract Assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		15,711,281.89	44,025,951.79
Total current assets		4,774,408,764.24	4,842,149,222.91
Non-current assets:			
Debt Investment			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVII.3	904,747,581.78	847,980,092.76
Investments in other equity instruments		2,660,000.00	3,230,000.00
Other non-current financial assets			
Investment properties			
Fixed Assets		1,717,193,659.91	1,834,260,328.13
Construction in progress		13,044,176.49	54,016,198.94
Productive biological assets			
Oil and gas assets			
Right-of-use assets		36,125,081.14	45,932,242.23
Intangible assets		38,413,765.45	40,294,526.58

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Deferred income tax assets		61,671,450.37	69,765,205.21
Other non-current assets		1,733,799.70	4,884,815.88
Total non-current assets		2,864,689,997.81	3,002,636,927.39
Total Assets		7,639,098,762.05	7,844,786,150.30
Current liabilities:			
Short-term borrowings		332,087,096.68	375,553,922.19
Trading financial liabilities			
Derivative financial liabilities			
Notes Payable		1,316,544,806.89	1,579,697,401.73
Accounts Payable		725,682,046.23	986,696,160.70
Receipts in advance			
Contractual Liabilities		118,849,464.28	114,141,262.40
Employee compensation payable		33,846,953.59	28,375,594.67
Taxes Payable		9,704,926.08	10,926,346.52
Other payables		303,568,830.13	272,839,640.45
Of which: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		1,204,895,418.26	6,290,611.80
Other current liabilities		101,708,180.15	89,612,196.68
Total current liabilities		4,146,887,722.29	3,464,133,137.14
Non-current liabilities:			
Long-term borrowings			1,200,000,000.00
Bonds Payable			
Of which: Preferred shares			
Perpetual Debt			
Lease liabilities		33,579,328.10	41,627,725.81
Long-term payables		20,000,000.00	20,000,000.00
Long-term employee compensation payable		1,234,125.91	1,258,320.06
Projected liabilities			
Deferred revenue		13,937,647.43	18,760,468.67
Deferred income tax liabilities		34,586,104.65	26,310,828.68
Other non-current liabilities			
Total non-current liabilities		103,337,206.09	1,307,957,343.22
Total liabilities		4,250,224,928.38	4,772,090,480.36
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)		731,137,184.00	731,137,184.00
Other equity instruments			
Of which: Preferred shares			
Perpetual Debt			
Capital surplus		1,141,157,270.57	927,635,401.89
Less: Treasury stock		8,496,260.92	8,496,260.92
Other comprehensive		-98,726,655.91	-65,336,637.06

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income			
Specialized reserves			
Surplus reserves		317,265,499.20	302,201,966.07
Undistributed earnings		1,306,536,796.73	1,185,554,015.96
Owner's equity (or shareholders' rights) (Gain) Total		3,388,873,833.67	3,072,695,669.94

Liabilities and Owner's Equity (Total (or shareholders' equity))		7,639,098,762.05	7,844,786,150.30
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Person in charge of the company: Wang Jianjun Person in charge of accounting work: Wang Xiaoliu Person in charge of accounting institution: Du Lihong

CONSOLIDATED INCOME STATEMENT

January -
December 2022

Projects	Note	Year 2022	Unit: Year 2021 RMB Currency:
I. Total operating revenue		4,987,894,009.26	5,557,572,578.05
Of which: Operating income	VII.61	4,987,894,009.26	5,557,572,578.05
Interest income			
Earned premiums			
Handling fee and commission income			
II. Total operating costs		4,859,786,582.45	5,647,558,362.88
Of which: Operating costs	VII.61	4,294,447,521.09	4,989,614,733.24
Interest expense			
Handling fees and commission expenses			
Surrender premium			
Net benefit expense			
Net withdrawal of insurance liability reserve			
Policy Dividend Payments			
Reinsurance costs			
Taxes and surcharges	VII.62	38,993,749.48	40,720,281.66
Selling expenses	VII.63	136,514,972.56	151,238,294.72
Overhead	VII.64	152,844,070.14	176,042,759.95
R&D expenses	VII.65	232,343,270.09	256,167,139.32
Finance costs	VII.66	4,642,999.09	33,775,153.99
Of which: Interest expense	VII.66	47,016,614.51	47,254,825.65
Interest income	VII.66	14,862,756.78	13,519,069.46
Add: Other gains	VII.67	11,960,058.62	10,141,215.26
Investment income (loss marked with a "-") (Fill in the column)	VII.68	11,654,681.17	1,481,247.84
Of which: for associates and joint ventures Investment income of the industry	VII.68	16,788,246.09	17,447,459.45
Gold measured at amortized cost Gain on derecognition of financed properties	82 / 345		
Foreign exchange gains (losses are marked with a			

Gain (loss) on disposal of assets to (The "-" sign is filled in)	VII.73	9,375,037.11	1,756,669.88
C. Operating profit (loss is filled with a "-" sign) (column)		96,564,096.50	-132,804,630.56
Add: Non-operating income	VII.74	15,286,941.60	21,310,226.20
Less: Non-operating expenses	VII.75	3,431,316.33	19,597,407.87
IV. Total profit (total loss in "-") (No. fill in)		108,419,721.77	-131,091,812.23
Less: Income tax expense	VII.76	23,898,313.51	-22,066,942.61
V. Net profit (net loss is filled with a "-" sign) (column)		84,521,408.26	-109,024,869.62
(i) Classification by business continuity			
1. Net profit (net loss) from continuing operations to (The "--" sign is filled in)		84,521,408.26	-109,024,869.62
2. Net profit from discontinued operations (net loss of less than (The "--" sign is filled in)			
(ii) Classification by ownership attribution			
1. Net profit attributable to shareholders of the parent company (Net loss is presented with a "-" sign)		84,521,408.26	-109,024,869.62
2. Minority interests (net loss to (The "--" sign is filled in)			
VI. Other comprehensive income, net of tax	VII.57	-32,842,172.14	-64,321,829.84
(i) Other attributable to owners of the parent company Net comprehensive income after tax	VII.57	-32,842,172.14	-64,321,829.84
1. Others that cannot be reclassified to profit or loss Comprehensive income	VII.57	-11,193,517.83	782,000.00
(1) Remeasurement of defined benefit plan changes Amount			
(2) The equity method cannot be transferred to profit or loss Other comprehensive income	VII.57	-10,709,017.83	
(3) Fair value of investments in other equity instruments Value change	VII.57	-484,500.00	782,000.00
(4) Fair value of the enterprise's own credit risk Value change			

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2. Other comprehensive income to be reclassified to profit or loss Combined revenue	VII.57	-21,648,654.31	-65,103,829.84
(1) Other transferable gains and losses under the equity method Comprehensive income	VII.57	-22,196,501.02	-64,534,937.06
(2) Changes in fair value of other debt investments movement			
(3) Reclassification of financial assets to other Amount of comprehensive income			
(4) Credit impairment allowance for other debt investments Preparation			
(5) Cash flow hedge reserve			
(6) Translation differences on foreign currency financial statements	VII.57	547,846.71	-230,402.45
(7) Others	VII.57		-338,490.33
(ii) Other comprehensive income attributable to minority shareholders Net income after tax of consolidated income			

VII. Total comprehensive income		51,679,236.12	-173,346,699.46
(i) Consolidated attributable to owners of the parent company		51,679,236.12	-173,346,699.46
Total consolidated revenue			
(ii) Consolidated income attributable to minority shareholders			
Total benefits			
VIII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		0.12	-0.15
(ii) Diluted earnings per share (yuan/share)		0.12	-0.15

Person in charge of the company: Wang Jianjun Person in charge of accounting work: Wang Xiaoliu Person in charge of accounting institution: Du Lihong

**Parent
Company
Income
Statement**

January-
December 2022

Projects	Not e	Year 2022	Unit: Year 2021 RMB Currency:
I. Operating income	XVII.4	5,320,739,027.62	5,873,773,247.37
Less: Operating costs	XVII.4	4,623,597,210.50	5,360,586,766.35
Taxes and surcharges		30,890,943.07	30,657,587.25
Selling expenses		128,196,083.23	145,897,274.21
Overhead		128,430,868.78	141,638,039.86
R&D expenses		213,513,001.71	244,429,660.64
Finance costs		2,810,581.79	34,659,791.11
Of which: Interest expense		47,002,874.87	47,254,825.65
Interest income		14,844,711.56	13,502,992.76
Add: Other gains		9,266,342.29	8,121,685.43
Investment income (loss marked with a "-") (Fill in the column)	XVII.5	11,654,681.17	1,481,247.84
Of which: for associates and joint ventures	XVII.5	16,788,246.09	17,447,459.45
Investment income of the industry			
Gold measured at amortized cost			
Gain on derecognition of financed properties			
Net exposure hedge gain (loss to (The "-" sign is filled in)	85 / 345		
Gain (loss) on change in fair value to (The "-" sign is filled in)			
Credit impairment loss (loss in		-7,724,079.68	-17,134,705.62

IV. Net profit (net loss is filled in with a "-" sign) (column)		150,635,331.32	-90,007,988.60
(i) Net income (net loss) from continuing operations (filled in with a "-" sign)		150,635,331.32	-90,007,988.60
(ii) Net income (net loss) from discontinued operations (filled in with a "-" sign)			
V. Other comprehensive income, net of tax		-33,390,018.85	-64,091,427.39
(i) Others that cannot be reclassified to profit or loss Comprehensive income		-11,193,517.83	782,000.00
1. Remeasurement of defined benefit plan changes forehead			
2. Others that cannot be transferred to profit or loss under the equity method Comprehensive income		-10,709,017.83	
3. Fair value of investments in other equity instruments Change		-484,500.00	782,000.00
4. Fair value of the enterprise's own credit risk Change			
(ii) Other comprehensive income to be reclassified to profit or loss Combined revenue		-22,196,501.02	-64,873,427.39
1. Other consolidation of transferable gains and losses under the equity method Combined revenue		-22,196,501.02	-64,534,937.06
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets to other comprehensive Amount of combined earnings			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserve			
6. Translation differences on foreign currency financial statements			
7. Other			-338,490.33
VI. Total comprehensive income		117,245,312.47	-154,099,415.99
VII. Earnings per share:			
(I) Basic earnings per share (yuan/share)			
(ii) Diluted earnings per share			

(yuan/share)			
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Person in charge of the company: Wang Jianjun Person in charge of accounting work: Wang Xiaoliu Person in charge of accounting institution: Du Lihong

**Consolidated
Statement of
Cash Flows**

January -
December 2022

Unit: Yuan Currency: RMB

Proj ects	Not e	Year 2022	FY 2021
I. Cash flows from operating activities:			
Sales of goods and services received Cash		5,428,691,160.37	5,507,094,557.10
Net customer deposits and interbank deposits Increase			
Net increase in borrowings from the Central Bank			
Net funds borrowed from other financial institutions Increase			

Premiums received for the original insurance contract acquired Cash			
Net cash received from reinsurance operations			
Net increase in policyholders' savings and investment funds			
Charging interest, fees and commissions Cash			
Net increase in funds transferred in			
Net increase in funding for repo operations			
Net cash received from agency purchases and sales of securities forehead			
Tax refunds received		177,083,539.78	139,505,335.39
Receipt of other operating activities related Cash	VII.78	206,577,764.39	133,347,322.56
Subtotal cash inflow from operating activities		5,812,352,464.54	5,779,947,215.05
Purchase of goods and services paid for Cash		4,612,605,962.20	4,654,656,336.18
Net increase in loans and advances to customers			
Net deposits with central banks and interbank Increase			
Payment of benefits from the original insurance contract Cash			
Net increase in funds transferred out			
Payment of interest, fees and commissions Cash			
Cash paid as policy dividends			
Paid to and for employees Cash		584,286,358.23	607,519,161.98
All taxes paid		55,028,683.46	76,872,282.67
Payments for other operating activities related to Cash	VII.78	109,807,220.97	193,879,569.90
Subtotal cash outflow from operating activities		5,361,728,224.86	5,532,927,350.73

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Cash flows from operating activities Net volume	VII.79	450,624,239.68	247,019,864.32
II. Cash flows from investing activities:			
Cash received from the recovery of investments			
Cash received from obtaining investment income			
Disposal of fixed assets, intangible assets and Net cash recovered from other long-term assets		37,484,200.95	13,613,825.64
Disposal of subsidiaries and other business units Net cash received			
Receipt of other investing activities related to Cash			
Subtotal cash inflow from investing activities		37,484,200.95	13,613,825.64
Acquisition and construction of fixed assets, intangible assets and Cash paid for other long-term assets		67,566,770.50	92,775,566.12
Cash paid for investments			
Net increase in pledged loans			
Acquisition of subsidiaries and other business units Net cash paid			

Payments for other investing activities related to Cash			
Subtotal cash outflow from investing activities		67,566,770.50	92,775,566.12
Cash flows from investing activities		-30,082,569.55	-79,161,740.48
Net volume			
III. Cash flows from financing activities:			
Cash received from absorption of investments			
Of which: absorption of minority shareholders by subsidiaries			
Cash received from investments			
Cash received for obtaining loans		413,392,100.00	1,264,943,000.00
Receipt of other financing activities related to Cash			
Subtotal cash inflow from financing activities		413,392,100.00	1,264,943,000.00
Cash paid for debt service		475,417,000.00	1,265,354,820.00
Distribution of dividends, profits or repayment of interest		61,621,194.84	90,940,905.01
Cash paid			
Of which: Subsidiary paid to minority share			
Dividends and profits of shareholders			
Payments for other financing activities related to Cash	VII.78	5,653,096.00	8,574,017.62
Subtotal cash outflow from financing activities		542,691,290.84	1,364,869,742.63
Cash flows from financing activities		-129,299,190.84	-99,926,742.63
Net volume			
IV. Effect of exchange rate changes on cash and cash equivalents		16,149,238.35	-5,562,534.80
The impact of the price object			
V. Net increase in cash and cash equivalents forehead		307,391,717.64	62,368,846.41
Add: Cash and cash equivalents at beginning of period		906,625,586.35	844,256,739.94
Balance			

VI. Cash and cash equivalents balance at the end of the period forehead		1,214,017,303.99	906,625,586.35
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Person in charge of the company: Wang Jianjun Person in charge of accounting work: Wang Xiaoliu Person in charge of accounting institution: Du Lihong

**Parent
Company Cash
Flow Statement**

January -
December 2022

Projects	Not e	Year 2022	Unit: FY 2021 RMB Currency:
I. Cash flows from operating activities:			
Sales of goods and services received Cash		5,746,031,071.87	5,802,366,914.31
Tax refunds received		177,083,539.78	139,505,335.39
Receipt of other operating activities related Cash		203,931,905.35	126,882,124.28
Subtotal cash inflow from operating activities		6,127,046,517.00	6,068,754,373.98
Purchase of goods and services paid for Cash		5,060,546,979.93	5,081,056,754.96

Paid to and for employees Cash		503,674,410.68	527,165,359.05
All taxes paid		31,970,709.21	44,804,882.66
Payments for other operating activities related to Cash		101,362,605.99	179,337,220.15
Subtotal cash outflow from operating activities		5,697,554,705.81	5,832,364,216.82
Net cash flow from operating activities forehead		429,491,811.19	236,390,157.16
II. Cash flows from investing activities:			
Cash received from the recovery of investments			
Cash received from obtaining investment income			
Disposal of fixed assets, intangible assets and Net cash recovered from other long-term assets		37,484,200.95	13,613,825.64
Disposal of subsidiaries and other business units Net cash received			
Receipt of other investing activities related to Cash			
Subtotal cash inflow from investing activities		37,484,200.95	13,613,825.64
Acquisition and construction of fixed assets, intangible assets and Cash paid for other long-term assets		63,520,554.06	91,125,902.25
Cash paid for investments		3,575,893.20	6,467,900.00
Acquisition of subsidiaries and other business units Net cash paid			
Payments for other investing activities related to Cash			
Subtotal cash outflow from investing activities		67,096,447.26	97,593,802.25
Cash flows from investing activities Net volume		-29,612,246.31	-83,979,976.61
III. Cash flows from financing activities:			
Cash received from absorption of investments			
Cash received for obtaining loans		413,392,100.00	1,264,943,000.00

Receipt of other financing activities related to Cash			
Subtotal cash inflow from financing activities		413,392,100.00	1,264,943,000.00
Cash paid for debt service		475,417,000.00	1,265,354,820.00
Distribution of dividends, profits or repayment of interest Cash paid		61,621,194.84	90,940,905.01
Payments for other financing activities related to Cash		5,147,617.57	8,574,017.62
Subtotal cash outflow from financing activities		542,185,812.41	1,364,869,742.63
Cash flows from financing activities Net volume		-128,793,712.41	-99,926,742.63
IV. Effect of exchange rate changes on cash and cash equivalents The impact of the price object		16,666,107.88	-4,928,600.28
V. Net increase in cash and cash equivalents forehead		287,751,960.35	47,554,837.64
Add: Cash and cash equivalents at beginning of period Balance		887,614,950.93	840,060,113.29

VI. Cash and cash equivalents balance at the end of the period forehead		1,175,366,911.28	887,614,950.93
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Person in charge of the company: Wang Jianjun Person in charge of accounting work: Wang Xiaoliu Person in charge of accounting institution: Du Lihong

**Consolidated
Statement of
Changes in Owners'
Equity January -
December 2022**

Year 2022

Minorit
y

Total Owner's
Equity

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Proje cts	Year 2021											
	Equity attributable to owners of the parent company											Mi no rit y int er es ts
	Paid-in capital (or share capital)	Other equity instru ments	Capital surplus	Less: Treasury shares	Other comprehensive income	S pe ci ali ze d re se rv es	Surplus reserves	Gen eral risk allo wan ce	Undistributed earnings	Ot he r	Subtotal	
I. Balance at the end of the previous year	731,137,184.00		2,310,605,439.00	17,637,886.17	-1,555,928.90		302,784,156.07		-434,073,367.89		2,891,259,596.11	
Add: Change in accounting policy												
Correction of Prior Period Errors												
Business combinations under common control												
Other												
II. Opening balance of the year	731,137,184.00		2,310,605,439.00	17,637,886.17	-1,555,928.90		302,784,156.07		-434,073,367.89		2,891,259,596.11	
3. The amount of increase or decrease in the current period (decreased by (The “-” sign is filled in)			6,247,551.03	-9,141,625.25	-64,321,829.84				-152,791,921.88		-201,724,575.44	
(i) Total comprehensive income					-64,321,829.84				-109,024,869.62		-173,346,699.46	
(ii) Owner input and reduction of capital			6,247,551.03	-9,141,625.25							15,389,176.28	
1. Ordinary shares invested by owners												
2. Capital contributions from holders of other equity instruments												
3. Share-based payments included in owners' equity forehead			-105,599.51								-105,599.51	
4. Other			6,353,150.54	-9,141,625.25							15,494,775.79	
(iii) Profit distribution									-43,767,052.26		-43,767,052.26	
1. Withdrawal of surplus reserves												
2. Provision for general risks												
3. Distribution to owners (or shareholders)									-43,767,052.26		-43,767,052.26	

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4. Other														
(iv) Internal carryforward of owners' equity														
1. Transfer of capital surplus to capital (or share capital)														
2. Transfer of surplus to capital (or share capital)														
3. Surplus reserves to cover losses														
4. Changes in defined benefit plans carried forward for retention Earnings														
5. Other comprehensive income carried forward to retained earnings														
6. Other														
(E) special reserve														
1. Withdrawal in the current period														
2. Used in this period														
(F) Other														
IV. Closing balance of the period	731,137,184.00				2,316,852,990.03	8,496,260.92	-65,877,758.74		302,784,156.07		-586,865,289.77		2,689,535,020.67	2,689,535,020.67

Person in charge of the company: Wang Jianjun Person in charge of accounting work: Wang Xiaoliu Person in charge of accounting institution: Du Lihong

Report

Parent Company Statement of Changes in Owners' Equity

January - December
2022

Unit: YuanCurrency:RMB

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2022 Annual

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Proje cts	Report 2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specialize d reserves	Surplus reserves	Undistributed earnings	Total Owner's Equity
		Pri ori ty Sh are	Perpetual Debt	Other							
I. Balance at the end of the previous year	731,137,184.00				921,387,850.86	17,637,886.17	-1,245,209.67		302,201,966.07	1,319,329,056.82	3,255,172,961.91
Add: Change in accounting policy											
Correction of Prior Period Errors											
Other											
II. Opening balance of the year	731,137,184.00				921,387,850.86	17,637,886.17	-1,245,209.67		302,201,966.07	1,319,329,056.82	3,255,172,961.91
3. The amount of increase or decrease in the current period (decreased by (The “—” sign is filled in)					6,247,551.03	-9,141,625.25	-64,091,427.39			-133,775,040.86	-182,477,291.97
(i) Total comprehensive income							-64,091,427.39			-90,007,988.60	-154,099,415.99
(ii) Owner input and reduction of capital					6,247,551.03	-9,141,625.25					15,389,176.28
1. Ordinary shares invested by owners											
2. Capital contributions from holders of other equity instruments											
3. Share-based payments included in owners' equity					-105,599.51						-105,599.51
4. Other					6,353,150.54	-9,141,625.25					15,494,775.79
(iii) Profit distribution										-43,767,052.26	-43,767,052.26
1. Withdrawal of surplus reserves											
2. Distribution to owners (or shareholders)										-43,767,052.26	-43,767,052.26
3. Other											
(iv) Internal carryforward of owners' equity											
1. Transfer of capital surplus to capital (or share capital)											
2. Transfer of surplus to capital (or share capital)											
3. Surplus reserves to cover losses											
4. Changes in defined benefit plans carry forward retained earnings Benefit											
5. Other comprehensive income carried forward to retained earnings											
6. Other											
(E) special reserve											

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Report

1. Withdrawal in the current period											
2. Used in this period											
(F) Other											
IV. Closing balance of the period	731,137,184.00				927,635,401.89	8,496,260.92	-65,336,637.06		302,201,966.07	1,185,554,015.96	3,072,695,669.94

Person in charge of the company: Wang Jianjun Person in charge of accounting work: Wang Xiaoliu Person in charge of accounting institution: Du Lihong

III. Basic information of the company

1. Company Overview

√Applicable □ Not applicable

Referred to as "the Company", "the Company" or "Fengshen", formerly known as Henan Tire Company Limited, was established by Henan Provincial People's Government under the approval of Henan Stock (hereinafter referred to as "the Company", "the Company" or "Fengshen"), formerly known as Henan Tire Company Limited, was established as a joint stock company by Henan Tire Group Limited Liability Company in association with China Shenma Group Limited Liability Company, Henan Port (Henan) Development Company Limited, Jiaozuo Investment Company, Jiaozuo Zinc Factory, Jiangyin Innovative Valve Factory (now renamed as Jiangyin Innovative Valve Factory Limited) and Fengqiu County Auxiliary Factory of Henan Province, approved by Henan Provincial People's Government under the document of Henan Stock Approval [1998] No. 49. The company was registered in Henan Province Administration for Industry and Commerce on December 1, 1998.

The initial registered capital is RMB 180 million. The parent company of the Company is China National Chemical Rubber Corporation (formerly known as China National Chemical Rubber Corporation).

The company was changed to China National Chemical Rubber Corporation on January 17, 2013)

Approved by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") under the document "Securities Regulatory Issue No. [2003] 119", the Company issued 75 million shares of RMB common stock (A) on September 29, 2003 and listed them on the Shanghai Stock Exchange on October 21, 2003, with the stock code 600469. After the issuance, the registered capital was increased to RMB 255 million.

In June 2005, the Company was identified by the CSRC as a pilot company for the share split reform. At the resolution of the Sixth Meeting of the Third Session of the Board of Directors of the Company held on July 5, 2005, the seven non-circulating shareholders of the Company unanimously agreed to pay a proportionate part of their respective shares as consideration to the circulating shareholders in exchange for the circulation rights of their non-circulating shares, i.e., the circulating shareholders registered on the share registration date of the implementation of the program For every 10 outstanding shares held, 4.2 shares will be paid to the non-marketable shareholders; upon completion of the payment, the non-marketable shares held by the non-marketable shareholders of the Company will be granted the right to be listed and circulated. On July 29, 2005, the equity share reform plan was approved by the State-owned Assets Supervision and Administration Commission of the State Council.

On August 8, 2005, the extraordinary general meeting of the Company considered and approved the proposal of the Company's share reform program. Implementation of the plan

The share registration date of the Company is August 12, 2005. Upon completion of the stock split, the total share capital of the Company remained at 255 million shares.

On June 25, 2007, the Company received the document "Approval on the Transfer of State-owned Shares of Fengshen Tire Company Limited" from the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) No. [2007] 545, agreeing that the Company's controlling shareholder, Henan Tire Group Co. 2007

On October 11, 2010, 10,000,000 shares held by Henan Tire Group Co., Ltd. were transferred to China Haohua Chemical (Group) Co.

The transfer procedures of China Haohua Chemical (Group) Corporation were completed. On

May 30, 2008, the Company's application for non-public offering of shares was approved by the CSRC. On June 27, 2008, the CSRC issued CSRC License [2008] No. 861 "Approval of Non-public Offering of Shares by Fengshen Tire Co.

The registered capital of the Company increased to 37,494.2148 million shares after the issuance of 11,994.2148 million shares through the non-public offering of shares by 7 specific parties, including the head office of the Company (including the head office of the Company).

The total share capital is 37,494.2148 million shares, of which 15,964.2148 million shares are held by China Haohua Chemical (Group) Corporation, Henan

Ltd. holds 33,540,200 shares, Jiangsu Xingda Steel Cord Co.

Ltd. holds 10 million shares, Hubei Fuxing Technology Co.

Ltd. holds 8.5 million shares, Long Gong (Fujian) Bridge Box Co.

On December 21, 2009, China Haohua Chemical (Group) Corporation and China National Chemical and Rubber Corporation signed the "Agreement on Transfer of State-owned Equity", under which China Haohua Chemical (Group) Corporation transferred 159,642,148 ~~shares~~ (42.58% of the total share capital of the Company) to China National Chemical and Rubber Corporation without compensation. On January 7, 2010, the State-owned Assets Supervision and Administration Commission of the State Council approved the above transfer of shares with the document of State-owned Assets Equity [2010] No. 3. As China Haohua Chemical

(Group) Corporation held 59,642,148 shares of Fengshen, which were restricted shares and were not yet eligible for transfer.

On August 31, 2008, the Supplementary Agreement on the Transfer of State-owned Equity was signed, agreeing that the shares transferred to China National Chemical and Rubber Corporation would be fixed

On September 20, 2010, the registration and confirmation procedures for the transfer of the equity shares without compensation were completed. China National Chemical & Rubber Corporation held 100,000,000 shares of the Company, accounting for 26.67% of the total share capital of the Company, and became the shareholder of the Company.

The parent company, China Haohua Chemical (Group) Corporation holds 59,642,148 shares of the Company, accounting for 15.91% of the total share capital of the Company, and is the second largest shareholder of the Company.

On May 16, 2013, China National Chemical Rubber Corporation and China Haohua Chemical Group Co. On June 8, 2013, China Securities Regulatory Commission (CSRC) approved the waiver of the tender offer obligation for this transfer, and on July 5, the registration procedures for the transfer were completed. On June 8, 2013, the China Securities Regulatory Commission approved the waiver of the tender offer obligation to be performed for this share transfer without compensation, and on July 5, the registration procedures for the above-mentioned share transfer were all completed. Ltd. increased from 100,000,000 shares to 159,642,148 shares, and the shareholding ratio increased from 26.67% to 42.58%, China Haohua Chemical Group Co.

In May 2016, according to the Company's 2015 Annual General Meeting, the Company's 2015 Profit Distribution Proposal was considered and approved.

5 shares for every 10 shares to all shareholders based on the total share capital of 374,942,148 shares at the end of 2015, implemented on June 29, 2016

After that, the share capital of the Company is RMB 562,413,222.

On June 29, 2020, the twenty-eighth meeting of the seventh session of the Board of Directors of the Company considered and approved the non-public offering of A shares.

On October 20, 2020, Fengshen received the Approval of Approval of Non-public Issue of Shares of Fengshen Tire Co. The new shares issued in 2020 have been registered at Shanghai Branch of China Securities Depository and Clearing Corporation on November 12, 2020, and after the issuance, China National Chemical Rubber Corporation holds 419,435,536 shares of the Company, accounting for 57.37% of the total share capital of the Company.

On January 30, 2023, the Company cancelled a total of 1,686,313 shares of the previous repurchase with China Securities Depository and Clearing Corporation.

After the cancellation, the total number of shares of the Company changed from 731,137,184 shares to 729,450,871 shares, of which the total number of shares with limited sale conditions was The total number of shares subject to unlimited sale was 562,413,222, accounting for 76.87% of the total share capital.

The registered capital of the company is RMB 72,945.0871 million, the unified social credit code of enterprise legal person business license is 914100007126348530, the registered place and office is No.48 Jiao Dong Nan Road, Jiaozuo City, Henan Province, the legal representative is Wang Jianjun.

The company belongs to the tire manufacturing enterprise, belongs to the industry of rubber manufacturing category, the scope of business is: to operate the company's production of tires and related technology export business; to operate the company's production of raw and auxiliary materials, machinery and equipment, spare parts, instruments and related technology import business; to carry out foreign cooperative production, processing with materials, processing of samples, assembly of parts and compensation trade business. Tire production and sales; sales of raw and auxiliary materials for tire production; sales of automobile and construction machinery spare parts.

Our main products: all-steel radial tires, bias tires, etc.

These financial statements were approved by the Company's Board of Directors on April 28, 2023.

2. Scope of Consolidated Financial Statements

☒Applicable ☐Not applicable

For details of changes in the scope of consolidation during the reporting period, please refer to "VIII. Changes in the Scope of Consolidation" in this note. For details of the Company's subsidiaries, please refer to "IX. Interests in other entities" in this note.

IV. Basis of preparation of financial statements

1. Preparation basis

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" and various specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations of accounting standards for business enterprises and other related regulations (hereinafter collectively referred to as "Accounting Standards for Business Enterprises") issued by the Ministry of Finance, and the relevant provisions of The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises - Basic Standards and specific accounting standards issued by the Ministry of Finance, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as "ASBEs"), and the relevant provisions of the China Securities Regulatory Commission's "General Provisions on Financial Reporting".

2. Going concern

☒Applicable ☐Not applicable

The financial statements have been prepared on a going concern basis and there are no matters or circumstances that may cast significant doubt on the Company's ability to continue as a going concern for the 12 months from the end of the reporting period.

V. Significant Accounting

Policies and Accounting

Estimates Specific Accounting

Policies and Accounting

Estimates Tip:

☒Applicable ☐ Not applicable

The following disclosures have covered the specific accounting policies and accounting estimates formulated by the Company in accordance with the actual production and operation characteristics.

1. Statement of compliance with corporate accounting standards

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance and give a true and complete view of the Company's financial position as of December 2022.

The consolidated and parent company's financial position as at 31 December 2011 and the consolidated and parent company's results of operations and cash flows for 2022.

2. Accounting Period

The Company's fiscal year begins on January 1 and ends on December 31.

3. Business cycle

☒Applicable ☐Not applicable

The Company's business cycle is 12 months.

4. Local currency of accounts

The Company's local currency of account is RMB.

5. Accounting for business combinations under common control and non-common control

☒Applicable ☐ Not applicable

Business combinations under common control: Assets and liabilities acquired by the consolidating party in a business combination (including goodwill resulting from the acquisition of the consolidated party by the ultimate controlling party) are measured at the carrying value of the consolidated party's assets and liabilities in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total

nominal value of shares issued) is adjusted against the equity premium in capital surplus, and if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted.

Business combinations not under common control: the cost of the combination is the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the purchaser to obtain control of the acquiree at the date of purchase. The difference between the cost of the combination and the fair value of the share of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill; the difference between the cost of the combination and the share of the acquiree's identifiable net assets acquired in the combination is recognized in profit or loss for the current period. Each identifiable asset, liability and contingent liability of the acquiree acquired in a merger that qualifies for recognition is measured at fair value at the date of purchase.

Directly related costs incurred for a business combination are recognized in profit or loss as incurred; transaction costs for issuing equity securities or debt securities for a business combination are included in the initial recognition amount of the equity securities or debt securities.

6. Preparation of Consolidated Financial Statements

√Applicable ☐

Not

applicable 1.

Scope of

consolidation

The scope of consolidation in the consolidated financial statements is determined on the basis of control, and the scope of consolidation includes the Company and all of its subsidiaries. Control means that the Company has power over the investee, enjoys variable returns through its participation in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its returns.

2. Merger procedure

The Company considers the entire enterprise group as one accounting entity and prepares consolidated financial statements in accordance with uniform accounting policies to reflect the financial position, results of operations and cash flows of the enterprise group as a whole. The effects of internal transactions that occur between the Company and its subsidiaries and between subsidiaries are eliminated. If an internal transaction indicates an impairment loss on the related asset, the full amount of such loss is recognized. If the accounting policies and accounting periods adopted by a subsidiary are not consistent with those of the Company, the necessary adjustments are made in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements.

The share of the subsidiary's ownership interest, net profit or loss for the period and comprehensive income attributable to minority shareholders are presented separately in the consolidated balance sheet under the item of ownership interest, in the consolidated income statement under the item of net profit and in the consolidated statement of total comprehensive income, respectively. The balance resulting from the excess of the minority shareholders' share of the subsidiary's loss for the period over the minority shareholders' share of the subsidiary's ownership interest at the beginning of the period is eliminated to reduce shareholders' equity.

(1) Increase in subsidiaries or operations

During the reporting period, if a subsidiary or business is added as a result of a business combination under the same control, the operating results and cash flows of the subsidiary or business combination for the period from the beginning of the period to the end of the reporting period are included in the consolidated financial statements, while the opening figures of the consolidated financial statements and relevant items in the comparative statements are adjusted as if the consolidated reporting entity had existed since the point when the ultimate controlling party began to control it.

If, for example, additional investments enable control over an investee under the same control, the equity investment held before the acquisition of control of the consolidated party is

eliminated from the opening retained earnings or current profit or loss for the comparative period, respectively, for the relevant gains or losses, other comprehensive income and other changes in net assets recognized between the later of the date of acquisition of the original equity interest and the date on which the consolidated party and the consolidated party are under the same control as the consolidated party.

During the reporting period, the addition of subsidiaries or operations as a result of a business combination not under common control is included in the consolidated financial statements from the date of purchase based on the fair value of each identifiable asset, liability and contingent liability determined at the date of purchase.

If the Company is able to exercise control over an investee that is not under the same control due to additional investment, the equity interest in the investee held before the purchase date is remeasured at the fair value of the equity interest at the purchase date, and the difference between the fair value and its carrying amount is recognized as investment income for the current period. Other comprehensive income and other changes in owner's equity under the equity method of accounting that can be reclassified to profit or loss are transferred to investment income for the period to which they belong at the date of purchase.

(2) Disposal of subsidiaries

① General treatment method

When control over an investee is lost due to the disposal of a portion of the equity investment or for other reasons, the remaining equity investment after disposal is remeasured at its fair value at the date of loss of control. The difference between the **sum of the** consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the sum of the share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase or consolidation in proportion to the original shareholding and goodwill, is recognized as investment income in the period in which control is lost. Subsequent reclassifications related to equity investments in original subsidiaries

Other comprehensive income in profit or loss and other changes in owner's equity under the equity method of accounting are transferred to current investment income when control is lost.

② Step-by-step disposal of subsidiaries

Where an equity investment in a subsidiary is disposed of in steps through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction for the disposal of the equity investment in the subsidiary are consistent with one or more of the following, which generally indicates that the multiple transaction event is a package transaction:

- i. These transactions were entered into simultaneously or with consideration of their mutual effects;
- ii. these transactions as a whole to achieve a complete business result;
- iii. The occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- iv. A transaction is not economical on its own, but it is economical when considered together with other transactions.

If each transaction is a package transaction, each transaction is accounted for as a disposal of a subsidiary and loss of control; the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment for each disposal prior to the loss of control is recognized in the consolidated financial statements as other comprehensive income and is transferred to profit or loss in the period in which control is lost.

If each transaction is not a package transaction, the equity investment in the subsidiary is accounted for as a partial disposal without loss of control before the loss of control; upon loss of control, the disposal of the subsidiary is accounted for in accordance with the general treatment for disposal of subsidiaries.

(3) Purchase of minority interests in subsidiaries

The difference between the newly acquired long-term equity investment due to the purchase of minority interest and the share of net assets of the subsidiary calculated on a continuing basis from the date of purchase or the date of consolidation based on the newly acquired shareholding is adjusted to the equity premium in capital surplus in the consolidated balance sheet, and if the equity premium in capital surplus is not sufficient for elimination, it is adjusted to retained earnings.

(4) Partial disposal of equity investments in subsidiaries without loss of control

The difference between the disposal price and the share of net assets of the subsidiary corresponding to the disposal of the long-term equity investment calculated on an ongoing basis from the date of purchase or the date of consolidation is adjusted against the equity premium in capital surplus in the consolidated balance sheet, and if the equity premium in capital surplus is not sufficient for elimination, it is adjusted against retained earnings.

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

☒Applicable ☐Not applicable

Joint venture arrangements are divided into joint operations and joint ventures.

A joint operation is a joint arrangement in which the joint venturers are entitled to

the assets and bear the liabilities associated with the arrangement. The Company recognizes the following items related to the share of interest in a joint operation:

- (1) Recognition of assets held separately by the Company and recognition of jointly held assets based on the Company's share;
- (2) Recognition of liabilities assumed by the Company individually and liabilities assumed jointly on the basis of the Company's share;
- (3) recognize revenue from the sale of the Company's share of common operating output;
- (4) Recognition of revenue from joint operations arising from the sale of output at the Company's share;
- (5) The Company recognizes expenses incurred separately and expenses

incurred in joint operations based on the Company's share. The Company accounts for its investment in joint ventures using the equity method, as described in Note 21 "Long-term equity investments" herein.

8. Criteria for determining cash and cash equivalents

Cash equivalents are investments that are held by companies with short maturities (generally maturing within three months from the date of purchase), are highly liquid, are easily convertible to known amounts of cash, and are subject to insignificant risk of changes in value.

9. Foreign currency operations and translation of foreign currency statements

√Applicable

1. Foreign currency operations

Foreign currency operations are recorded in RMB using the spot exchange rate or an approximate exchange rate at the date of the transaction as the translation rate. The balances of foreign currency monetary items at the balance sheet date are translated at the spot exchange rate at the balance sheet date, and the resulting exchange differences are recognized in profit or loss for the current period, except for those arising from special borrowings in foreign currencies related to the acquisition of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs.

2. Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date; items in owners' equity, except for "undistributed earnings", are translated using the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate or an approximate rate at the date of the transaction.

Upon disposal of a foreign operation, the difference in translation of the foreign currency financial statements related to the foreign operation is transferred from the owner's equity item to profit or loss in the period of disposal.

10. Financial Instruments

√Applicable ☐ Not applicable

1、 Classification of financial instruments

Based on the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at initial recognition as follows: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Company classifies as financial assets at amortized cost financial assets that are not designated as at fair value through profit or loss if they both meet the following criteria:

- business model is targeted at collecting contractual cash flows;
- Contractual cash flows represent only payments of principal and interest based on the outstanding principal amount.

The Company classifies financial assets that are not designated as at fair value through profit or loss as financial assets at fair value through other comprehensive income (debt instruments) if they both meet the following criteria:

- A business model with the objective of both collecting the contractual cash flows and selling the financial asset;
- Contractual cash flows represent only payments of principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may irrevocably designate them at initial recognition as financial assets at fair value through other comprehensive income (equity instruments). This designation is made on an individual investment basis and the related investment meets the definition of an equity instrument from the perspective of the issuer.

Except for the above-mentioned financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Company classifies all remaining financial assets as financial assets at fair value through profit or loss. On initial recognition, the Company may irrevocably designate financial assets that would otherwise be classified as financial assets carried at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss if it can eliminate or significantly reduce the accounting mismatch.

Financial liabilities are classified at initial recognition as follows: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial liabilities may be designated as financial liabilities at fair value through profit or loss at initial measurement if one of the following conditions is met:

- 1) The designation can eliminate or significantly reduce accounting mismatches.
- 2) The management and performance evaluation of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities is conducted on a fair value basis in accordance with the enterprise's risk management or investment strategy as set out in formal written documentation and is reported to key management personnel on this basis within the enterprise.
- 3) The financial liability contains embedded derivatives that are subject to separate spin-off.

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with related transaction costs included in the initial recognition amount; accounts receivable that do not contain significant financing components and those that the Company has decided not to consider financing components of less than one year are initially measured at contractual transaction prices.

Interest calculated using the effective interest method during the holding period is recognized in profit or loss. On recovery or disposal, the difference between the acquisition price and the carrying amount of the financial asset is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income (debt instruments), including receivables financing and other debt investments, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in other comprehensive income, except for interest, impairment loss or gain and exchange gain or loss calculated using the effective interest rate method.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss for the current period.

(3) Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments), including investments in other equity instruments, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. The financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income. Dividends received are recognized in current profit or loss.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

(4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, derivative financial assets and other non-current financial assets, which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period.

(5) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and derivative financial liabilities, which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial liabilities are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period.

On derecognition, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is recognized in profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss.

3. Derecognition of financial assets and transfer of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- Termination of contractual rights to receive cash flows from financial assets;
- the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferring party;
- Financial assets have been transferred, although the Company neither transfers nor retains control over substantially all the risks and rewards of ownership of the financial assets.

A financial asset is not derecognized when a transfer of the financial asset occurs and substantially all the risks and rewards of ownership of the financial asset are retained.

In determining whether a transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is applied. The Company distinguishes between transfers of financial assets as a whole and partial transfers of financial assets. Transfer of financial assets as a whole satisfies derecognition

If the conditions are met, the difference between the following two amounts is recognized in profit or loss for the current period:

- (1) The carrying amount of the financial asset transferred;
- (2) The sum of the consideration received for the transfer and the cumulative amount of changes in fair value originally recognized directly in owners' equity (in the case where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value through other comprehensive income).

If a partial transfer of a financial asset satisfies the conditions for derecognition, the carrying amount of the financial asset transferred as a whole is apportioned between the derecognized portion and the unrecognized portion according to their respective relative fair values, and the difference between the following two amounts is recognized in profit or loss for the period:

- (1) The carrying value of the derecognized portion;
- (2) The amount of the consideration for the derecognized portion of the financial asset is the same as the amount corresponding to the derecognized portion of the cumulative amount of

changes in fair value previously recognized directly in owners' equity (the financial asset involved in the transfer is a financial asset measured at fair value through other comprehensive income)

(in the case of debt instruments) and the sum of the

If the transfer of a financial asset does not meet the derecognition condition, the financial asset continues to be recognized and the consideration received is recognized as a financial liability.

4. Derecognition of financial liabilities

A financial liability or a portion thereof is derecognized when the present obligation of the financial liability has been discharged in whole or in part. If the Company enters into an agreement with a creditor to replace an existing financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from those of the existing financial liability, the existing financial liability is derecognized and the new financial liability is recognized at the same time.

If all or part of the contractual terms of an existing financial liability are materially modified, the existing financial liability or part of it is derecognized and the modified financial liability is recognized as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized financial liability and the consideration paid (including the non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss.

If the Company repurchases part of a financial liability, the carrying amount of the financial liability as a whole is allocated on the repurchase date based on the relative fair values of the portion to be continued recognized and the portion to be derecognized. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including the non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss.

5. Methodology for determining the fair value of financial assets and financial liabilities

The fair value of financial instruments for which there is an active market is determined using quoted prices in an active market. The fair value of financial instruments for which there is no active market is determined using valuation techniques. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability considered by market participants in transactions for the relevant asset or liability, and gives preference to the use of relevant observable inputs. Unobservable inputs are used only when relevant observable inputs are not available or not practicable to obtain.

6. Test methods and accounting treatment for impairment of financial assets

The Company estimates expected credit losses on financial assets measured at amortized cost and financial assets at fair value through other comprehensive income (debt instruments), either individually or in combination, considering all reasonable and substantiated information, including forward-looking information. The measurement of expected credit losses depends on whether the financial asset has experienced a significant increase in credit risk since initial recognition.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses over the life of the financial instrument; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses over the next 12 months of the financial instrument. The resulting increase or reversal of the allowance for losses is recognized as an impairment loss or gain in profit or loss.

The Company considers the credit risk of a financial instrument to have increased significantly if it is normally more than 30 days past due, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Company

considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If there is objective evidence that a financial asset is impaired on a credit basis, the Company provides for impairment of that financial asset on a stand-alone basis.

Credit losses on various types of financial assets are determined as follows:

(1) For notes receivable, receivables financing and accounts receivable resulting from daily operating activities such as sales of goods and services, the Company measures the allowance for loss at an amount equal to the expected credit loss over the entire life of the receivables, regardless of whether there is a significant financing component. In addition to assessing credit risk individually, they are classified into different combinations based on their credit risk characteristics:

Projects	Basis for determining the portfolio
Bank Acceptance	The acceptor is a bank with low credit risk
Commercial acceptances	Classification according to the credit risk of the acceptor
Accounts Receivable Portfolio	Sales of units within the consolidation
Accounts Receivable Portfolio	Sales from other customers

(2) Other receivables

The Company measures impairment losses based on whether the credit risk of other receivables has increased significantly since initial recognition, using an amount equal to the expected credit loss over the next 12 months, or the entire duration. Other receivables, other than those assessed individually for credit risk, are classified into different combinations based on their credit risk characteristics:

Projects	Basis for determining the portfolio
Other receivables portfolio	Transactions with units within the scope of consolidation
Other receivables portfolio	Other receivables in addition to the above combinations

11. Notes receivable

Method of determining expected credit losses on notes receivable and accounting treatment

☐Applicable ☒Not applicable

12. Accounts Receivable

Method of determining expected credit losses on accounts receivable and accounting treatment

☐Applicable ☒Not applicable

13. Receivables financing

☐Applicable ☒Not applicable

14. Other receivables

Method of determining expected credit losses on other receivables and accounting treatment

☐Applicable ☒Not applicable

15. Inventory

☒Applicable ☐Not applicable

1、 Classification and cost of inventories

Inventories are classified as raw materials, inventory goods, work-in-process, and low-value consumables.

2、 Valuation method of issued inventories

Inventories are valued on a weighted-average basis when they are issued.

3. The basis for determining the net realizable value of different categories of inventories

The net realizable value of finished goods, inventory goods and materials for sale, which are directly used for sale, is determined in the normal course of production and operation as the estimated selling price of the inventory, less estimated selling expenses and related taxes; the net realizable value of material inventory subject to processing is determined in the normal course of production and operation as the estimated selling price of the finished goods produced, less the estimated costs to be incurred up to the time of completion.

The net realizable value is determined after cost, estimated selling expenses and related taxes; the net realizable value of inventories held for the execution of sales contracts or labor contracts is calculated on the basis of the contract price; if the quantity of inventories held is more than the quantity ordered in the sales contract, the net realizable value of the excess inventories is calculated on the basis of the general selling price. Provision for decline in value of inventories is made at the end of the period according to individual inventory items; however, for inventories with large quantities and lower unit prices, provision for decline in value of inventories is made according to inventory categories; and for inventories related to product lines manufactured and sold in the same region, with the same or similar end use or purpose, and which are difficult to be measured separately from other items, provision for decline in value of inventories is made on a consolidated basis.

4. The inventory
system of inventory
is based on the
perpetual inventory
system.

5. Amortization method of low-value consumables and packaging

- (1) Low-value consumable items are amortized using the 50/50 method;
- (2) The packaging uses the one-time resale method.

16. Contract Assets

(1). Methods and criteria for recognition of contract assets

☒Applicable ☐ Not applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance of the obligation and payment by the customer. The Company's right to receive consideration for goods transferred or services rendered to the customer (and which is dependent on factors other than the passage of time) is shown as a contract asset. Contract assets and contract liabilities under the same contract are shown on a net basis. The Company owns, unconditionally

(The right to receive consideration from customers (which depends only on the passage of time) is shown separately as a receivable.

(2). Method of determining expected credit losses on contract assets and accounting treatment

☒Applicable ☐ Not applicable

The method of determining expected credit losses on contract assets and the accounting treatment are described in **Note "V.10.6, Test Methods for Impairment of Financial Assets and Accounting Treatment"**.

17. Assets held for sale

☒Applicable ☐Not applicable

The Company classifies non-current assets or disposal groups as held for sale if they meet both of the following conditions:

- (1) immediately in their current condition, in accordance with the practice for the sale of such assets or disposal groups in similar transactions;
- (2) A sale is highly likely to occur, i.e. the Company has resolved on a plan of sale and obtained firm purchase commitments, and the sale is expected to be completed within one year.

Where the relevant regulations require the approval of the relevant authority or regulatory authority of the Company before the sale can take place, such approval has been obtained.

If the carrying amount of a non-current asset (excluding financial assets, deferred tax assets and assets resulting from employee compensation) or disposal group classified as held for sale is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the amount of the write-down is recognized as an impairment loss on the asset and charged to current profit or loss, together with a provision for impairment of assets held for sale.

18. Debt Investment

(1). Method of determining expected credit losses on debt investments and accounting treatment

☐Applicable ☒Not applicable

19. Other debt investments

(1). Method of determining expected credit losses on other debt investments and accounting treatment

☐Applicable ☒Not applicable

20. Long-term receivables

(1). Method of determining expected credit losses on long-term receivables and accounting treatment

☐Applicable ☒Not applicable

21. Long-term equity investments

☒Applicable ☐ Not applicable

1. Judgment criteria for joint control and significant influence

Joint control refers to the control shared by an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement can only be decided with the unanimous consent of the participants sharing the control. If the Company exercises joint control over an investee together with other joint venture parties and has rights to the investee's net assets, the investee is a joint venture of the Company.

Significant influence means having the power to participate in the making of financial and operating decisions of an enterprise, but not being able to control or jointly control with other parties the making of those policies. Where the Company is able to exercise significant influence over an investee, the investee is an associate of the Company.

2. Determination of initial investment cost

(1) Long-term equity investments resulting from business combinations

Business combination under the same control: If the company pays cash, transfers non-cash assets or assumes debts and issues equity securities as consideration for the combination, the initial investment cost of the long-term equity investment is determined at the date of combination on the basis of the share of the acquisition of the ownership interest of the consolidated party in the book value of the consolidated financial statements of the ultimate controlling party. If it is possible to exercise control over an investee under the same control due to additional investment, etc., the initial investment cost of long-term equity investments is determined at the date of consolidation on the basis of the share of the carrying value of the net assets of the investee in the consolidated financial statements of the party ultimately in control after the consolidation. The difference between the initial investment cost of the long-term equity investment at the date of consolidation and the sum of the carrying value of the long-term equity

investment before reaching consolidation plus the carrying value of the consideration newly paid for further acquisition of shares at the date of consolidation is adjusted for equity premium, and if the equity premium is not sufficient for elimination, it is reduced by retained earnings.

Business combinations not under common control: The Company uses the cost of the combination determined at the date of purchase as the initial investment cost of long-term equity investments. If the Company is able to exercise control over an investee under non-identical control due to additional investment, etc., the sum of the book value of the equity investment originally held plus the cost of the additional investment is used as the initial cost of investment to be accounted for under the cost method.

(2) Long-term equity investments acquired by other means

Long-term equity investments acquired by paying cash are recognized as initial investment cost based on the actual purchase price paid.

Long-term equity investments acquired by issuing equity securities are stated at the fair value of the equity securities issued as the initial investment cost.

Provided that the exchange of non-monetary assets has commercial substance and the fair value of the assets transferred or exchanged can be measured reliably, the initial investment cost of long-term equity investments acquired in exchange for non-monetary assets is determined by the fair value of the assets transferred and the related taxes and fees payable, unless there is conclusive evidence that the fair value of the assets transferred is more reliable; for non-monetary asset exchanges that do not meet the above prerequisites, the initial investment cost is determined by the book value of the assets transferred and the related taxes and fees payable. For non-monetary asset exchanges that do not meet the above prerequisites, the carrying amount of the assets exchanged and the related taxes and fees payable are used as the initial investment cost of the long-term equity investment.

The initial investment cost of long-term equity investments acquired through debt restructuring is determined on the basis of fair value.

3. Subsequent measurement and profit and loss recognition methods

(1) Long-term equity investments accounted for under the cost method

The Company accounts for its long-term equity investments in subsidiaries using the cost method, unless the investments qualify as held for sale. Except for the declared but unpaid cash dividends or profits included in the price or consideration actually paid for the investment at the time of acquisition, the Company recognizes investment income for the current period based on the Company's entitlement to the declared cash dividends or profits of the investee.

(2) Long-term equity investments accounted for under the equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment is not adjusted to the initial investment cost of the long-term equity investment; the difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted at the same time.

The Company recognizes investment income and other comprehensive income according to the share of net profit or loss and other comprehensive income of the investee, and adjusts the carrying value of long-term equity investments. For changes in the equity of the investee other than net profit or loss, other comprehensive income and profit distribution ("changes in other owners' equity"), the carrying amount of the long-term equity investment is adjusted and recognized in owners' equity.

In recognizing the share of the investee's net income or loss, other comprehensive income and other changes in owner's equity, the fair value of the investee's identifiable net assets at the time the investment is acquired is used as the basis for recognition, and the net income and other comprehensive income of the investee are adjusted in accordance with the Company's accounting policies and accounting periods.

Unrealized internal transaction gains or losses incurred between the Company and its affiliates or joint ventures that are attributable to the Company in proportion to the Company's share are offset and investment income is recognized on this basis, except when the assets invested or sold constitute a business. Unrealized losses on internal transactions with investees are recognized in full if they are impairment losses on assets.

The Company's net loss incurred by a joint venture or an associate, except for the obligation to bear additional losses, is limited to a write-down to zero of the carrying amount of the long-term equity investment and other long-term interests that substantially constitute a net investment in the joint venture or associate. If the joint venture or associate subsequently realizes net profit, the Company resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

(3) Disposal of long-term equity investments

The difference between the carrying amount and the actual acquisition price of a long-term equity investment is recognized in profit or loss for the current period.

If a long-term equity investment accounted for under the equity method is partially disposed of and the remaining equity interest is still accounted for under the equity method, other comprehensive income recognized under the former equity method is carried forward in proportion to the corresponding percentage using the same basis as the direct disposal of the related assets or liabilities by the investee, and other changes in owners' equity are carried forward to profit or loss in proportion to the current period.

If the common control or significant influence over the investee is lost due to the disposal of the equity investment, etc., the other comprehensive income recognized on the former equity investment due to the equity method of accounting is adopted upon the termination of the equity method of accounting with the direct disposal of the related assets of the investee

Other changes in owner's equity are accounted for on the same basis as the equity method, and all changes in owner's equity are transferred to current profit or loss upon the termination of the equity method of accounting.

In the case of loss of control over the investee due to disposal of part of the equity investment and other reasons, in the preparation of individual financial statements, the remaining equity interest that can exercise joint control or significant influence over the investee is accounted for under the equity method instead, and the remaining equity interest is adjusted as if it had been accounted for under the equity method from the time of acquisition, and other comprehensive income recognized prior to the acquisition of control over the investee is recognized using the same basis as that of the direct investment in the investee. If the remaining equity interest cannot exercise joint control or significant influence over the investee, it is recognized as a financial asset, and the difference between its fair value and its carrying amount at the date of loss of control is recognized in profit or loss for the current period, and for other comprehensive income and other owner's equity recognized prior to the acquisition of control of the investee, the remaining equity interest is recognized in profit or loss for the current period. All other comprehensive income and other changes in owners' equity recognized prior to the acquisition of control of the investee are carried forward.

If the disposal of an equity investment in a subsidiary through multiple transactions until the loss of control is a package transaction, each transaction is accounted for as a disposal of an equity investment in a subsidiary and the loss of control; the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity interest disposed of before the loss of control is recognized as other comprehensive income in the individual financial statements, and then transferred to profit or loss in the period in which control is lost. The difference between the disposal price and the carrying amount of the long-term equity investment before the loss of control is recognized as other comprehensive income in the individual financial statements, and then transferred to profit or loss in the period in which control is lost. If it is not a package transaction, each transaction is accounted for separately.

**22. Not
applicable to
investment
properties**

**23. Fixed
assets (1).
Recognitio
n
conditions**

✓Applicable ☐ Not applicable

Fixed assets are tangible assets that are held for the production of goods, provision of services, rental or operation management and have a useful life of more than one fiscal year. Fixed assets are recognized when both of the following conditions are met:

- (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

(2). Depreciation Method

☒ Applicable ☐ Not applicable

Category	Depreciation Method	Depreciable life (years)	Residual Value Rate	Annual depreciation rate
Houses and Buildings	Annual averaging method	25-40	5	2.38-3.80
Machinery and equipment	Annual averaging method	5-30	5	3.17-19.00
Transportation equipment	Annual averaging method	5-10	5	9.50-19.00
Electronic equipment	Annual averaging method	5-10	5	9.50-19.00

Depreciation of fixed assets is provided using the average method over the estimated useful lives of the assets and the estimated net salvage value. For fixed assets for which provision for impairment has been made, depreciation is determined in future periods on the basis of the carrying amount net of provision for impairment and based on the remaining useful lives. If the useful lives of the components of fixed assets are different or they provide economic benefits to the enterprise in different ways, different depreciation rates or depreciation methods are selected and depreciated separately.

(3). Basis of recognition, valuation and depreciation methods of fixed assets leased under finance

☐ Applicable ☒ Not applicable

24. Construction in progress

✓Applicable ☐ Not applicable

Construction-in-progress projects are recorded as fixed assets at the necessary expenditures incurred before the construction of the asset reaches its intended useable state. If the constructed fixed assets have reached the intended useable state but have not yet been finalized, they are transferred to fixed assets at the estimated value from the date they reach the intended useable state based on the project budget, cost or actual cost of the project, and depreciated in accordance with the Company's fixed assets depreciation policy, and the original provisional estimated value is adjusted according to the actual cost after the finalization of the project, but not The original depreciation amount is not adjusted.

25. Borrowing Costs

✓Applicable ☐ Not applicable

1. Principles for recognition of capitalized borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition or production of assets eligible for capitalization are capitalized and charged to the cost of the related assets; other borrowing costs are recognized as expenses when incurred and charged to current profit or loss based on the amount incurred.

Assets eligible for capitalization are assets such as property, plant and equipment, investment properties and inventories that require a substantial period of time for their acquisition or production activities to reach their intended use or saleable condition.

2. Period of capitalization of borrowing costs

The capitalization period refers to the period from the point at which capitalization of borrowing costs commences to the point at which capitalization ceases, excluding the period during which capitalization of borrowing costs is suspended.

Borrowing costs begin to be capitalized when both of the following conditions are met:

- (1) Asset expenditure has been incurred, which includes expenditure incurred in the form of cash payments, transfers of non-cash assets or the assumption of interest-bearing debt for the acquisition or production of assets eligible for capitalization;
- (2) Borrowing costs have been incurred;
- (3) The acquisition or production activities necessary to bring the asset to its intended use or saleable condition have begun.

Borrowing costs cease to be capitalized when the acquisition or production of assets eligible for capitalization reaches its intended use or saleable condition.

3. Suspension of capitalization period

Capitalization of borrowing costs is suspended if there is an unusual interruption in the process of acquisition or production of the assets eligible for capitalization that lasts for more than three consecutive months; borrowing costs continue to be capitalized if the interruption is

necessary to bring the assets eligible for capitalization to their intended useable or marketable condition. Borrowing costs incurred during the interrupted period are recognized as current profit or loss until the acquisition or production of the asset is restarted and the borrowing costs continue to be capitalized.

4. Calculation of the capitalization rate and capitalization amount of borrowing costs

For special borrowings for the purpose of acquiring or producing assets eligible for capitalization, the amount of borrowing costs to be capitalized is determined by subtracting the interest income earned on the unused borrowed funds deposited in banks or the investment income earned on temporary investments from the actual borrowing costs incurred during the period of the special borrowings.

For general borrowings occupied for the purpose of acquiring or producing assets eligible for capitalization, the amount of borrowing costs to be capitalized for general borrowings is calculated by multiplying the weighted-average amount of asset expenditures in excess of the portion of accumulated asset expenditures over special borrowings by the capitalization rate of the general borrowings occupied. The capitalization rate is determined based on the weighted-average effective interest rate of general borrowings.

During the capitalization period, exchange differences on the principal and interest of foreign-currency special borrowings are capitalized and included in the cost of the assets eligible for capitalization. Exchange differences arising from the principal of and interest on foreign-currency special borrowings other than foreign-currency special borrowings are recognized in profit or loss for the period.

26. Biological Assets

☐Applicable ☒Not applicable

27. Oil and gas assets

☐Applicable ☒Not applicable

28. Right-of-use assets

☒Applicable ☐ Not applicable

At the inception date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- ① The initial measurement amount of the lease liability;
- ② The amount of lease payments made on or before the commencement date of the lease term for which a lease incentive exists, less the amount related to the lease incentive already taken;
- (iii) The initial direct costs incurred by the Company;
- ④ Costs expected to be incurred by the Company to disassemble and remove the leased assets, restore the site where the leased assets are located, or restore the leased assets to the agreed condition under the terms of the lease, excluding costs that are part of the costs incurred for the production of inventories.

The Company subsequently depreciates right-of-use assets using the straight-line method. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Company depreciates the leased asset over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in **Note V.30.**

29. Intangible assets

(1). Valuation methods, useful life, impairment testing

☒Applicable ☐ Not applicable

(i) Valuation method of intangible assets

- (1) The company initially measures intangible assets at cost when they are acquired;

The cost of an externally acquired intangible asset includes the purchase price, related taxes and other expenses directly attributable to bringing the asset to its intended use. Where the purchase price of an intangible asset is deferred beyond normal credit terms and is substantially of a financing nature, the cost of the intangible asset is determined on the basis of the present value of the purchase price. When an intangible asset is acquired in a debt restructuring, the fair value of the intangible asset is used to determine its recorded value, and the difference between the carrying amount of the restructured debt and the fair value of the intangible asset is recognized in profit or loss for the current period.

Provided that the exchange of non-monetary assets has commercial substance and the fair value of the asset being exchanged or the asset being exchanged can be measured reliably, intangible assets acquired in exchange for non-monetary assets are recorded **a t** the fair value of the asset being exchanged, unless there is conclusive **e v i d e n c e t h a t** the fair value of the asset being exchanged is more reliable; if the exchange of non-monetary assets does not meet the above prerequisites, the carrying amount of the asset being exchanged and the related tax payable are recognized as the cost of the intangible asset being exchanged. For non-monetary asset exchanges that do not meet the above prerequisites, the carrying amount of the asset to be exchanged and the related taxes and fees to be paid are recognized as the cost of the intangible asset, and no gain or loss is recognized.

(2) Subsequent measurement

The useful life of an intangible asset is analyzed and determined at the time of acquisition.

For intangible assets with finite useful lives, they are amortized on a straight-line basis over the period that they bring economic benefits to the enterprise; if the period over which the intangible assets bring economic benefits to the enterprise cannot be foreseen, they are considered to be intangible assets with indefinite useful lives and are not amortized.

(ii) Estimated useful lives of intangible assets with finite useful lives

Proj ects	Expected service life
Land use rights	Warrant Marking Period
Patented Technology	Benefit period
Trademark rights	Benefit period
Software	Benefit period
Non-patented technology	Benefit period

The useful lives and amortization methods of intangible assets with finite useful lives are reviewed at the end of each year. As a result of the review, the useful lives and amortization methods of intangible assets at the end of the current year were not different from those previously estimated.

(iii) The basis for determining intangible assets with indefinite useful lives and the procedures for reviewing their useful lives

Intangible assets with indefinite useful lives are considered to be those for which the Company cannot predict the period of economic benefits to the enterprise. As of the balance sheet date, the Company has no intangible assets with indefinite useful lives.

(2). Accounting policy for internal research and development expenditures

√Applicable □ Not applicable

(i) Specific criteria for dividing the research phase and development phase

The expenditures for in-house research and development projects are divided into research phase expenditures and development phase expenditures.

Research stage: The stage of original and planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development stage: The stage in which research results or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

(ii) Specific conditions for capitalization of development stage expenditures

Expenditure on the development phase of internal research and development projects is recognized as an intangible asset when both of the following conditions are met:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) Have the intent to complete the intangible asset and use or sell it;
- (3) The manner in which the intangible asset will generate economic benefits, including the ability to demonstrate the existence of a market for the product produced using the intangible

asset or the existence of a market for the intangible asset itself, and the ability to demonstrate the usefulness of the intangible asset if it will be used internally;

(4) have sufficient technical, financial and other resource support to complete the development of the intangible asset and the ability to use or sell the intangible asset;

(5) The expenditure attributable to the development phase of this intangible asset can be measured reliably.

Expenditures in the development stage that do not meet the above criteria are recognized in profit or loss when incurred. Research stage expenditures are charged to current profit or loss as incurred.

30. Impairment of long-lived assets

☒Applicable ☐Not applicable

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, oil and gas assets and other long-lived assets are measured for impairment if there is an indication of impairment at the balance sheet date

Test. If the result of an impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and an impairment loss is recorded. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of estimated future cash flows of the asset. The provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently.

For goodwill resulting from business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a useable condition, impairment tests are performed at least at the end of each year, regardless of whether there is an indication of impairment.

The Company conducts goodwill impairment tests and apportions the carrying value of goodwill arising from a business combination to the relevant asset group from the date of purchase in accordance with a reasonable method; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant asset group combination. The relevant group of assets or combination of groups of assets is the group of assets or combination of groups of assets that can benefit from the synergistic effect of the business combination.

When performing an impairment test on the relevant asset group or combination of asset groups containing goodwill, if there is an indication of impairment of the asset group or combination of asset groups related to goodwill, the impairment test is first performed on the asset group or combination of asset groups that do not contain goodwill, and the recoverable amount is calculated and compared with the relevant carrying amount, and a corresponding impairment loss is recognized. If the recoverable amount is less than the carrying amount, the impairment loss is first reduced by the carrying amount of goodwill apportioned to the asset group or group of assets, and then reduced by the carrying amount of each asset group or group of assets other than goodwill in proportion to its proportionate share of the carrying amount of the other assets. The carrying value of each asset is then reduced by the carrying value of each asset other than goodwill. Once the above impairment loss is recognized, it will not be reversed in subsequent accounting periods.

31. Long-term amortized expenses

☒Applicable ☐Not applicable

Long-term amortization is an expense that has been incurred but should be borne by the current and future periods and is apportioned over a period of more than one year.

32. Contractual Liabilities

(1). Method of recognition of contract liabilities

☒Applicable ☐ Not applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and payment from the customer. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is presented as a contract liability. Contract assets and contract liabilities under the same contract are shown on a net basis.

33. Employee Compensation

(1). Accounting for short-term compensation

☒Applicable ☐Not applicable

The Company recognizes the actual short-term compensation incurred as a liability in the accounting period in which the employee provides services to the Company and recognizes it in current profit or loss or in the cost of related assets.

The social insurance premiums and housing fund paid by the Company for its employees, as well as the labor union funds and employee education funds withdrawn in accordance with regulations, are used to determine the corresponding amount of employee compensation based on the prescribed accrual basis and accrual ratio during the accounting period in which the employees provide services to the Company.

Employee benefits incurred by the Company are charged to current profit or loss or to the cost of related assets when actually incurred, based on the actual amount incurred, of which non-monetary benefits are measured at fair value.

(2). Accounting for post-employment benefits

√Applicable □Not applicable

(1) Set up a withdrawal plan

The Company pays basic pension insurance and unemployment insurance for its employees in accordance with the relevant local government regulations. In the accounting period in which the employees provide services to the Company, the amount payable is calculated on the basis and at the rate specified by the local regulations and recognized as a liability and charged to current profit or loss or the cost of related assets.

In addition to the basic pension insurance, the Company has established a corporate pension contribution system in accordance with the relevant policies of the national corporate pension system (Supplementary pension insurance)/Enterprise annuity plan. The Company contributes a certain percentage of employees' gross salaries to the local social insurance **agency/annuity plan**, and the corresponding expenses are charged to current profit or loss or the cost of related assets.

(2) Defined benefit plans

The Company attributes benefit obligations arising from defined benefit plans to employees in the period in which the employees render services in accordance with the formula determined by the expected accumulated benefit unit method, and recognizes them in current profit or loss or the cost of related assets.

The deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized as a net defined benefit plan liability or net asset. If a defined benefit plan has a surplus, the Company measures the net defined benefit plan assets at the lower of the surplus or asset limit of the defined benefit plan. All defined benefit plan obligations, including those expected to be paid within twelve months after the end of the annual reporting period in which employees render services, are discounted based on market yields on treasury bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan obligations at the balance sheet date.

The service cost incurred by the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are recognized in profit or loss or the cost of related assets; changes resulting from the remeasurement of the net liabilities or net assets of the defined benefit plan are recognized in other comprehensive income and are not reversed to profit or loss in subsequent accounting periods, and the entire portion previously recognized in other comprehensive income is carried forward to unappropriated earnings within equity upon the termination of the original defined benefit plan. The portion of other comprehensive income within equity is carried forward to unappropriated earnings upon termination of the defined benefit plan. Upon settlement of a defined benefit plan, a gain or loss on settlement is recognized as the difference between the present value of the defined benefit plan obligation and the settlement price determined at the settlement date.

(3). Accounting for Termination Benefits

✓Applicable ☐ Not applicable

The Company recognizes a liability for employee compensation arising from termination benefits when it is unable to unilaterally withdraw termination benefits provided as a result of a termination plan or reduction proposal, or when it recognizes costs or expenses related to a restructuring involving the payment of termination benefits, whichever is earlier, in current profit or loss.

(4). Accounting for other long-term employee benefits

☐Applicable ✓Not applicable

34. Lease liabilities

✓Applicable ☐ Not applicable

For details, see "42. Leases (3). Methods for Determining Leases and Accounting Treatment under the New Lease Standard".

35. Projected liabilities

✓Applicable ☐ Not applicable

(i) Criteria for recognition of projected liabilities

The Company recognizes a projected liability when the obligations related to contingencies such as litigation, debt guarantees, loss contracts, restructuring matters, etc., simultaneously meet the following conditions:

- (1) The obligation is a present obligation assumed by the Company;
- (2) it is probable that the performance of the obligation will result in an outflow of economic benefits to the Company;
- (3) The amount of the obligation can be measured reliably.

(ii) Measurement of various types of projected liabilities

The Company's projected liabilities are initially measured at the best estimate of the expenditure required to satisfy the related present obligation. In determining the best estimate, the Company considers the risks associated with the contingencies, uncertainties and the time value of money. For those with a significant impact on the time value of money, the best estimate is determined by discounting the related future cash outflows.

The best estimates are handled separately as follows:

Where a continuous range (or interval) of required expenditures exists and the likelihood of various outcomes within that range is equal, the best estimate is determined as the average of the middle of the range, i.e., the upper and lower amounts.

If there is no continuous range (or interval) of expenditures required, or if there is a continuous range but the probabilities of various outcomes within that range are not the same, the best estimate is determined based on the most probable amount if the contingency relates to a single item; if the contingency relates to multiple items, the best estimate is determined based on various probable outcomes and related probabilities.

If all or part of the expenditures required to settle a projected liability are expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the projected liability.

36. Share-based payment

☒Applicable ☐Not applicable

The Company's share-based payments are transactions in which equity instruments are granted or liabilities determined on the basis of equity instruments are assumed in order to obtain services from employees or other parties. The Company's share-based payments are classified as equity-settled share-based payments and cash-settled share-based payments.

(i) Equity-settled share-based payments and equity instruments

Share-based payments settled in equity in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees. When the Company makes share-based payments with restricted stock, the employees contribute to subscribe for shares and the shares cannot be listed and circulated or transferred until the unlocking conditions are met and unlocked; if the unlocking conditions specified in the final equity incentive plan are not met, the Company repurchases the shares at the price agreed in advance. When the Company obtains the amount paid by employees to subscribe for restricted shares,

the Company recognizes share capital and share premium based on the subscription amount obtained, and at the same time recognizes a liability for the full amount of the repurchase obligation and recognizes treasury stock. At each balance sheet date during the waiting period, the Company makes the best estimate of the number of exercisable equity instruments based on the latest available subsequent information, and uses this as the basis to record the services acquired during the period at the grant date fair value in the related cost or expense, with a corresponding increase in capital surplus. No adjustment is made to the related costs or expenses recognized and total owners' equity after the feasible date. However, if the right is exercisable immediately after the grant, the relevant cost or expense is recorded at fair value on the grant date, with a corresponding increase in equity premium.

No cost or expense is recognized for share-based payments that are not ultimately exercised, unless the exercise condition is a market condition or a non-viable condition, at which point the exercise is deemed to be viable regardless of whether the market condition or non-viable condition is met, provided that the non-market condition of all viable conditions is met.

If the terms of an equity-settled share-based payment are modified, acquired services are recognized at least as if the terms had not been modified. In addition, any modification that increases the fair value of the equity instruments granted, or changes that benefit employees at the date of modification, is recognized as an increase in acquired services.

If an equity-settled share-based payment is cancelled, it is treated as an accelerated exercise on the date of cancellation and the unrecognized amount is recognized immediately. If employees or other parties are able to elect to satisfy the non-viability conditions but fail to do so during the waiting period, the cancellation is treated as a cancellation of equity-settled share-based payments. However, if a new equity instrument is granted and it is determined on the grant date of the new equity instrument that the new equity instrument granted is intended to replace the cancelled equity instrument, the replacement equity instrument granted is treated in the same manner as the modification of the terms and conditions of the original equity instrument.

(ii) Cash-settled share-based payments and equity instruments

Share-based payments settled in cash are measured at the fair value of the liability assumed by the Company determined on the basis of the shares or other equity instruments. If the right is exercisable immediately after the grant, the fair value of the liability assumed is recorded as cost or expense at the grant date, with a corresponding increase in the liability; if the right is exercisable only after completion of the service within the waiting period or when the required performance conditions are met, the service acquired during the waiting period is recorded as the relevant cost or expense, with a corresponding increase in the liability, based on the best estimate of the viability of the right and the fair value of the liability assumed. At each balance sheet date prior to settlement of the related liability and at the settlement date, the fair value of the liability is remeasured and the change is recognized in profit or loss for the current period.

37. Other financial instruments such as preferred shares and perpetual bonds

☐Applicable ☒Not applicable

38. Revenue

(1). Accounting policies used for revenue recognition and measurement

☒Applicable ☐ Not applicable

The Company recognizes revenue when it has fulfilled its performance obligations under the contract, i.e., when the customer obtains control of the relevant goods or services. The acquisition of control of the relevant goods or services is defined as the ability to dominate the use of the goods or services and derive substantially all of the economic benefits therefrom.

If a contract contains two or more performance obligations, the Company apportions the transaction price to each individual performance obligation at the contract commencement date in the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation. The Company measures revenue based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration that the Company expects to be entitled to receive as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract, taking into account its past customary practices, and considers the impact of variable consideration, the

existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration over the term of the contract using the effective interest rate method.

Performance obligations are fulfilled within a certain time period if one of the following conditions is met, otherwise, performance obligations are fulfilled at a certain point in time:

- The Customer acquires and consumes the economic benefits of the Company's performance at the same time as the Company's performance.
- The customer is able to control the goods under construction in the course of the Company's performance.
- The goods produced in the course of the Company's performance are of irreplaceable

use and the Company is entitled to receive payment for the cumulative portion of performance completed to date throughout the term of the contract.

For performance obligations to be performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance during that period, except when the progress of performance cannot be reasonably determined. The Company determines the progress of performance using the output method or the input method, taking into account the nature of the goods or services. When the progress of performance cannot be reasonably determined, the Company recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

For performance obligations performed at a point in time, the Company recognizes revenue at the point in time when the customer obtains control of the related goods or services. In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

- The Company has the right to receive payment now for the goods or services, i.e. the customer has the obligation to pay now for the goods or services.
- The Company has transferred legal ownership of the merchandise to the customer, i.e., the customer has legal ownership of the merchandise.
- The Company has physically transferred the merchandise to the customer, i.e., the customer has taken physical possession of the merchandise.
- The Company has transferred the principal risks and rewards of ownership of the goods to the customer, i.e., the customer has acquired the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

2. Specific revenue recognition policy

- (1) Domestic sales: the products have been sent out according to the customer's order and accepted by the customer;
- (2) Export: The goods arrive at the port and complete customs clearance procedures.

(2). Differences in accounting policies for revenue recognition resulting from the adoption of different operating models for the same type of business

☐Applicable ☒Not applicable

39. Contract Costs

☒Applicable ☐ Not applicable

Contract costs include contract performance costs and contract acquisition costs.

Costs incurred by the Company to perform a contract that are not regulated by the relevant standards, such as inventory, fixed assets or intangible assets, are recognized as an asset as contract performance costs when the following conditions are met:

- This cost is directly related to a current or anticipated contract.
- This cost increases the resources available to the Company to meet its performance obligations in the future.
- This cost is expected to be recovered.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as contract acquisition costs. Assets related to contract costs are amortized using the same basis as revenue recognition for the goods or services to which the asset relates; however

For contracts with acquisition costs amortized over a period of less than one year, the Company recognizes them in profit or loss as incurred.

If the carrying value of an asset related to contract costs is greater than the difference

between the following two items, the Company makes an allowance for impairment for the excess and recognizes an impairment loss on the asset:

1. the residual consideration expected to be obtained as a result of the transfer of goods or services related to the asset;
2. The estimated costs to be incurred for the transfer of the relevant goods or services.

If there is a subsequent change in the impairment factors in previous periods, such that the aforementioned difference is higher than the carrying amount of the asset, the Company reverses the provision for impairment and recognizes it in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

40. Government Grants

☒Applicable

☐Not

applicable

1. Type

Government grants, which are monetary or non-monetary assets acquired by the Company from the government without consideration, are classified as asset-related government grants and revenue-related government grants.

Government grants related to assets are government grants acquired by the Company for the acquisition and construction or other formation of long-term assets. Government grants related to revenue are government grants other than those related to assets.

The specific criteria for the Company to classify government grants as asset-related are:

The Company classifies subsidies from relevant governmental authorities as asset-related governmental subsidies when there is clear evidence that the subsidies are provided for the formation of long-term assets.

The specific criteria for the Company to classify

government grants as revenue-related are:

government grants other than those related to assets.

For government documents that do not specify the target of the subsidy, the

Company classifies the government subsidy as revenue-related.

2. Recognition point

Government grants are recognized and measured at the actual amounts received upon actual receipt. Grants are recognized and measured at the amount receivable only when there is conclusive evidence that the grant is paid in accordance with a fixed flat rate and when there is conclusive evidence that the relevant conditions set forth in the financial support policy can be met and the financial support funds are expected to be received.

3. Accounting treatment

Government grants related to assets are written down to the carrying amount of the related assets or recognized as deferred income. If recognized as deferred income, it is recognized in profit or loss in accordance with a reasonable and systematic method in installments over the useful life of the related assets (if it is related to the Company's ordinary activities, it is recognized in other income; if it is not related to the Company's ordinary activities, it is recognized in non-operating income);

Government grants related to revenue that are used to compensate the Company for related costs or losses in subsequent periods are recognized as deferred revenue and are charged to current profit or loss (to other income if they are related to the Company's ordinary activities; to non-operating income if they are not related to the Company's ordinary activities) or reduced by related costs or losses in the period in which they are recognized; those used to compensate the Company for related costs or losses already incurred are charged directly to current profit or loss (to other income if they are related to the Company's ordinary activities; to non-operating income if they are not related to the Company's ordinary activities) or reduced by related costs or losses. If it is used to compensate the Company for the related costs or losses incurred, it is directly recognized in profit or loss (other income if it is related to the Company's daily activities; non-operating income if it is not related to the Company's daily activities) or reduced by the related

costs or losses.

41. Deferred income tax assets / deferred income tax liabilities

✓Applicable ☐ Not applicable

Deferred income tax assets are recognized for deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized in future periods. For deductible losses and tax credits that can be carried forward to future years, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

For taxable temporary differences, deferred income tax liabilities are recognized, except in special cases.

The special circumstances under which deferred tax assets or deferred tax liabilities are not recognized include: initial recognition of goodwill; and other transactions or events, other than business combinations, that occur and affect neither accounting profit nor taxable income (or deductible losses).

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are reported on a net basis after offsetting.

When there is a legal right to settle current income tax assets and current income tax liabilities on a net basis and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or to different taxable entities, but in each future period in which the reversal of deferred income tax assets and liabilities is significant, the taxable entity involved intends to settle the deferred income tax assets and liabilities on a net basis.

Deferred tax assets and deferred tax liabilities are stated at the net of offsetting amounts when the current income tax assets and liabilities are settled or when the assets are acquired and liabilities are settled simultaneously.

42. Leasing

(1). Accounting for operating leases

☒Applicable ☐Not applicable

For details, see (3) Methods of determining leases and accounting treatment under the new lease standard.

(2). Accounting treatment of finance leases

☒Applicable ☐Not applicable

For details, see (3) Methods of determining leases and accounting treatment under the new lease standard.

(3). The method of determining the lease and accounting treatment under the new lease standard

☒Applicable ☐ Not applicable

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration. At the inception date of the contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If a contract contains several separate leases, the Company splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the lessee and the lessor split the lease and non-lease components.

For rent concessions such as rent reductions and deferred payments agreed upon for existing leases that are directly triggered by the New Crown Pneumonia outbreak and that also meet the following conditions, the Company applies the simplified method to all lease options and does not assess whether a lease change has occurred or reassess the lease classification:

- (a) The lease consideration after the reduction is reduced or substantially unchanged from that before the reduction, where the lease consideration is either undiscounted or discounted at the pre-reduction discount rate;
- The other terms and conditions of the lease were determined to have no material changes after considering qualitative and quantitative factors together. 1. The Company as the lessee

(1) Right-of-use assets

At the inception date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

The initial measurement amount of the lease liability;

The amount of lease payments made on or before the commencement date of the lease

term for which a lease incentive exists, less the amount related to the lease incentive already taken;

The initial direct costs incurred by the Company;

The Company expects to incur costs to disassemble and remove the leased assets, restore the site where the leased assets are located, or restore the leased assets to the agreed condition under the terms of the lease, excluding costs that are part of the costs incurred for the production of inventories.

The Company subsequently depreciates right-of-use assets using the straight-line method. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Company depreciates the leased asset over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in **Note V.30**.

(2) Lease liabilities

At the inception date of the lease term, the Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of the lease payments outstanding. Lease payments consist of:

Fixed payments (including material fixed payments), net of amounts related to lease incentives if lease incentives exist; variable lease payments that depend on an index or rate;

Estimated payments due based on the residual value of the guarantee provided by the company; the exercise price of the purchase option, provided that the company reasonably determines that it will exercise the option;

Payments required to exercise the option to terminate the lease are subject to the lease term reflecting that the Company will exercise the option to terminate the lease.

The Company uses the interest rate embedded in the lease as the discount rate, but if the interest rate embedded in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense on the lease liability for each period of the lease term at a fixed periodic interest rate, which is charged to current profit or loss or to the cost of the related asset.

Variable lease payments that are not included in the measurement of the lease liability are recognized in current profit or loss or the cost of the related assets when they are actually incurred.

After the commencement date of the lease term, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset if the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, and the difference is recognized in profit or loss for the current period:

- When there is a change in the valuation of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is not consistent with the original valuation, the Company re-measures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payment amount, the Company remeasures the lease liability based on the present value of the lease payment amount after the change and the original discount rate. However, if the change in the lease payments results from a change in the floating interest rate, the present value is calculated using the revised discount rate.

(3) Short-term leases and low-value asset leases

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and to recognize the related lease payments in

current profit or loss or the cost of the related assets on a straight-line basis over the respective periods of the lease term. Short-term leases are leases with a lease term of not more than 12 months at the commencement date of the lease term and do not include an option to purchase. Low-value asset leases are leases with a lower value when the individual leased asset is a brand-new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

(4) Lease Changes

A company accounts for a lease change as a separate lease if the lease change occurs and both of the following conditions are met: the lease change expands the scope of the lease by adding the right to use one or more leased assets;

The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the company reapportioned the consideration of the modified contract, redetermined the lease term, and remeasured the lease liability based on the present value of the modified lease payments and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying value of the right-of-use asset accordingly and recognizes the gain or loss related to the partial termination or complete termination of the lease in profit or loss for the current period. If other lease changes result in the remeasurement of the lease liability, the Company adjusts the carrying value of the right-of-use asset accordingly.

(5) Rent concessions related to the Newcastle pneumonia outbreak

For those adopting the simplified method of rent reductions related to the new crown pneumonia epidemic, the Company does not assess whether a lease change has occurred, continues to calculate interest expense on lease liabilities at a discount rate consistent with that before the reductions and includes it in current profit or loss, and continues to depreciate right-of-use assets at a rate consistent with that before the reductions. In the event of a rent reduction, the Company treats the reduced rent as variable lease payments and reduces the cost or expense of the related assets by the amount discounted at the discount rate before the discount or reduction when the original rent payment obligation is discharged, such as when a reduction agreement is reached, and adjusts the lease liabilities accordingly; in the event of deferred rent payments, the Company reduces the lease liabilities recognized in prior periods when the actual payments are made.

For short-term leases and leases of low-value assets, the Company continues to recognize the original contractual rentals as the cost or expense of the related assets in a manner consistent with the method used before the abatement. When rent reductions occur, the Company recognizes the reduced rent as variable lease payments and reduces the cost of the related assets or expenses in the period of the reductions; when rent payments are deferred, the Company recognizes the rent payable as payable in the original payment period and reduces the amount recognized as payable in prior periods when actual payments are made.

2. The Company as lessor

At the inception date of the lease, the Company classifies leases as finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases. When the Company acts as a sublease lessor, it classifies subleases based on the right-to-use assets arising from the original lease.

(1) Accounting for operating leases

Lease receipts under operating leases are recognized as rental income on a straight-line basis over the respective periods of the lease term. The Company capitalizes the initial direct costs incurred in connection with operating leases, which are apportioned to current profit or loss over the lease term on the same basis as rental income is recognized. Variable lease payments that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred. If an operating lease is changed, the Company accounts for it as a new lease

from the effective date of the change, and the amount of lease receipts received in advance or receivable in connection with the lease before the change is considered to be the amount of receipts under the new lease.

(2) Accounting for finance leases

At the inception date of the lease, the Company recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. For the initial measurement of finance lease receivables, the Company uses the net lease investment as the recorded 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 yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Derecognition and impairment of finance lease receivables are accounted for in accordance with Note 3(j), "Financial Instruments".

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

When a change in a finance lease occurs and both of the following conditions are met, the Company will account for the change as a separate lease:

- The change expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a change in a finance lease is not accounted for as a separate lease, the Company treats the changed lease separately in the following circumstances:

- If the change becomes effective on the commencement date of the lease and the lease would have been classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the carrying value of the leased asset;
- If the change becomes effective on the commencement date of the lease and the lease would be classified as a finance lease, the Company shall, in accordance with Note "III, (x) Financial instruments" policy on accounting for modifications or renegotiations of contracts.

(3) Rent concessions related to the Newcastle pneumonia outbreak

- For operating leases that use the simplified method of rent reduction related to the New Crown Pneumonia Epidemic, the Company continues to recognize the original contractual rent as lease income in the same manner as before the reduction; if rent reduction occurs, the Company recognizes the reduced rent as variable lease payments and eliminates lease income in the period of reduction; if rent collection is deferred, the Company recognizes the rent receivable in the original collection period and actual receipt is reduced by the receivable recognized in the previous period.

- For finance leases that use the simplified method of rent reduction related to the New Crown Pneumonia outbreak, the Company continues to calculate interest and recognize it as lease income at a discount rate consistent with the rate before the reduction. In the event of rent reductions, the Company treats the reduced rent as variable lease payments and, upon waiver of the original right to receive rent, such as the conclusion of a reduction agreement, reduces the originally recognized lease income by the amount discounted at the discount rate before discounting or reduction, with the shortfall being recorded as investment income and the finance lease receivable adjusted accordingly; in the event of deferred collection of rent, the Company reduces the previously recognized finance lease receivable upon actual receipt. In case of delayed collection of rent, the Company shall offset the finance lease receivable recognized in the previous period upon actual receipt.

3. Sale and leaseback transactions

The Company assesses whether the transfer of assets in sale-and-leaseback transactions is a sale in accordance with the principles described in Note V.38, "Revenue".

(1) As a tenant

If the transfer of an asset in a sale-and-leaseback transaction is a sale, the company, as the lessee, measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the original asset's carrying value that relates to the right of use acquired by the leaseback and recognizes a gain or loss related to the right transferred to the lessor only; if the transfer of an asset in a sale-and-leaseback transaction is not a sale, the company, as the lessee, continues to

recognize the transferred asset and also recognizes a financial liability equal to the The company continues to recognize the transferred asset as a lessee and at the same time recognizes a financial liability equal to the transferred revenue. For details of the accounting treatment of financial liabilities, please refer to **Note "V.10.**

Tools".

(2) As a lessor

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor and accounts for the lease of the assets in accordance with the **aforementioned policy "2.** A financial asset is recognized in the amount equal to the transfer proceeds. For details of the accounting treatment of financial assets, please refer to **"V.10. Financial Instruments" in** this note.

43. Other significant accounting policies and accounting estimates

√/Applicable

☐Not

applicable (i)

Discontinue

d operations

A discontinued operation is a separately distinguishable component that meets one of the following conditions and which has been disposed of by the Company or classified by the Company as held for sale:

- (1) The component represents a separate primary business or a separate primary operating area;
- (2) The component is part of an associated plan for the proposed disposal of a separate major business or a separate major operating area;
- (3) The component is a subsidiary acquired exclusively for resale.

(ii) Hedge

accounting

1、Classification of hedging

(1) A fair value hedge is a hedge of an asset or liability recognized, a firm commitment not yet recognized, or an exposure to changes in the fair value of components of the above items.

(2) A cash flow hedge is a hedge of exposure to changes in cash flows.

(3) The hedge of net investment in foreign operations refers to the hedge of foreign exchange exposure of net investment in foreign operations.

2. Designation of hedging relationship and determination of hedge effectiveness

At the inception of a hedging relationship, the Company has a formal designation of the hedging relationship and prepares formal written documentation regarding the hedging relationship, risk management objectives and hedging strategy. This documentation sets forth the nature of the hedging instrument and its number, the nature of the hedged item and its number, the nature of the hedged risk, the type of hedge, and the Company's assessment of the effectiveness of the hedging instrument. Hedge effectiveness is the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item attributable to the hedged risk. The Company evaluates hedge effectiveness on an ongoing basis to determine whether the hedge is highly effective in the accounting period in which the hedging relationship is designated.

The Company considers a hedge to be highly effective if it meets both of the following conditions:

- (1) An economic relationship exists between the hedged item and the hedging instrument. This economic relationship causes the value of the hedging instrument and the hedged item to move in opposite directions due to the same exposure to the hedged risk.
- (2) The effect of credit risk does not dominate the value changes arising from the economic relationship between the hedged item and the hedging instrument.
- (3) The use of an appropriate hedge ratio is equal to the ratio of the number of hedged items that an enterprise actually hedges to the actual number of hedging instruments that hedge them, but does not reflect an imbalance in the relative weights of hedged items and hedging instruments that would render the hedge ineffective and could produce accounting results that are inconsistent with the hedge accounting objective.

3、Hedge accounting treatment

(1) Fair value hedge

Changes in the fair value of the hedging derivative are recognized in profit or loss for the current period. Changes in the fair value of the hedged item due to hedging risk are recognized in current profit or loss, together with an adjustment to the carrying amount of the hedged item.

For fair value hedges related to financial instruments carried at amortized cost, adjustments to the carrying amount of the hedged item are amortized over the remaining period between the adjustment and the maturity date and are recognized in profit or loss for the current period. Amortization under the effective interest method may commence immediately after the adjustment to the carrying amount and may not be later than the termination of the hedged item to adjust for changes in fair value arising from the hedged risk.

If the hedged item is derecognized, the unamortized fair value is recognized in current profit or loss.

If the hedged item is a firm commitment that has not yet been recognized, the cumulative change in fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability, and the related gain or loss is recognized in profit or loss for the current period. Changes in the fair value of the hedging instrument are also recognized in profit or loss for the period.

(2) Cash Flow Hedges

The portion of the gain or loss on the hedging instrument that is an effective hedge is recognized directly in other comprehensive income, and the portion that is an ineffective hedge is recognized in current profit or loss.

If the hedged transaction affects current profit or loss, such as when the hedged financial income or financial expense is recognized or when a sale is expected to occur, the amount recognized in other comprehensive income is transferred to current profit or loss. If the hedged item is a non-financial asset or a non-financial liability

cost of the non-financial asset or non-financial liability, the amount originally recognized in other comprehensive income is transferred out to the amount initially recognized for that non-financial asset or non-financial liability (or, in the alternative, the amount originally recognized in other comprehensive income is transferred out to profit or loss in the same period in which the non-financial asset or non-financial liability affects profit or loss)

If the expected transaction or firm commitment is not expected to occur, the cumulative gain or loss on the hedging instrument previously recorded in shareholders' equity is reversed out and recognized in profit or loss. If the hedging instrument expires, is sold, the contract is terminated or exercised (but not replaced or rolled over), or the designation of the hedging relationship is revoked, the amount previously recorded in other comprehensive income is not reversed out until the expected transaction or firm commitment affects current profit or loss.

(3) Hedges of net investment in foreign operations

Hedges of net investments in foreign operations, including hedges of monetary items that are part of the net investment, are treated similarly to cash flow hedges. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income, while the portion that is not an effective hedge is recognized in current profit or loss. Upon disposal of a foreign operation, any cumulative gain or loss recognized in shareholders' equity is reversed and recognized in current profit or loss.

(iii) Repurchase of the Company's shares

The consideration and transaction costs paid by the company for the repurchase of its own equity instruments are recorded in the treasury stock item, which reduces shareholders' equity. Other than share-based payments, the issuance (including refinancing), repurchase, sale or cancellation of own equity instruments are treated as changes in equity.

44. Changes in significant accounting policies and accounting estimates (1). Changes in significant accounting policies

✓/Applicable ☐ Not applicable

Content and reasons for changes in accounting policies	Approval Process	Remarks (names and amounts of statement items significantly affected)
Implementation of the Interpretation of Enterprise Accounting Standards No. 15		Description (1)
The implementation of the "on the application of <new crown pneumonia epidemic		Description (2)

Notice of Issues Related to the Accounting Treatment Provisions for Rent Reduction Related to the Situation>		
Implementation of the Interpretation of Enterprise Accounting Standards No. 16		Description (3)
Execution of Finance and Accounting [2022] No. 32		Description (4)

Other notes

(1) Implementation of EITF Interpretation No. 15

On December 30, 2021, the Ministry of Finance issued Accounting Standard Interpretation No. 15 (Caihui [2021] No. 35, to

(hereinafter referred to as "Interpretation No. 15").

① Accounting for trial sales

Interpretation No. 15 provides for the accounting treatment and presentation of the sale of products or by-products produced by an enterprise before the fixed assets reach their intended useable state or in the course of research and development, and stipulates that the net amount of revenues related to trial sales offsetting costs should not be offset against the cost of fixed assets or research and development expenses. This provision is effective as of January 1, 2022, and is effective for the earliest period presented in the financial statements from the beginning of the period to the end of the period.

Trial sales that occurred between January 1, 2022 should be retroactively adjusted. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

② Judgment on loss-making contracts

Interpretation No. 15 clarifies that the "cost of performing the contract" considered by the enterprise in determining whether the contract constitutes a loss-making contract should be

It also includes the share of incremental costs of performing the contract and other costs directly related to the performance of the contract. This provision is effective as of January 1, 2022

Effective January 1, 2022, companies should implement this provision for contracts with all obligations outstanding as of January 1, 2022, and the cumulative effect will be adjusted to the retained earnings and other related financial statement items at the beginning of the year in which the provision is implemented, without adjusting the comparative financial statement data of prior periods. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

(2) Implementation of the "Notice on Issues Related to the Application of the Accounting Treatment Provisions for Rent Reduction Related to the New Crown Pneumonia Epidemic"

On May 19, 2022, the Ministry of Finance issued the Notice on Issues Relating to the Application of the Accounting Treatment Provisions on the Concession of Rent Related to the New Coronary Pneumonia Epidemic (Caihui [2022] No. 13), which again adjusted the scope of application of the concession of rent related to the new coronary pneumonia epidemic that allows for the simplified method, eliminating the original **"concession"** only for the amount of lease payments payable before June 30, 2022. The scope of application of the simplified method for rent concessions related to the new coronary pneumonia epidemic has been adjusted again, and the original **"concession for lease payments payable before June 30, 2022 only"** **has been cancelled.**

The limitation of the simplified method can only be applied. For the derogation of lease payments payable after June 30, 2022 that is directly caused by the Newcastle Pneumonia Epidemic, lessees and lessors may continue to choose to apply the simplified method of accounting regulated by the Accounting for Derogation of Rent Related to the Newcastle Pneumonia Epidemic, and other applicable conditions remain unchanged.

The Company has chosen to adopt the simplified method of accounting for all eligible leases before the scope of application adjustment, and has adopted the simplified method of accounting for all similar leases eligible after the scope of application adjustment, and has made retroactive adjustments to the relevant leases that were accounted for using lease changes before the issuance of the Circular, but has not adjusted the comparative financial statement data for the previous period. The Company will make retroactive adjustments to the relevant lease contracts that were accounted for using lease changes prior to the issuance of the Circular, but will not adjust the comparative financial statement data of the prior period.

(3) Implementation of EITF Interpretation No. 16

On November 30, 2022, the Ministry of Finance (MOF) issued Interpretation of Accounting Standards for Business Enterprises No. 16 (Caihui [2022] No. 31, to (hereinafter referred to as **"Interpretation No. 16"**).

① Accounting for the income tax effects of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 stipulates that for financial instruments classified as equity instruments by an enterprise, if the related dividend expense is deducted before corporate income tax in accordance with the relevant provisions of the tax policy, the income tax effect related to the dividend shall be recognized when the dividend payable is recognized and the income tax effect of the dividend shall be recognized in current profit or loss or in accordance with the accounting treatment consistent with that used in the past for transactions or events giving rise to distributable profit. Owner's equity items (including other comprehensive income items).

This provision is effective from the date of publication, and the relevant dividends payable occurring between January 1, 2022 and the effective date shall be paid in accordance with such

If the adjustment is made before January 1, 2022, and the related financial instruments have not been derecognized as of January 1, 2022, the adjustment should be made retroactively. The implementation of this provision has not had a significant impact on the Company's financial position and results of operations.

② Accounting treatment for companies that modify cash-settled share-based payments to equity-settled share-based payments

Interpretation No. 16 clarifies that if an enterprise modifies the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment, the equity-settled share-based payment shall be measured at the fair value of the equity instrument granted on the date of modification (whether it occurs during or after the end of the waiting period), and the services acquired shall be recognized in capital surplus, while the cash-settled share-based payment shall be derecognized share-based payments recognized as a liability at the date of modification, with the difference between the two recognized in profit or loss for the current period.

The provisions shall come into effect on the date of publication ~~and~~ relevant transactions added from January 1, 2022 to the effective date shall be adjusted in accordance with the provisions;

If the relevant transactions that occurred before January 1, 2022 are not treated in accordance with this provision, they should be retroactively adjusted to adjust the cumulative effect

The Company will adjust retained earnings and other related items as of January 1, 2022 without adjusting prior period comparative financial statement data. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

(iii) Accounting for deferred income taxes related to assets and liabilities arising from a single transaction for which no exemption from initial recognition applies

Interpretation No. 16 stipulates that for transactions that are not business combinations and do not affect either accounting profit or taxable income when they occur

(The exemption from initial recognition of deferred tax liabilities and deferred tax assets shall not apply to individual transactions (including lease transactions in which the lessee initially recognizes a lease liability at the beginning of the lease term and includes it in the right-of-use asset, and individual transactions in which a projected liability is recognized and included in the cost of the relevant asset due to the existence of an abandonment obligation for fixed assets, etc.) that result in equal amounts of taxable temporary differences and deductible temporary differences. The enterprises should recognize the corresponding deferred tax liabilities and deferred tax assets respectively when the transactions occur in accordance with the relevant provisions of ASBJ No. 18 - Income Taxes and other relevant regulations.

(4) Execution of Finance and Accounting [2022] No. 32

On December 6, 2022, the Ministry of Finance (MOF) issued the "On the Strict Implementation of Accounting Standards for Enterprises and Effective Implementation of the 2022 Annual Report for Enterprises".

The "Notice of Work", the notice stipulates that enterprises should follow the "Enterprise Accounting Standards No. 1 - Inventory" (Caihui [2006] No. 3), the

The relevant provisions of ASBE No. 4 - Fixed Assets (Caihui [2006] No. 3, hereinafter referred to as the "Fixed Assets Standard") and other relevant regulations stipulate that routine repair costs of fixed assets that do not qualify for subsequent capitalization of fixed assets are charged to current profit or loss or to the cost of the relevant assets as incurred in accordance with the beneficiary objects. The daily repair costs of fixed assets related to the production and processing of inventories are treated in accordance with the principles for determining the cost of inventories. The daily repair costs of fixed assets incurred by administrative departments and sales organizations established by enterprises are charged to administrative expenses or selling expenses in accordance with their functional classification. The Company records the daily repair costs of fixed assets related to the production and processing of inventories as manufacturing expenses and no longer includes them in administrative expenses.

The Company implemented the requirements as of January 1, 2022. Of these, the changes in presentation for 2022 for the affected accounts are as follows:

Projects	Before the change	After change	Adjustments
Inventory		2,034,696.94	2,034,696.94
Cost of main operations		29,653,697.41	29,653,697.41
Overhead	31,688,394.35		-31,688,394.35

According to the requirements of the notice, enterprises adjusting accounting treatment methods due to the implementation of enterprise accounting standards, interpretation of enterprise accounting standards, accounting treatment regulations and other relevant provisions issued by the Ministry of Finance should be implemented in accordance with the relevant provisions of the old and new convergence and accounting policies, changes in accounting estimates and error correction guidelines. Where an enterprise adjusts its accounting treatment due to the implementation application cases and implementation Q&A issued by the Ministry of Finance against the Enterprise Accounting Standards, the information in the comparable period of the financial statements shall be adjusted in accordance with the relevant provisions of the guidelines on accounting policies, changes in accounting estimates and correction of errors, and the relevant information shall be disclosed in the notes to the financial statements. Due to the long period of time since the event occurred, it is difficult to obtain the relevant information required for the prior period estimates, and it is not practical to adjust the impact number for the comparable period, the Company adopts the future application method. The change in accounting policy did not have a material impact on the financial position and results of operations.

(2). Changes in significant accounting estimates

☐Applicable ☒Not applicable

(3) The first implementation of new accounting standards or interpretations of standards from 2022 onwards involves adjustments to the financial statements as of the beginning of the year of first implementation.

☐Applicable ☒Not applicable

45. Other

☐Applicable ☒Not applicable

VI. Taxes**1. Main tax types and rates**

Main tax types and tax rates

☒Applicable ☐ Not applicable

Taxes	Taxation basis	Tax rate
Value Added Tax	Sales of goods calculated in accordance with the provisions of the tax law and Taxable service income as the basis for calculating the sales	13%, 9%, 6%

	After deducting the input tax allowed for the current period, the difference is the amount of tax payable Value Added Tax	
City Maintenance and Construction Tax	Payment based on actual VAT paid	7%, 5%
Corporate Income Tax	Payment based on taxable income	15%, 25%, 16.5%, 20%

If there are taxable entities with different corporate income tax rates, disclose the description of the situation

√Applicable ☐ Not applicable

Name of taxable entity	Income tax rate (%)
Fengshen Tire Co.	15%
Fengshen Tire (Taiyuan) Co.	25%
Fengshen Tire (Hong Kong) Co.	16.5%
Aeolus Tyre (Russia) LLC	20%
Aeolus Tyre (Canada) Inc.	26.5%

2. Tax Benefits

√Applicable ☐ Not applicable

In accordance with the relevant provisions of the "Management Measures for the Recognition of High and New Technology Enterprises" (Guo Ke Fa Huo [2008] No. 172) and "Guidelines for the Administration of the Recognition of High and New Technology Enterprises" (Guo Ke Fa Huo [2008] No. 362), Fengshen obtained the certificate of High and New Technology Enterprises jointly issued by the Department of Science and Technology of Henan Province, the Department of Finance of Henan Province and the Taxation Bureau of Henan Province of the State Administration of Taxation in 2020 (Certificate No. GR202041001084, issued on December 4, 2020, valid for three years): (GR202041001084, issued on December 4, 2020, valid for three years), and enjoys a preferential tax rate of 15% from 2020 to 2022.

3. Other

☐ Applicable ☒ Not applicable

Notes to the

Consolidated Financial

Statements 1.

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
Cash on hand	14,254.59	12,717.19
Bank deposits	1,214,003,049.40	906,612,869.16
Other monetary funds	234,584,645.94	237,593,643.47
Total	1,448,601,949.93	1,144,219,229.82
Of which: deposited abroad	35,068,922.74	9,522,130.03
Total amount of the		

Other notes

The breakdown of these monetary funds with restrictions on their use due to mortgages, pledges or freezes, restrictions on withdrawals due to centralized management of funds, and funds placed abroad with restrictions on repatriation of funds are as follows:

Proj ects	Closing balance	Opening balance
--------------	--------------------	--------------------

Bank Acceptance Deposit	234,514,499.94	237,453,991.50
Letter of credit margin and others	70,146.00	139,651.97
Total	234,584,645.94	237,593,643.47

2. Financial assets held for trading

☐ Applicable ☒ Not applicable

3. Derivative financial assets

☐ Applicable ☒ Not applicable

4. Notes receivable

(1). Presentation of

notes receivable

Unit: Yuan Currency: RMB

by category <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Closing balance	Opening balance
Bankers' Acceptances	336,237,238.11	506,585,898.78
Finance Company Promissory Note	37,431,900.00	4,640,017.33
Commercial Acceptances	18,311,588.96	18,931,865.00
Total	391,980,727.07	530,157,781.11

(2). Notes receivable pledged

by the Company at the

end of the period

Unit: Yuan Currency: RMB

☒ Applicable ☐ Not applicable

Projects	Pledged amount at the end of the period
Bankers' Acceptances	61,125,403.26
Commercial Acceptances	
Finance Company Promissory Note	18,569,000.00
Total	79,694,403.26

(3). Notes receivable that have been endorsed or discounted

by the Company and are outstanding at the balance

sheet date at the end of the period

Unit: Yuan Currency: RMB

☒ Applicable ☐ Not applicable

Projects	2022 Annual Report Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bankers' Acceptances		98,282,960.77
Finance Company Promissory Note		754,000.00
Commercial Acceptances		985,286.58
Total		100,022,247.35

(4). Notes that the Company transferred to accounts receivable at the end of the period due to the non-performance of the drawer

☐Applicable ☒Not applicable

(5). Disclosure by bad debt accrual method

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Count Percentage of mention (%)		Amount	Proportion (%)	Amount	Count Percentage of mention (%)	
By single item Provision for bad debts										
Among them:										
By Portfolio Provision for bad debts	392,260,845.11	100.00	280,118.04	0.08	391,980,727.07	530,276,232.78	100	118,451.67	0.02	530,157,781.11
Among them:										
Bank Commitment cash	336,237,238.11	85.72			336,237,238.11	506,585,898.78	95.53			506,585,898.78
Finance Promissory note	37,620,000.00	9.59	188,100.00	0.50	37,431,900.00	4,663,334.00	0.88	23,316.67	0.50	4,640,017.33
Commercial commitments	18,403,607.00	4.69	92,018.04	0.50	18,311,588.96	19,027,000.00	3.59	95,135.00	0.50	18,931,865.00

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Money order										
Total	392,260,845.11	/	280,118.04	/	391,980,727.07	530,276,232.78	/	118,451.67	/	530,157,781.11

Provision for bad debts is made on an individual basis:

☐Applicable ☒Not applicable

Provision for bad debts is made on a portfolio basis:

☒Applicable ☐ Not applicable

Combined accrual items: Commercial acceptances

Unit: Yuan Currency: RMB

Name	Closing balance		
	Notes receivable	Provision for bad debts	Accrual ratio (%)
Finance Company Promissory Note	37,620,000.00	188,100.00	0.50
Commercial acceptances	18,403,607.00	92,018.04	0.50
Total	56,023,607.00	280,118.04	0.50

Recognition criteria and description of bad debts by portfolio

☐Applicable ☒Not applicable

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐Applicable ☒Not applicable

(6). Provision for bad debts

☐Applicable ☒Not applicable

(7). Actual write-off of notes receivable during the period

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

5. Accounts receivable

(1).

Disclosure by ageing

Unit: Yuan Currency: RMB

☒Applicable ☐

Not applicable

Age of accounts	Closing book balance
Within 1 year	
Of which: within 1 year subdivision	
Within 1 year	552,129,504.96
Subtotal within 1 year	552,129,504.96
1 to 2 years	5,072,444.34
2 to 3 years	33,953,006.84
More than 3 years	
3 to 4 years	21,047,600.37
4 to 5 years	4,822,491.77
More than 5 years	110,384,028.96
Total	727,409,077.24

(2). Disclosure by bad debt accrual method

☒Applicable ☐ Not applicable

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Unit: Yuan Currency: RMB

Category	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Bookings	Book balance	Provision for bad debts	Bookings

	Amount	Proportion (%)	Amount	Accrual rate (%)	Value	Amount	Proportion (%)	Amount	Percentage of accrual (%)	Value
By single item Provision for bad debts	105,122,677.17	14.45	99,706,626.51	94.85	5,416,050.66	112,810,117.01	16.49	91,530,039.40	81.14	21,280,077.61
Among them:										
Receivables with a single significant amount and a single bad debt provision on Accounts	48,226,592.54	6.63	44,866,592.55	93.03	3,359,999.99	60,278,199.93	8.81	38,998,122.32	64.70	21,280,077.61
Accounts receivable for which the individual amounts are not material but for	56,896,084.63	7.82	54,840,033.96	96.39	2,056,050.67	52,531,917.08	7.68	52,531,917.08	100.00	

which a single provisi on for bad debts has been made paragrap h										
Bad debt accrua l by portfoli o Provision for accounts	622,286,400.07	85.55	70,263,709.18	11.29	552,022,690.89	571,384,287.95	83.51	74,814,529.47	13.09	496,569,758.48
Among them:										
Receiv ables with bad debt provisi on based on a combi nation of credit risk charac teristic s Accounts	622,286,400.07	85.55	70,263,709.18	11.29	552,022,690.89	571,384,287.95	83.51	74,814,529.47	13.09	496,569,758.48
Total	727,409,077.24	100.00	169,970,335.69	23.37	557,438,741.55	684,194,404.96	100.00	166,344,568.87	24.31	517,849,836.09

Provision for bad debts is made on an individual basis:

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Accrual ratio (%)	Reason for accrual

Significant single amount and single provision for bad debts Accounts Receivable	48,226,592.54	44,866,592.55	93.03	Expected partial non-recovery
The individual amount is not material but the individual bad debt allowance is not material. Allowance for accounts receivable	56,896,084.63	54,840,033.96	96.39	Expected partial non-recovery
Total	105,122,677.17	99,706,626.51	94.85	/

Notes to the provision for bad debts by individual items:

☐Applicable ☒Not applicable

Provision for bad debts is made on a portfolio basis:

☒Applicable ☐ Not applicable

Combined accrual items: Accounts receivable with bad debt provision based on a combination of credit risk characteristics

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts Receivable	Provision for bad debts	Accrual ratio (%)
Grouped by credit risk characteristics Accounts receivable with a total provision for bad debts	622,286,400.07	70,263,709.18	11.29
Total	622,286,400.07	70,263,709.18	11.29

Recognition criteria and description of bad debts by portfolio:

☐Applicable ☒Not applicable

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐Applicable ☒Not applicable

(3). Provision for bad debts

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change for the period				Closing balance
		Accrual	Recovery or reversal	Transfer or write-off	Other Change	
Significant single amount and single provision for bad debts of accounts receivable	38,998,122.32	6,658,053.01	789,582.78			44,866,592.55
Receivables for which the individual amounts are not material but for which a single provision for bad debts has been made Accounts	52,531,917.08	2,618,538.95	310,422.07			54,840,033.96

Provision for bad debts is made on the basis of a combination of credit risk characteristics of accounts receivable	74,814,529.47	-4,432,965.29		117,855.00		70,263,709.18
Total	166,344,568.87	4,843,626.67	1,100,004.85	117,855.00		169,970,335.69

Of which the amount of provision for bad debts recovered or reversed during the period is significant:

☐Applicable ☒Not applicable

(4). Actual write-off of accounts receivable during the period

☐Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Projects	Write-off amount
Actual write-off of accounts receivable	117,855.00

Of which significant write-offs of accounts receivable

☐Applicable ☒Not applicable

Accounts Receivable Write-off Notes:

☐ Applicable ☐

Not applicable

None

(5). Top five accounts receivable with closing balances grouped by party in arrears

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Unit Name	Closing balance	As a percentage of the closing balance of accounts receivable Proportion of the total number (%)	Closing balance of provision for bad debts
First Place	70,917,025.03	9.75	354,585.13
Second Place	41,717,654.53	5.74	208,588.27
Third Place	32,537,309.37	4.47	162,686.55
Fourth Place	31,234,467.82	4.29	156,172.34
Fifth place	30,398,848.21	4.18	151,994.24
Total	206,805,304.96	28.43	1,034,026.53

Other
descripti
ons None

(6). Derecognition of receivables due to transfer of financial assets

☐Applicable ☒Not applicable

**(7). Transfer of accounts receivable and continued involvement in the amount of assets and liabilities
formed**

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable**6. Receivables financing**☐Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Notes receivable	298,776,868.19	633,869,395.58
Total	298,776,868.19	633,869,395.58

Changes in receivables financing and changes in fair value during the period:

☒Applicable ☐ Not applicable

Projects	Prior year-end balance	New in this period	Derecognition during the period	Other changes	Closing balance	Accumulated losses recognized in other comprehensive income Preparation
Notes receivable	633,869,395.58	756,371,231.28	1,091,463,758.67		298,776,868.19	
Total	633,869,395.58	756,371,231.28	1,091,463,758.67		298,776,868.19	

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable**7. Prepayments****(1). Prepayments are shown by ageing**☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)

Within 1 year	27,288,559.52	94.63	26,510,554.72	93.11
1 to 2 years	1,549,997.78	5.37	1,726,029.85	6.06
2 to 3 years				
More than 3 years			235,837.15	0.83
Total	28,838,557.30	100.00	28,472,421.72	100.00

Description of the reasons for the untimely settlement of prepayments with an age of more than one year and significant amounts: None

(2). Top five prepayments with ending balances grouped by prepaid objects

√Applicable □Not applicable

Unit Name	Closing balance	Total closing balance of prepayments as a percentage of Proportion of the
First Place	6,909,972.88	23.96
Second Place	5,855,528.56	20.30
Third Place	3,691,251.83	12.80
Fourth Place	2,051,951.09	7.12
Fifth place	1,093,360.19	3.79
Other Total	19,602,064.55	67.97

descripti
ons None

Other notes

□Applicable √Not applicable

8.

**Presentation
of other
receivable
items**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	2,912,587.42	4,016,144.87
Total	2,912,587.42	4,016,144.87

Other notes:

□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 notes:

☐Applicable ☒Not applicable

**Dividends
receivable**

(1).

**Dividends
receivable**

☐Applicable ☒Not applicable

(2). Significant dividends receivable aged over 1 year

☐Applicable ☒Not applicable

(3). Provision for bad debts

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

**Other
receivables**

(1).

**Disclosure by
ageing**

Unit: Yuan Currency: RMB

☒Applicable ☐

Not applicable

Age of accounts	Closing book balance
Within 1 year	
Of which: within 1 year subdivision	
Within 1 year	2,534,211.59
Subtotal within 1 year	2,534,211.59
1 to 2 years	4,345,296.83
2 to 3 years	14,782,757.68
More than 3 years	
3 to 4 years	190,100.00
4 to 5 years	405,887.58
More than 5 years	13,143,128.63
Total	35,401,382.31

payments

Opening book balance

Applicable <input checked="" type="checkbox"/> Not payment <input type="checkbox"/>	9	1
current payments	26,429,670.79	28,104,269.77
Security Deposit and Deposit	3,638,604.66	3,641,748.19

Employee reserve fund	1,085,379.91	1,276,961.62
Other	4,247,726.95	3,419,078.35
Total	35,401,382.31	36,442,057.93

(3). Provision for bad debts

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I	Phase II	Stage 3	Total
	Expected credit losses for the next 12 months	Expected credit throughout the life of the Loss on use (no credit impairment)	Expected credit throughout the life of the Loss on use (credit impairment incurred)	
January 1, 2022 remainder forehead	6,359,881.80		26,066,031.26	32,425,913.06
January 1, 2022 remainder Amount in the current period				
--Transfer to Phase II				
--Turning to the third stage				
--Turn back to the second stage				
--Turn back to the first stage				
Current accrual	-275,754.71		1,922,333.92	1,646,579.21
Current period reversal			1,583,697.38	1,583,697.38
Current period reversal				
Current write-offs				
Other changes				
December 31, 2022 Balance	6,084,127.09		26,404,667.80	32,488,794.89

A description of significant changes in the carrying amount of other receivables for which changes in the allowance for losses occurred during the period:

□Applicable √Not applicable

The amount of provision for bad debts for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instruments:

☐ Applicable ☒ Not applicable

(4). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovery or reversal	Write-offs or write-offs Sales	Other changes	
Significant single amount and a separate provision for bad	21,931,143.06					21,931,143.06

Other provision for accounts receivable						
The individual amount is not material but a single bad debt provision is made	4,134,888.20	1,922,333.92	1,583,697.38			4,473,524.74
Other receivables						
Other provision for bad debts by credit risk characteristic s group Accounts receivable	6,359,881.80	-275,754.71				6,084,127.09
Total	32,425,913.06	1,646,579.21	1,583,697.38			32,488,794.89

Of which the amount of provision for bad debts reversed or recovered during the period is significant:

☐Applicable ☒Not applicable

(5). Actual write-off of other receivables during the period

☐Applicable ☒Not applicable

(6). Top five other receivables with closing balances, grouped by party in arrears

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Unit Name	Nature of the payment	Closing balance	Age of accounts	As a percentage of other receivables Proportion of total closing balance (%)	Closing balance of provision for bad debts
First Place	Current payments	14,600,169.96	2-3 years	41.24	14,600,169.96
Second Place	Current payments	4,392,098.13	More than 5 years	12.41	4,392,098.13
Third Place	Guarantee	2,938,874.97	More than 5 years	8.30	2,938,874.97

Fourth Place	Current payments	2,190,000.00	More than 5 years	6.19	2,190,000.00
Fifth Place	Current payments	1,216,000.00	More than 5 years	3.43	1,216,000.00
Total	/	25,337,143.06	/	71.57	25,337,143.06

(7). Receivables involving government grants
☐Applicable ☒Not applicable
(8). Other receivables derecognized due to transfer of financial assets
☐Applicable ☒Not applicable
(9). Transfer of other receivables and continued involvement in the amount of assets and liabilities formed
☐Applicable ☒Not applicable

Other notes:

☐ Applicable
 ☒ Not applicable

9.

Inventory

(1).

**Inventory
classification**

Unit: Yuan Currency: RMB

☒ Applicable
 ☐

Not applicable

Proj ects	Closing balance			Opening balance		
	Book balance	Allowance for decline in value of inventories/ allowance for impairment of contract performanc e costs Preparation	Carrying value	Book balance	Allowance for decline in value of inventories/ allowance for impairment of contract performanc e costs Preparation	Carrying value
Raw Materials	218,655,096.07	419,704.34	218,235,391.73	229,592,067.90	657,180.31	228,934,887.59
In the product	48,950,455.14		48,950,455.14	59,602,359.56		59,602,359.56
Stock items	870,577,936.66	25,398,831.89	845,179,104.77	775,929,890.92	18,026,864.25	757,903,026.67
Turnaround materials	4,688,170.51		4,688,170.51	2,808,298.51		2,808,298.51
Total	1,142,871,658.38	25,818,536.23	1,117,053,122.15	1,067,932,616.89	18,684,044.56	1,049,248,572.33

**(2). Provision for decline in value of
inventories and provision for
impairment of contract
performance costs**

Unit: Yuan Currency: RMB

☒ Applicable
 ☐ Not applicable

Proj ects	Opening balance	Amount of increase for the period		Decrease for the period		Closing balance
		Accrual	Other	Reversal or write-back	Other	
Raw Materials	657,180.31			237,475.97		419,704.34

Stock items	18,026,864.25	36,874,431.43	2023 Annual Report	29,502,463.79		25,398,831.89
Total	18,684,044.56	36,874,431.43		29,739,939.76		25,818,536.23

(3). Description of the closing balance of inventories containing the amount of capitalized borrowing costs

☐Applicable ☒Not applicable

(4). Description of the current amortization amount of contract performance costs

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

10. Contract

assets (1).

Status of

contract assets

☐Applicable ☒Not applicable

(2). Amount of and reasons for significant changes in the carrying value during the reporting period

☐Applicable ☒Not applicable

(3). Provision for impairment of contract assets for the period

☐Applicable ☒Not applicable

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

11. Assets held for sale

☐Applicable ☒Not applicable

12. Non-current assets due within one year

☐Applicable ☒Not applicable

Significant debt investments and other debt investments at the end of the period:

☐Applicable

☒Not applicable

Other

explanations

None

13. Other current assets

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Contract acquisition costs		
Cost of returned goods receivable		
Prepaid and pending tax credits	23,455,820.46	48,918,568.75
Total	23,455,820.46	48,918,568.75

Other

descripti

ons None

14. Debt investments (1).

Debt

investments

☐Applicable ☒Not applicable

(2). Significant debt investments at period end

☐Applicable ☒Not applicable

(3). Provision for impairment

☐Applicable ☒Not applicable

The amount of provision for impairment for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instrument

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

15. Other debt investments (1).

Other debt investments

☐Applicable ☒Not applicable

(2). Significant other debt investments at the end of the period

☐Applicable ☒Not applicable

(3). Provision for impairment

☐Applicable ☒Not applicable

The amount of provision for impairment for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instrument

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

16. Long-term receivables (1).

Long-term receivables

☐Applicable ☒Not applicable

(2). Provision for bad debts

☐Applicable ☒Not applicable

The amount of the provision for bad debts for the period and the basis used to assess whether the credit risk of the financial instruments has increased significantly

☐Applicable ☒Not applicable

(3). Long-term receivables derecognized due to transfer of financial assets

☐Applicable ☒Not applicable

(4). Transfer of long-term receivables and continued involvement in the amount of assets and liabilities formed

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

17. Long-term equity investments

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Investee Units	Ope ning bala nce	Change in the period									End of term Bala nce	Cl os in g b al a nc e of pr ov isi o n fo r im p air m e nt
		A dd iti on al in ve st m en t	R e c o gn i z e d l o ss e s u n d e r t h e e q ui t y m e t h o d	Gains or losses recognized on investments under the equity method	Adjustments to other compreh ensive income	Other change s in equity	Xu an R ep or te d ca sh di vi de nd s or pr ofi ts	Pr ov isi on fo r im pa ir m en t	Ch an ge in o th er c om p re h en s ive in co me			
I. Joint ventures												
Subtotal												
II. Affiliates												
Pirelli Wheel Tire (Jiaozuo) Co.	74,987,085.06			4,391,977.06							79,379,062.12	
Prometeo n Tyre Group S.r.l	373,715,794.31			12,396,269.03	-32,905,518.85	69,308,868.58					422,515,413.07	
Subtotal	448,702,879.37			16,788,246.09	-32,905,518.85	69,308,868.58					501,894,475.19	
Total	448,702,879.37			16,788,246.09	-32,905,518.85	69,308,868.58					501,894,475.19	

Other
descripti
ons None

**18. Investments in
other equity
instruments (1).**

**Investments in other
equity instruments**

√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
Xiamen Xagong Machinery Co.	2,660,000.00	3,230,000.00
Total	2,660,000.00	3,230,000.00

(2). Investments in non-trading equity instruments√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Dividend income recognized during the period	Accumulated gains	Accumulated losses	Transfer from other comprehensive income to retained earnings	Designated as a Reason for measuring fair value and recognizing changes in fair value in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Xiamen XiaGong Machinery Co.					Corporate Strategy Purpose of holding	

Other notes:

√Applicable

☐Not applicable

None

19. Other non-current financial assets☐ Applicable √

Not applicable

Other

Description:

☐Applicable √Not applicable**20. Investment properties**

The investment property measurement model is not applicable

21.**Presentation**

**of fixed
assets items**

√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Fixed Assets	2,569,270,132.24	2,751,445,570.73
Fixed Assets Liquidation	9,383,429.47	7,918,352.79
Total	2,578,653,561.71	2,759,363,923.52

Other notes:

☐Applicable √/Not applicable

Fixed Assets**(1). Fixed Assets**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Houses and Buildings	Machinery and Equipment	Transportatio n	Electronic equipment	Total
I. Original book value:					
1. At the beginnin g of the period Balance	1,811,496,767.71	4,520,888,087.53	55,096,706.52	158,561,866.50	6,546,043,428.26
2. This period Increase amount	4,737,454.62	110,073,578.33	2,335,239.82	7,990,109.76	125,136,382.53
(1) Acquisition		1,453,600.78		215,338.20	1,668,938.98
(2) Transfer of construction in progress Enter	4,737,454.62	108,619,977.55	2,335,239.82	7,774,771.56	123,467,443.55
(3) Increase in business combination s Add					
3. This period Reduction amount		147,418,079.59	5,478,950.17	100,659.47	152,997,689.23
(1) Disposal or scrap		147,418,079.59	5,478,950.17	100,659.47	152,997,689.23
4. Final Balance	1,816,234,222.33	4,483,543,586.27	51,952,996.17	166,451,316.79	6,518,182,121.56
II. Accumulated depreciation					
1. At the beginnin g of the period Balance	660,113,004.97	2,966,081,691.98	33,282,926.03	109,310,272.86	3,768,787,895.84
2. This period Increase amount	52,272,207.53	199,933,161.20	3,520,924.37	13,900,878.06	269,627,171.16
(1) Add	52,272,207.53	199,933,161.20	3,520,924.37	13,900,878.06	269,627,171.16

(1) Accrual	17,763,465.73	5,927,040.03			23,690,505.76
3. This period Reduction amount					
(1) Disposal or scrap					
4. Final Balance	21,916,498.55	27,506,458.12	77,510.78		49,500,467.45
IV. Book value					
1. Final Carrying value	1,081,932,511.28	1,424,036,022.09	19,965,806.55	43,335,792.32	2,569,270,132.24
2. At the beginnin g of the period Carrying value	1,147,230,729.92	1,533,226,977.46	21,736,269.71	49,251,593.64	2,751,445,570.73

(2). Temporarily idle fixed**assets**√Applicable ☐ Not

Unit: Yuan Currency: RMB

applicable

Proj ects	Original book value	Accumulated depreciation	Provision for impairment	Carrying value	Remark s
Houses and Buildings	16,545,589.80	6,952,506.33	9,592,748.88	334.59	Power Plant
Machinery and Equipment	76,942,570.09	56,044,537.08	12,859,650.20	8,038,382.81	Power Plant Setup Preparati on
Total	93,488,159.89	62,997,043.41	22,452,399.08	8,038,717.40	

(3). Fixed assets leased through**finance leases****operating leases**√Applicable ☐ Not applicable☐Applicable √Not applicable**(4). Fixed assets leased out through**

Proj ects	Carrying value at the end of the period
Houses and Buildings	35,322.25
Total	35,322.25

(5). Fixed assets without proper**title certificate**☐Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Proj ects	Carrying value	Reasons for not completing the title certificate
Houses and Buildings	249,692,964.62	Acceptance information has been submitted and is awaiting review
Total	249,692,964.62	

Other notes:

☐Applicable ☒Not applicable**Fixed Assets****Liquidation**☒Applicable ☐

Unit: Yuan Currency: RMB

Not applicable

Projects	Closing balance	Opening balance
Houses and Buildings		2,177,903.67
Machinery and equipment	9,351,469.29	5,314,127.10
Transportation	589.74	417,980.31
Electronic equipment	31,370.44	8,341.71
Total	9,383,429.47	7,918,352.79

Other

Description:

None

22.

Construction in progress

n in

progress

items are

listed

Unit: Yuan Currency: RMB

☒Applicable ☐

Not applicable

Projects	Closing balance	Opening balance
Construction in progress	17,831,514.02	56,164,705.02
Engineering Materials		
Total	17,831,514.02	56,164,705.02

Other notes:

☐Applicable ☒Not applicable**Construction in progress****(1). Construction in progress**☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance			Opening balance		
	Book balance	Impairment	201 / 345 Carrying value	Book balance	Impairment	Carrying value

(2). Changes in significant construction-in-progress projects during the period

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Project Name	Budget	Opening balance	Increase in the current period	Amount transferred to fixed assets during the period	Other decrease during the period	Closing balance	Cumulative investment in the project as a percentage of the budget (%)	Project progress	Accumulated amount of interest capitalized	Of which: Amount of interest capitalized in the period	Current interest capitalization rate (%)	Funding sources
SATT Projects (Three phases)	24,300,000.00	14,159,292.05	2,399,782.00	14,199,192.05		2,359,882.00	68					Self-financing
				202 / 345								
Large-size wide	95,010,000.00	191,238.56	29,138,735.81	28,617,959.79		712,014.58	31					Self-financing

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2# Boiler load adaptability Retrofitting	5,300,000.00		4,829,009.77	4,829,009.77			91					Self-financing
Special engineering radiation tires to adjust the structure of the bottleneck project Table of Contents	29,500,000.00	7,591,590.06	675,221.24	8,266,811.30			82					Self-financing
Enterprise information ization project Table of Contents	18,000,000.00	1,071,247.30	1,692,515.00	2,763,762.30			85					Self-financing

ts												
Total	198,120,000	23,277,285.15	53,730,204.56	73,935,593.13		3,071,896.58	/	/			/	/

(3). Provision for impairment of construction in progress during the period

☐Applicable

☒Not applicable

Other

explanations

☐Applicable ☒Not applicable

Engineering Materials

(1). Project material situation

☐Applicable ☒Not applicable

23. Productive biological assets

(1). Productive biological assets using the cost measurement model

☐Applicable ☒Not applicable

(2). Productive biological assets using the fair value measurement model

☐Applicable

☒Not applicable

Other

explanations

☐Applicable ☒Not applicable

24. Oil and gas assets

☐Applicable ☒Not applicable

25. Right-to-use assets

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Houses and Buildings	Land use rights	Total
I. Original book value			
1. Opening balance	10,689,538.93	41,098,649.63	51,788,188.56
2. Increase in the current period	4,076,455.10		4,076,455.10
(1) Accrual	4,076,455.10		4,076,455.10
3. Decrease in the current period	10,689,538.93		10,689,538.93
(1) Disposal	10,689,538.93		10,689,538.93
4. Closing balance	4,076,455.10	41,098,649.63	45,175,104.73
II. Accumulated depreciation			
1. Opening balance	2,137,907.79	3,718,038.54	5,855,946.33
2. Increase in the current period	1,570,740.04	3,718,038.55	5,288,778.59
(1) Accrual	1,570,740.04	3,718,038.55	5,288,778.59
3. Decrease in the current period	3,051,777.74		3,051,777.74
(1) Disposal	3,051,777.74		3,051,777.74
4. Closing balance	656,870.09	7,436,077.09	8,092,947.18
III. Provision for impairment			
1. Opening balance			
2. Increase in the current period			
(1) Accrual			
3. Decrease in the current period			
(1) Disposal			
4. Closing balance			

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IV. Book value			
1. Closing book value	3,419,585.01	33,662,572.54	37,082,157.55
2. Opening book value	8,551,631.14	37,380,611.09	45,932,242.23

Other notes:

None

26. Intangible assets (1).

Intangible assets

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Land use rights	Patents	Trademark rights	Software	Non-patented technology	Total
I. Original book value						
1. At the beginnin g of the period Balance	46,509,350.30	13,354,017.13	21,133,705.89	10,300,301.38	6,204,300.78	97,501,675.48
2. This period Increase amount		143,804.41	596,657.94	1,134,336.27		1,874,798.62
(1)Pu rchas e place						
(2) Inside R&D		143,804.41	596,657.94	1,134,336.27		1,874,798.62
(3)En terpri se Increase in industry consolidation						
3. This period Reduction amount						
(1)Se rvice place						
4. Ending balance forehead	46,509,350.30	13,497,821.54	21,730,363.83	11,434,637.65	6,204,300.78	99,376,474.10
II. Accumulated amortization						
1. At the beginnin g of the period	8,670,665.72	11,963,898.34	12,621,701.91	6,661,605.90	6,204,300.78	46,122,172.65

(1) Accrual						
3. This period Reduction amount						
(1)Se rvice place						
4. Final Balance						
IV. Book value						
1. Final Carrying value	36,842,536.67	1,279,876.16	7,373,807.18	3,215,849.35		48,712,069.36
2. At the beginnin g of the period Carrying value	37,838,684.58	1,390,118.79	8,512,003.98	3,638,695.48		51,379,502.83

(2). The situation of land use rights without proper title certificate☐ Applicable ☒ Not applicable

Not applicable

Other

Description:

☐ Applicable ☒ Not applicable**27. Development Expenses**☐ 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 about the asset group or combination of asset groups in which the goodwill is located**☐ Applicable ☒ Not applicable

(4). Description of the goodwill impairment testing process, key parameters (e.g. projected period growth rate at present value of expected future cash flows, stabilization period growth rate, profit margin, discount rate, projection period, etc., if applicable) and the method of recognition of goodwill impairment loss

☐Applicable ☒Not applicable

(5). Impact of goodwill impairment testing

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

29. Long-term amortized expenses

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase in the current period	Amortization amount for the period	Other reductions Amount	Closing balance
Mold	116,237,985.25	22,497,229.16	39,039,550.87		99,695,663.54
Leased-in fixed Asset improvement expenses	306,227.01		97,500.89		208,726.12
Total	116,544,212.26	22,497,229.16	39,137,051.76		99,904,389.66

Other

Description:

None

30. Deferred income tax assets / deferred income tax liabilities (1).**Deferred income tax assets without offsetting**

Unit: Yuan Currency: RMB

√Applicable □ Not applicable

Projects	Closing balance		Opening balance	
	Poor deductible temporary different	Deferred income tax Assets	Poor deductible temporary different	Deferred income tax Assets
Provision for asset impairment	70,132,421.17	10,519,863.17	37,142,687.51	5,571,403.13
Unrealized profit on internal transactions	7,700,532.60	1,372,570.89	10,740,887.80	1,611,133.17
Deductible losses			156,977,803.02	23,554,797.64
Withholding costs	139,245,857.13	20,886,878.58	118,029,637.31	17,704,445.60
Employee Compensation	36,080,555.82	5,412,083.37	27,460,372.12	4,119,055.82
Deferred revenue	13,937,647.43	2,090,647.11	18,760,468.67	2,814,070.30
Right-of-use assets and lease liabilities	38,566,519.83	5,841,232.62	881,928.71	132,289.31
Other comprehensive income included in other Changes in fair value of investments in other equity instruments	3,760,000.00	564,000.00	3,190,000.00	478,500.00

Provision for credit impairment	110,545,094.15	2022 Annual Report 16,581,764.12	102,821,014.43	15,423,152.16
Total	419,968,628.09	63,269,039.86	476,004,799.57	71,408,847.13

(2). Deferred income tax

liabilities without

offsetting

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable Projects	Closing balance		Opening balance	
	Taxable temporary differences different	Deferred income tax Liabilities	Taxable temporary differences different	Deferred income tax Liabilities
Non-simultaneously controlled business combination assets Appraisal Appreciation				

Changes in fair value of other debt investments movement				
Fair value of investments in other equity instruments Value change				
Enjoy a one-time deduction for fixed assets Assets of the policy	194,448,936.04	29,167,340.41	175,405,524.50	26,310,828.68
Right-of-use assets and lease liabilities	37,313,954.00	5,656,536.05		
Difference in amortization of long-term amortization expense	1,664,045.94	274,567.58	2,142,588.18	353,527.05
Total	233,426,935.98	35,098,444.04	177,548,112.68	26,664,355.73

(3). Deferred income tax assets or liabilities**presented as net of offsetting**☐Applicable ☒Not applicable**(4). Details of unrecognized deferred****income tax assets**

Unit: Yuan Currency: RMB

☒Applicable ☐ Not applicable

Project s	Closing balance	Opening balance
Deductible temporary differences	97,382,167.02	103,419,237.91
Deductible losses	163,486,700.10	282,116,547.64
Total	260,868,867.12	385,535,785.55

(5). Deductible losses on unrecognized deferred**income tax assets will expire in the following****years**

Unit: Yuan Currency: RMB

☒Applicable ☐ Not applicable

Year	End of period amount	Opening amount	Remarks
2022		133,312,954.77	
2023	82,689,513.92	82,689,513.92	
2024	50,683,473.41	50,683,473.41	
2025			
2026	7,277,861.28	15,430,605.54	
2027	22,835,851.49		
Total	163,486,700.10	282,116,547.64	/

Other notes:

☐Applicable ☒Not applicable

31. Other non-current assets

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance			Opening balance		
	Book balance	Impairment Allowance Preparation	Carrying value	Book balance	Impairment Preparation	Carrying value

Contract acquisition Cost						
Contract Performance Cost						
Returns receivable Cost						
Contract Assets						
Prepayment for equipment work and Other	2,910,631.63		2,910,631.63	4,884,815.88		4,884,815.88
Total	2,910,631.63		2,910,631.63	4,884,815.88		4,884,815.88

Other

Description:

None

32. Short-term borrowings (1).
Classification of short-term borrowings

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Pledged loans		
Collateralized Borrowing		
Guaranteed Borrowing		
Credit Borrowing	331,584,000.00	375,028,000.00
Interest Payable	503,096.68	525,922.19
Total	332,087,096.68	375,553,922.19

Description of short-term borrowings classification: None

(2). Status of short-term loans that have been overdue

☐ Applicable ☒ Not applicable

Of these, significant overdue short-term borrowings are as follows:

☐Applicable

☒Not applicable

Other

explanations

☐Applicable ☒Not applicable

33. Trading financial liabilities

☐Applicable ☒Not applicable

34. Derivative financial liabilities

☐Applicable ☒Not applicable

35. Notes

Payable (1).

Notes payable are presented

Unit: Yuan Currency: RMB

√Applicable ☐

Not applicable

Category	Closing balance	Opening balance
Commercial acceptances	37,454.22	66,188,332.00
Bank Acceptance	1,316,507,352.67	1,502,442,093.73
Total	1,316,544,806.89	1,568,630,425.73

36. Accounts

Payable (1).

Accounts payable are presented

Unit: Yuan Currency: RMB

√Applicable ☐

Not applicable

Projects	Closing balance	Opening balance
Purchase money	631,514,615.61	933,015,440.90
Project money	27,393,888.10	34,795,930.10
Shipping Fee	3,529,490.83	6,968,056.64
Other	19,869,716.87	18,127,801.64
Total	682,307,711.41	992,907,229.28

(2). Significant accounts

payable aged over 1 year

Unit: Yuan Currency: RMB

√Applicable ☐ Not applicable

Projects	Closing balance	Reasons for non- reimbursement or carry- forward
Unit A	8,244,468.00	Not yet settled
Unit B	4,015,083.63	Not yet settled
Unit C	5,152,785.56	Not yet settled
Unit D	3,516,872.37	Not yet settled
Unit E	1,999,800.00	Not yet settled

Total	2022 Annual Report	22,929,009.56	/
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Other notes

☐Applicable ☒Not applicable

37. Receipts in advance

(1). Presentation of pre-receivable items

☐Applicable ☒Not applicable

(2). Significant advance receipts aged over 1 year☐ Applicable☒ Not applicable

Other

explanations

☐ Applicable ☒ Not applicable**38. Contract****liabilities (1).****Status of****contract****liabilities**☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Sales received in advance	152,024,701.80	126,885,005.65
Total	152,024,701.80	126,885,005.65

(2). The amount of and reasons for significant changes in the carrying value during the reporting period☐ Applicable ☒

Not applicable

Other

Description:

☐ Applicable ☒ Not applicable**39. Employee****compensation****payable (1).****Employee****compensation****payable is****presented**

Unit: Yuan Currency: RMB

☒ Applicable ☐ Not

applicable

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
I. Short-term compensation	36,986,703.34	515,706,117.42	506,095,736.75	46,597,084.01

II. Post-employment benefits-setting Withdrawal Plan	72,803.19	75,290,653.06	75,305,346.01	58,110.24
III. Termination benefits	196,094.40	2,825,691.48	2,885,275.47	136,510.41
Total	37,255,600.93	593,822,461.96	584,286,358.23	46,791,704.66

(2). Presentation

n of short-

term

compensati

Unit: Yuan Currency:RMB

Proj ects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
I. Wages, bonuses and allowances <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	9,160,404.85	415,904,832.43	405,737,095.43	19,328,141.85
II. Employee benefit costs	581,632.33	22,199,155.94	22,780,788.27	
III. Social insurance premiums	44,123.10	31,599,289.34	31,608,518.99	34,893.45
Of which: medical insurance premiums	43,240.66	28,373,866.66	28,384,111.82	32,995.50
Worker's compensation insurance premiums	882.44	3,225,422.68	3,224,407.17	1,897.95

Maternity insurance premiums				
IV. Housing Provident Fund	1,353,940.99	39,076,202.86	39,076,202.86	1,353,940.99
V. Trade union funds and employee education Education funding	25,846,602.07	6,926,636.85	6,893,131.20	25,880,107.72
VI. Short-term paid absences				
VII. Short-term profit sharing plan				
Total	36,986,703.34	515,706,117.42	506,095,736.75	46,597,084.01

(3). Defined contribution plan presentation

☐Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Proj ects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
1、Basic pension insurance	70,596.96	58,791,386.17	58,805,411.14	56,571.99
2、Unemployment insurance premiums	2,206.23	2,536,745.21	2,537,413.19	1,538.25
3、Enterprise annuity contributions		13,962,521.68	13,962,521.68	
Total	72,803.19	75,290,653.06	75,305,346.01	58,110.24

Other notes:

☐Applicable ☒Not applicable

40. Taxes and fees payable

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Value Added Tax	4,669,291.01	
Consumption tax		
Business tax		
Corporate Income Tax		
Personal Income Tax	539,103.20	865,322.94
City Maintenance and Construction Tax	2,707,515.87	2,583,873.67
Resource Tax		1,009,122.70

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Property Tax	4,000,423.12	5,062,272.48
Land use tax	3,604,135.40	3,604,135.40
Education Fee Surcharge	2,021,839.15	1,785,733.07
Other taxes and fees	833,651.65	710,056.02
Total	18,375,959.40	15,620,516.28

Other

Description:

None

41.

**Presentation
of other
accounts
payable items**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Interest Payable		
Dividends payable		
Other payables	314,876,226.97	284,688,109.05
Total	314,876,226.97	284,688,109.05

Other notes:

☐ Applicable ☒ Not applicable

**Interest
payable (1).
Classified
presentatio
n**

☐ Applicable ☒ Not applicable

**Dividends
payable (1).
Classified
presentatio
n**

☐ Applicable ☒ Not applicable

**Other payables
(1). Presentation of other
payables by nature of
payment**

Unit: Yuan Currency: RMB

☒ Applicable ☐ Not applicable

Projects	Closing balance	Opening balance
Engineering equipment payment	62,352,908.89	79,968,822.45

Current payments	2022 Annual Report 2,646.60	30,738.87
Deposit	12,392,969.66	11,190,767.00
Pending charges (repairs, customs clearance, freight, etc.)	222,831,663.07	175,320,893.11
Withholding and Payment	543,472.21	602,604.97
Other	16,752,566.54	17,574,282.65
Total	314,876,226.97	284,688,109.05

(2). Significant other payables

aged over 1 year

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Reasons for non-reimbursement or carry-forward
Unit 1	2,820,676.20	Not yet settled

Unit 2	2,222,103.90	Not yet settled
Unit 3	1,247,707.94	Not yet settled
Unit 4	1,020,033.00	Not yet settled
Unit 5	898,811.85	Not yet settled
Total	8,209,332.89	/

Other notes:

☐Applicable ☒Not applicable

42. Liabilities held for sale

☐Applicable ☒Not applicable

43. Non-current liabilities

due within 1 year

☒Applicable ☐ Not

Unit: Yuan Currency: RMB

applicable

Proj ects	Closing balance	Opening balance
Long-term loans due within 1 year	1,201,033,333.34	1,104,166.67
Bonds payable due within 1 year		
Long-term payables due within 1 year		
Lease liabilities due within 1 year	3,862,084.92	5,186,445.13
Total	1,204,895,418.26	6,290,611.80

Other

Description:

None

44. Other current liabilities

Other current

Unit: Yuan Currency: RMB

liabilities

☒Applicable

☐Not applicable

Projects	Closing balance	Opening balance
Short-term bonds payable		
Returned goods payable		
Taxes to be transferred	3,950,336.62	6,322,917.36

Note endorsement financing	2022 Annual Report	100,022,247.35	95,782,513.50
Total		103,972,583.97	102,105,430.86

Increase or decrease in short-term bonds payable:

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

45. Long-term borrowings

(1). Classification of long-term loans

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Pledged loans		
Collateralized Borrowing		
Guaranteed Borrowing		1,200,000,000.00
Credit Borrowing		
Total		1,200,000,000.00

Notes to the
classification of long-
term loans: None

Other notes, including interest rate bands:

☐ Applicable ☒ Not applicable

46. Bonds

payable (1).

Bonds

payable

☐ Applicable ☒ Not applicable

(2). Changes in bonds payable: (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

☐ Applicable ☒ Not applicable

(3). Description of the conversion conditions and conversion time of convertible corporate bonds

☐ Applicable ☒ Not applicable

(4). Description of other financial instruments classified as financial liabilities

Basic information of other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐ Applicable ☒ Not applicable

Statement of changes in financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐ Applicable ☒ Not applicable

Description of the basis for classifying other financial instruments as financial liabilities:

☐ Applicable ☒ Not applicable

Other notes:

☐Applicable ☒Not applicable

47. Lease liabilities

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Lease payment amount	61,754,795.85	72,538,688.97
Unrecognized financing costs	-23,349,807.82	-25,724,518.03
Less: Reclassification to non-expired within one year	3,862,084.92	5,186,445.13
Current liabilities		
Total	34,542,903.11	41,627,725.81

Other

Description:

None

48.

**Presentation
of long-term
payable items**

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Long-term payables	20,000,000.00	20,000,000.00
Specialized accounts payable		
Total	20,000,000.00	20,000,000.00

Other notes:

☐Applicable √Not applicable

Long-term payables

(1). Presentation of long-term payables by nature of payment

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
Long-term payables	20,000,000.00	20,000,000.00
Specialized accounts payable		
Total	20,000,000.00	20,000,000.00

Other

Description:

None

Specialized accounts payable

(1). Presentation of special accounts payable by nature of payment

☐Applicable ☒Not applicable

49. Long-term employee compensation payable√Applicable ☐ Not applicable**(1). Schedule of long-term employee compensation payable**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
I. Post-employment benefits - net negative for defined benefit plans Debt		
II. Severance benefits	1,234,125.91	1,258,320.06
III. Other long-term benefits		
Total	1,234,125.91	1,258,320.06

(2). Changes in defined benefit plans

Present value of defined benefit plan obligations:

☐ Applicable ☒ Not applicable

Not applicable

Plan assets:

☐ Applicable ☒ Not applicable

Net defined benefit plan liabilities (net assets)

☐ Applicable ☒ Not applicable

Description of the content of the defined benefit plan and the risks associated with it, the impact on the company's future cash flows, timing and uncertainty:

☐ Applicable ☒ Not applicable

Statement of significant actuarial assumptions and sensitivity analysis results for defined benefit plans

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable**50. Projected liabilities**☐ Applicable ☒ Not applicable**51. Deferred revenue**

Status of deferred revenue

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance	Reasons for formation

Government Grants	25,340,804.47		6,255,078.55	19,085,725.92	Government Support
Total	25,340,804.47		6,255,078.55	19,085,725.92	/

Projects involving government grants:

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Liability items	Opening balance	New grants for the period Amount	Included in non-operating income for the period Amount	Amount charged to other income during the period	Other changes	Closing balance	Asset-related/revenue-related Off
1、Industrial revitalization funds 150,000 sets of engineering sub Afternoon Tire Program	7,142,142.48			3,895,714.32		3,246,428.16	Asset-related
2、Environmental protection subsidy pollution remediation Projects	1,387,445.81			149,350.68		1,238,095.13	Asset-related
3, technology center innovation capacity project construction funds Gold	3,000,000.00					3,000,000.00	Asset-related

4、The construction and application of digital workshop for high performance radial tire forming Use	3,468,802.08			390,944.16		3,077,857.92	Asset-related
5、MES information management system Projects	4,914,333.38			1,281,999.96		3,632,333.42	Asset-related
6, environmental protection subsidies for pollution remediation projects (VOCs online monitoring project) (Item)	160,312.50			8,550.00		151,762.50	Asset-related
7、Gas boiler low nitrogen transformation Projects	1,505,689.92			141,707.35		1,363,982.57	Asset-related
8、Tire green supply chain system of natural rubber Uniform construction	3,715,765.80			372,562.08		3,343,203.72	Asset-related

projects							
9, water pollution source online detection system equipment items Table of Contents	46,312.50			14,250.00		32,062.50	Asset- related
Total	25,340,804.47			6,255,078.55		19,085,725.92	

Other notes:

☐Applicable ☒Not applicable

52. Other non-current liabilities

☐Applicable ☒Not applicable

53. Share Capital

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

	Opening balance	Increase or decrease in this change (+, -)					Closing balance
		Distrib ution New Share s	Share Deliver y	Provid ent Fund Transf er of shares	Other	Subtot al	
Total shares Number	731,137,184.00						731,137,184.00

Other

Description:

None

54. Other equity instruments

(1). Basic information of other financial instruments such as preferred shares and perpetual bonds
issued and outstanding at the end of the period

☐Applicable ☒Not applicable

(2). Statement of changes in financial instruments such as preferred shares and perpetual bonds
issued and outstanding at the end of the period

☐Applicable ☒Not applicable

Changes in other equity instruments during the period, the reasons for the changes, and the basis for the related accounting treatment:

☐Applicable ☒Not applicable

Other notes.

☐Applicable ☒Not applicable

55. Capital surplus

☐Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
Capital premium (shares) (Ben premium)	2,300,997,820.86			2,300,997,820.86
Other capital surplus	15,855,169.17	213,521,868.68		229,377,037.85
Total	2,316,852,990.03	213,521,868.68		2,530,374,858.71

Other notes, including the changes in the current period, the reasons for the changes:

The change in the Company's other capital surplus for the period was due to, among other things, the first-time implementation of inflationary accounting standards by a subsidiary of the Company's foreign affiliates.

56. Inventory Unit

√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
Repurchase of shares	8,496,260.92			8,496,260.92
Total	8,496,260.92			8,496,260.92

Other explanations, including changes in the current period and reasons for changes: None

57. Other comprehensive income

√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Amount incurred during the period						Closing balance
		Incurring before income tax for the period	Less : Transfer from prior period to profit or loss in other comprehensive income	Less : Transferred to retained earnings in the current period from prior periods to other	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
				237 / 345				

II. Other to be reclassified to profit or loss Comprehensive income	-63,166,258.74	-21,648,654.31				-21,648,654.31		-84,814,913.05
Of which: transferable profit or loss under the equity method Other comprehensive income	-62,625,137.06	-22,196,501.02				-22,196,501.02		-84,821,638.08
Changes in fair value of other debt investments movement								
Reclassification of financial assets to other comprehensive income forehead								
Credit impairment allowance for other debt investments Preparation								
Cash flow sets Period reserve								
Foreign currency financial statements Table Conversion Difference	-541,121.68	547,846.71				547,846.71		6,725.03
Other comprehensive	-65,877,758.74	-32,927,672.14			-85,500.00	-32,842,172.14		-98,719,930.88

income								
Total								

Other notes, including adjustments to the effective portion of the cash flow hedge gain or loss to the amount initially recognized for the hedged item: None

58. Special reserve

☐ Applicable ☒ Not applicable

59. Surplus reserves

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
Legal reserve	301,628,301.50	15,063,533.13		316,691,834.63
Discretionary surplus				
Reserve Fund				
Enterprise Development Fund				
Other	1,155,854.57			1,155,854.57
Total	302,784,156.07	15,063,533.13		317,847,689.20

Description of surplus reserves, including changes in the current period and reasons for changes: None

60.

**Undistributed
earnings**

Unit: Yuan Currency: RMB

√Applicable ☐

Not applicable

Projects	This issue	Prev ious perio d
Unallocated earnings at the end of the previous period before adjustment	-586,865,289.77	-434,073,367.89
Adjustment to total unappropriated earnings at the beginning of the period (increase +, minus -)		
Adjustment to unappropriated earnings at the beginning of the period	-586,865,289.77	-434,073,367.89
Add: Net attributable to owners of the parent company for the period Profits	84,521,408.26	-109,024,869.62
Less: Withdrawal of legal reserve	15,063,533.13	
Withdrawal of arbitrary surplus		
Withdrawal of general risk allowance		
Dividends payable on common stock	14,589,017.42	43,767,052.26
Dividends on common stock transferred to equity		
Undistributed earnings at the end of the period	-531,996,432.06	-586,865,289.77

**61. Operating income
and operating costs (1).**

**Operating income and
operating costs**

Unit: Yuan Currency: RMB

√Applicable Projects applicable	<input type="checkbox"/> Not applicable	Current Period Incurred		Prior Period Incurrence	
		Revenue	Cost	Revenue	Cost
Main Business		4,757,197,450.28	4,079,967,562.60	5,373,810,724.79	4,825,666,875.99
Other Businesses		230,696,558.98	214,479,958.49 240 / 345	183,761,853.26	163,947,857.25
Total		4,987,894,009.26	4,294,447,521.09	5,557,572,578.05	4,989,614,733.24

(2). of revenue generated by the contract

☐Applicable ☒Not applicable

Description of revenue generated by the contract:

☐Applicable ☒Not applicable

(3). Description of performance obligations

☐Applicable ☒Not applicable

(4). Description of the apportionment to the remaining performance obligation

☐Applicable ☒Not applicable

Other

Description:

None

62. Taxes and surcharges

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
City Maintenance and Construction Tax	6,723,258.99	4,734,321.00
Education Fee Surcharge	5,159,085.32	2,619,043.99
Resource Tax	39,838.30	5,286,539.60
Property Tax	11,768,452.81	12,886,638.69
Land use tax	12,505,667.78	12,503,397.89
Vehicle use tax	17,883.42	12,723.42
Stamp duty	2,552,990.59	2,434,750.70
Environmental Protection Tax	226,572.27	242,866.37
Total	38,993,749.48	40,720,281.66

Other

Description:

None

63. Cost of sales

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
After-sales related fees	38,483,404.92	39,139,895.63
Advertising and marketing promotion costs	2,487,156.66	10,958,225.93
Personnel-related costs	37,588,283.30	35,788,830.59
Summary of other incidental expenses	57,956,127.68	65,351,342.57
Other Total	136,514,972.56	151,238,294.72

Description:

None

64. Overhead√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Personnel-related costs	82,100,627.45	57,189,529.96
Repair costs		29,624,911.14
Depreciation and amortization expense	26,350,816.06	29,610,894.60
Leasing Fees	1,465,835.16	1,821,962.95
Intermediary service fees	11,604,626.30	21,379,599.65
Travel expenses	169,211.47	671,641.27
Summary of other incidental expenses	31,152,953.70	35,744,220.38
Total	152,844,070.14	176,042,759.95

Other

Description:

None

65. R&D expenses√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Material Fee	30,326,704.28	91,245,503.35
Labor cost	66,320,075.00	62,392,549.13
Depreciation and amortization expense	16,225,117.81	16,377,050.57
Technology Usage Fee	50,715,092.04	55,184,331.10
Other Fees	68,756,280.96	30,967,705.17
Total	232,343,270.09	256,167,139.32

Other

Description:

None

66. Finance costs√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Interest costs	47,016,614.51	47,254,825.65
Less: Interest income	14,862,756.78	13,519,069.46
Foreign exchange gains and losses	-24,682,883.78	5,315,541.88
Other	-2,827,974.86	-5,276,144.08
Total	4,642,999.09	33,775,153.99

Other

Description:

None

67. Other gains

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Government Grants	11,007,410.50	9,950,685.37
Gain on debt restructuring	952,648.12	190,529.89
Total	11,960,058.62	10,141,215.26

Other notes:

Government grants included in other income

Subsidized Projects	Amount for the period	Amount of previous period
Asset-related	6,255,078.55	5,975,143.40
Related to revenue	4,752,331.95	3,975,541.97
Total	11,007,410.50	9,950,685.37

68. Investment income

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Income from long-term equity investments accounted for by the equity method	16,788,246.09	17,447,459.45
Investment income from disposal of long-term equity investments		
Investments in financial assets held for trading Earnings		
Investments in other equity instruments acquired during the holding period Dividend income from		
Interest income earned on debt investments during the holding period Enter		
Interest earned on other debt investments during the holding period Interest income		
Investment income from disposal of financial assets held for trading Benefit		
Other Investments acquired upon disposal of investments in other equity instruments Earnings		
Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Investment income from discounted notes receivable	244 / 345 5,133,564.92	-15,966,211.61
Total	11,654,681.17	1,481,247.84

69. Net exposure to hedging gains

□ Applicable √Not applicable

70. Gain on changes in fair value

□ Applicable √ Not applicable

71. Credit impairment losses

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence
Bad debt loss on notes receivable	-161,666.37	220,038.66
Bad debt losses on accounts receivable	-3,743,621.82	-14,654,908.88
Bad debt losses on other receivables	-62,881.83	-3,664,230.82
Impairment loss on debt investments		
Impairment loss on other debt investments		
Bad debt losses on long-term receivables		
Other impairment loss on contract assets		
Description: Total	-3,968,170.02	-18,099,101.04
None		

72. Impairment loss on assets

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
I. Bad debt losses		
II. Loss on decline in value of inventories and contract performance Impairment loss on capital	-36,874,431.43	-32,198,073.27
III. Impairment loss on long-term equity investments		
IV. Impairment loss on investment properties		
V. Impairment loss on fixed assets	-23,690,505.76	-5,900,804.40
VI. Impairment loss of engineering materials		
VII. Impairment loss on construction in progress		
VIII. Impairment losses on productive biological assets		
IX. Impairment losses on oil and gas assets		
X. Impairment losses on intangible assets		
XI. Impairment loss on goodwill		
Other		
Description: Total	-60,564,937.19	-38,098,877.67
None		

73. Gain on disposal of assets

√ Applicable □ Not applicable

Proj ects	Current Period Incurred	Prior Period Incurrence
Gain or loss on disposal of fixed assets	9,142,832.41	1,756,669.88
Early expiration of lease agreement	232,204.70	
Total	9,375,037.11	1,756,669.88

Other

Description:

None

74. Non-**operating****income** Non-

operating

income

√Applicable

□Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence	Included in non- recurring loss for the period Amount of benefits
Profit on disposal of non-current assets Total	11,891,318.23	17,093,700.89	11,891,318.23
Of which: Fixed Assets Division Benefit			
Intangible Assets Division Benefit			
Non-monetary asset exchange Lidl			
Donation Acceptance			
Government Grants			
Not related to the Government grants recognized in current profit or loss □Applicable √Not applicable		150,000.00	
Other government grants □Applicable √Not applicable			
Liquidated damages income	656,395.86	1,208,122.02	656,395.86
Unable to pay	1,325,168.05	1,300,995.22	1,325,168.05
Other √Applicable □Not applicable	1,414,059.46	1,557,408.07	1,414,059.46
Total	15,286,941.60	21,310,226.20	15,286,941.60

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence	Included in non- recurring loss for the period Amount of benefits
Loss on disposal of non-current assets Total loss	96,480.88	8,699,967.56	96,480.88
Of which: Fixed			

Non-monetary asset exchange Losses			
Indemnity, liquidated damages and Late Payment Fee	34,915.22	2,773,345.54	34,915.22
External Donation	103,000.00		103,000.00
Penalty expenses		45,490.37	
Other	3,196,920.23	8,078,604.40	3,196,920.23
Total	3,431,316.33	19,597,407.87	3,431,316.33

Other

Description:

None

76. Income tax expense (1).

Income tax expense table

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable Projects	Current Period Incurred	Prior Period Incurrence
Not applicable		
Current income tax expense	7,253,399.71	4,470,143.57
Deferred income tax expense	16,644,913.80	-26,537,086.18
Total	23,898,313.51	-22,066,942.61

(2). Accounting profit and income tax expense adjustment

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> process	Proj	Current Period Incurred
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	applicable	
Total profit		108,419,721.77
Income tax expense at statutory/applicable tax rates		16,262,958.27
Effect of different tax rates applied to subsidiaries		-7,383,017.65
Effect of adjustments to income taxes of prior periods		557,589.57
Impact of non-taxable income		
Effect of non-deductible costs, expenses and losses		1,245,095.62
Use of deductible losses on deferred tax assets not recognized in prior periods		
The impact of loss		
Indeductible temporary nature of deferred tax assets not recognized in the current period		19,870,543.19
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable		
Effect of differences or deductible losses		
Income tax expense		23,898,313.51

✓Applicable ☐ Not applicable

For details, see Note VII, 57, Other comprehensive income.

78. Cash flow statement items**(1). Other cash received in connection with operating activities**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence
Receive deposit and security deposit money	155,720,398.40	82,026,870.52
Interest income	15,084,368.33	11,888,703.36
Government Grants	4,645,067.23	9,641,894.47
Payments, fines	562,070.75	1,192,296.14
Current payments	30,565,859.68	28,597,558.07
Total	206,577,764.39	133,347,322.56

Description of other cash received in connection with operating activities: None

(2). Other cash paid in connection with operating activities√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Cash out fees	84,264,124.30	144,935,352.82
Deposit Guarantee	23,383,804.65	38,590,006.50
Handling fee	2,051,586.22	2,405,902.03
Other	107,705.80	7,948,308.55
Total	109,807,220.97	193,879,569.90

Description of other cash paid in relation to operating activities: None

(3). Other cash received in connection with investing activities☐Applicable √Not applicable**(4). Other cash paid in connection with investing activities**☐Applicable √Not applicable**(5). Other cash received in connection with financing activities**☐Applicable √Not applicable**(6). Other cash paid in connection with financing activities**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence
Borrowing Guarantee Fee		3,600,000.00
Lease payments expense	5,653,096.00	4,974,017.62

Total	5,653,096.00	8,574,017.62
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Description of other cash paid in connection with financing activities: None

79. Supplementary Information to the Statement of Cash Flows (1). Statement of Cash Flows Supplementary Information

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Additional Information	Amount for the period	Amount of previous period
1. Reconciliation of net income to cash flows from operating activities:		
Net Profit	84,521,408.26	-109,024,869.62
Add: Provision for asset impairment	60,564,937.19	38,098,877.67
Credit impairment losses	3,968,170.02	18,099,101.04
Depreciation of fixed assets, depreciation of oil and gas assets, production Depreciation of productive biological assets	269,627,171.16	292,517,429.58
Amortization of right-to-use assets	5,288,778.59	5,855,946.33
Amortization of intangible assets	4,542,232.09	4,301,196.93
Amortization of long-term amortization	39,137,051.76	44,683,995.86
Loss on disposal of property, plant and equipment, intangible assets and other long-lived assets (gain is shown with a "—" sign) (column)	-9,375,037.11	-1,756,669.88
Loss on scrapping of fixed assets (gain by "—") (No. filled in)	-11,794,837.35	-8,393,733.33
Loss on changes in fair value (gain of "—") (No. filled in)		
Finance costs (income is shown with a "—" sign)	22,333,730.73	51,953,566.40
Investment losses (gains are presented with a "—" sign)	-11,654,681.17	-1,481,247.84
Decrease (increase) in deferred income tax assets by (The "—" sign is filled in)	8,225,316.69	-26,627,091.43
Increase (decrease) in deferred income tax liabilities by (The "—" sign is filled in)	251 / 3458,425,774.87	64,014.92
Decrease in inventories (increase is filled with a "—" sign)	-104,678,981.25	-46,935,928.94

Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	307,391,717.64	62,368,846.41

(2). Net cash paid during the period for acquisition of subsidiaries

□Applicable √Not applicable

(3). Net cash received during the period from disposal of subsidiaries

□Applicable √Not applicable

(4). Composition of cash and cash equivalents

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
I. Cash	1,214,017,303.99	906,625,586.35
Of which: cash on hand	14,254.59	12,717.19
Bank deposits readily available for disbursement	1,214,003,049.40	906,612,869.16
Other currencies readily available for payment		
Funding		
Depository Central Bank available for payment		
Payment		
Interbank deposits		
Interbank loans		
II. Cash equivalents		
Of which: Bond investments maturing within three months		
Other cash and cash equivalents	1,214,017,303.99	906,625,586.35
Use of restricted cash and cash equivalents		
Of which: parent company or intra-group subsidiary makes		
Use of restricted cash and cash equivalents		
Description of "Other" items adjusted for prior year's ending balance and the amount of the adjustment, etc:		

□Applicable √Not applicable

81. Assets subject to restrictions on ownership or use

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Carrying value at the end of the period	Restrict ed Reasons
Monetary Funds	234,584,645.94	Bank Acceptance Deposit, etc.
Notes receivable	252 / 34579,694,403.26	Pledge of notes
Inventory		
Fixed Assets		

Intangible assets		
Total	314,279,049.20	/

Other

Description:

None

82. Foreign**currency****monetary items (1).****Foreign currency****monetary items**

√Applicable □ Not applicable

Unit: Yuan

Projects	Foreign currency balance at the end of the period	Converted exchange rate	Translated into RMB at the end of the period Balance
Monetary Funds	-	-	
Of which: USD	48,088,635.60	6.9646	334,918,111.50
Euro	8,355,957.58	7.4229	62,025,437.52
Hong Kong Dollars	4,458,441.01	0.8933	3,982,725.35
Ruble	244,175,152.65	0.0942	23,001,299.38
Canadian Dollars	665,809.29	5.1385	3,421,261.04
Accounts Receivable	-	-	
Of which: USD	27,161,204.61	6.9646	189,166,925.63
Euro	2,662,998.64	7.4229	19,767,172.60
Ruble	545,149.14	0.0942	51,353.05
Other receivables	-	-	
Of which: USD	46,089.65	6.9646	320,995.98
Euro	2,640.57	7.4229	19,600.69
Short-term borrowings			
Of which: USD	40,000,000.00	6.9646	278,584,000.00
Accounts Payable			
Of which: USD	1,283,896.00	6.9646	8,941,822.08
Euro	191,771.60	7.4229	1,423,501.41
Other payables			
Of which: USD	556,577.33	6.9646	3,876,338.47
Other Euro	5,047,642.05	7.4229	37,468,142.17

Description:

None

(2). Description of foreign operating entities, including, for significant foreign operating entities, disclosure of their principal place of business outside of the country, the base currency of account and the basis of selection, and the reasons for any change in the base currency of account

□Applicable √Not applicable

83. Hedging

☐Applicable ☒Not applicable

84. Government grants**(1). Basic information of government subsidies**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Category	Amount	Reported items	Amount charged to current profit or loss
Related to daily business activities	6,255,078.55	Deferred revenue	6,255,078.55
Related to daily business activities	4,752,331.95	Other gains	4,752,331.95

(2). Return of government grants

☐ Applicable

☒Not applicable

Other

Description:

None

85. Other

☐Applicable ☒Not applicable

VIII. Changes in the scope of consolidation**1. Business combinations not under common control**

☐Applicable ☒Not applicable

2. Business combination under common control

☐Applicable ☒Not applicable

3. Reverse purchase

☐Applicable ☒Not applicable

4、 Disposal of subsidiaries

Whether there is a loss of control upon a single disposal of investment in a subsidiary

☐ Applicable ☒ Not applicable

Not applicable

Other

Description:

☐ Applicable ☒ Not applicable

5. Changes in the scope of consolidation for other reasons

Describe changes in the scope of consolidation due to other reasons (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and the related circumstances:

☐ Applicable ☒ Not applicable

6、 Others

☐ Applicable ☒ Not applicable

9. Interests in other entities
1. Interests in subsidiaries (1).
Composition of the enterprise group

☒ Applicable ☐ Not applicable

Subsidiaries Name	Main business ground	Place of registration	Business Nature	Shareholding ratio (%)		Get Mode
				Direct	Indirect	
Fengshen Tire (Taiyuan) has Limited company	Shanxi	Taiyuan, Shanxi	Tire manufacturing, sales	100.00		Business Combination
Fengshen Tire (Hong Kong) has Limited company	Hong Kong	Hong Kong	Tire-related industries Import and export trade Trading and foreign exchange collection Pay	100.00		Newly established
Aeolus Tire (Canada) Inc.	Canada	Canada	Tire-related industries Import and export trade Trading and foreign exchange collection Pay	100.00		Newly established
(2). Significant non-wholly owned subsidiaries						
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable						
(3). Key financial information of significant non-wholly owned subsidiaries						
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable						
Aeolus Tire (Russia) LLC	Russia	Russia	Tire-related industries Import and export trade Trading and foreign exchange collection Pay	100.00		Newly established
(4). Significant restrictions on the use of enterprise group assets and the settlement of enterprise group debts						
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable						

(5). Financial or other support provided to structured subjects included in the scope of the consolidated financial statements

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

2. Transactions in which the share of ownership interest in a subsidiary changes and the

subsidiary is still controlled

☐Applicable ☒Not applicable

3. Interest in joint ventures or associates

☒Applicable ☐ Not applicable

(1). Significant joint ventures or associates

√Applicable □Not applicable

Unit:

Name of joint venture or associate	Main business locations	Place of registration	Business Nature	Shareholding ratio (%)		Investment in joint ventures or associates will Counting processing methods
				Direct	Indirect	
Pirelli Tyre (Jiao) Ltd.	Henan	Henan Jiaozuo	Tire making Manufacturing, Sales	20.00		Equity method
Prometeon Tyre Group S.r.l	Italy	Italy	Tire making Manufacturing, Sales	10.00		Equity method

Description of the percentage of shareholding in joint ventures or associates different from the percentage of voting rights:

None

Basis for holding less than 20% of the voting rights but with significant influence, or holding 20% or more of the voting rights but without significant influence:

Rubber Co. signed an equity escrow agreement with the Company on November 30, 2020 regarding PTG, trusting its 52% equity interest in PTG to the Company, and the Company assigned directors to PTG on November 30, 2020. As a result, the Company's 10% equity investment in PTG was accounted for under the equity method. on August 3, 2022, Fengshen signed the Supplemental Agreement to the Equity Escrow Agreement with China National Chemical & Rubber Corporation to escrow its 38% equity interest in PTG to Fengshen. After the Supplemental Agreement became effective, Fengshen was entrusted to manage a total of 90% of PTG's equity interest.

(2). Key financial information of significant joint ventures

□Applicable √Not applicable

(3). Key financial information of significant associates

√Applicable □Not applicable

Unit: Yuan Currency: RMB

	Closing balance/ Current period		Opening balance/ Prior period	
	Pirelli Tyre (Jiao) Ltd.	Prometeon Tyre Group S.r.l	Pirelli Tyre (Jiao) Ltd.	Prometeon Tyre Group S.r.l
Current assets	286,294,687.78	4,980,379,842.39	214,163,755.61	4,399,757,377.00
Non-current assets	867,573,596.56	8,176,487,111.93	894,572,910.88	7,056,253,211.70
Total assets	1,153,868,284.34	13,156,866,954.32	1,108,736,666.49	11,456,010,588.70
Current liabilities	714,153,229.36	4,223,979,985.81	693,645,582.28	3,826,628,712.20
Non-current liabilities	150,555.64	5,119,018,748.63	213,687.04	4,299,208,615.10
Total liabilities	714,303,785.00	9,342,998,734.44	693,859,269.32	8,125,837,327.30
Minority Rights Benefit		-4,301,229.10		9,169,019.00
Attributable to the parent company Shareholders' equity of the	439,564,499.34	3,818,169,448.98	414,877,397.17	3,321,004,242.40

--insider trading Unrealized profit	-8,533,837.75		-7,988,394.37	
--Other		-5,490,377.39		-5,490,377.39
Equity investments in associates Carrying value	79,379,062.12	422,515,413.07	74,987,085.06	373,715,794.31
Equity investments in associates for which public quotations exist The fair value of the				
Operating income	717,072,311.57	11,571,476,935.41	586,948,447.16	8,461,422,862.20
Net Profit	24,687,102.17	123,962,690.32	28,278,422.45	132,609,351.60
Terminated operations Net Profit				
Other comprehensive income Benefit		-430,495,912.07		-269,957,472.40
Total comprehensive income forehead	24,687,102.17	-306,533,221.76	28,278,422.45	-137,348,120.80
Received during the year from associates Dividend of the enterprise				

Other
Descripti
ons None

(4). Aggregated financial information of immaterial joint ventures and associates

☐Applicable ☒Not applicable

(5). Description of significant limitations on the ability of a joint venture or associate to transfer funds to the Company

☐Applicable ☒Not applicable

(6). Excess losses incurred by joint ventures or associates

☐Applicable ☒Not applicable

(7). Unrecognized commitments related to investments in joint ventures

☐Applicable ☒Not applicable

(8). Contingent liabilities related to investments in joint ventures or associates

☐Applicable ☒Not applicable

4. Important co-management

☐Applicable ☒Not applicable

5. Interests in structured entities not included in the scope of the consolidated financial statements Notes relating to structured entities not included in the scope of the consolidated financial statements:

☐Applicable ☒Not applicable

6. Others

☐Applicable ☒Not applicable

X. Risks associated with financial instruments

☒Applicable ☐ Not applicable

The Company is exposed to various financial risks in the course of its operations: credit risk, market risk and liquidity risk. The Company's Board of Directors has overall responsibility and ultimate accountability for risk management objectives and policies, and has delegated to the Company's functional departments the authority to design and implement procedures that ensure the effective implementation of risk management objectives and policies. The Board of Directors reviews the effectiveness of the implemented procedures and the reasonableness of the risk management objectives and policies through reports submitted by the heads of each function. The Company's internal auditors also audit risk management policies and procedures and report findings to the Audit Committee.

The overall goal of our risk management is to develop risk management policies that minimize risk without unduly affecting our competitiveness and resilience.

1. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations, causing the other party to incur financial losses. The Company is primarily exposed to customer credit risk resulting from credit sales. Before entering into new contracts, the Company assesses the credit risk of new customers, including external credit ratings and, in some cases, bank credit references (when this information is available) The Company sets a credit limit for each customer, which is the maximum amount that does not require additional approval. The Company ensures that the Company's overall credit risk is within manageable limits through quarterly monitoring of existing customer credit ratings and monthly review of the aging analysis of accounts receivable. When monitoring the credit risk of customers, they are grouped according to their credit characteristics. Customers rated as "**high risk**" are placed on a restricted customer list and may only be sold on credit in future periods with additional approval, otherwise they must be required to pay in advance.

2. Liquidity risk

Liquidity risk is the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets. The Company's policy is to ensure that it has sufficient cash to meet its obligations as they fall due. Liquidity risk is centrally controlled by the Company's finance department. The finance department ensures that the Company has sufficient funds to repay its obligations under all reasonable projections by monitoring cash balances, readily realizable marketable securities and rolling forecasts of cash flows for the next 12 months.

The Company's financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows:

Proj ects	Closing balance		
	Within 1 year (including 1) (Year)	More than 1 year	Total
Short-term borrowings	332,087,096.68		332,087,096.68
Accounts Payable	597,153,010.72	85,154,700.69	682,307,711.41
Other payables	222,670,455.82	92,205,771.15	314,876,226.97
Non-current due within one year Liabilities	1,204,895,418.26		1,204,895,418.26
Lease payment amount	6,690,756.48	55,064,039.37	61,754,795.85
Total	2,363,496,737.96	232,424,511.21	2,595,921,249.17

Projects	Prior year-end balance		
	Within 1 year (including 1 year)	More than 1 year	Total
Short-term borrowings	375,553,922.19		375,553,922.19
Accounts Payable	891,509,441.91	101,397,787.37	992,907,229.28
Other payables	173,239,335.77	111,448,773.28	284,688,109.05
Non-current liabilities due within one year	6,290,611.80		6,290,611.80
Long-term borrowings		1,200,000,000.00	1,200,000,000.00
Lease payment amount	7,323,391.21	65,215,297.76	72,538,688.97
Total	1,453,916,702.88	1,478,061,858.41	2,931,978,561.29

3. Market risk

Market risk of financial instruments is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, including exchange rate risk, interest rate risk and other price risks.

Ⅰ , Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from bank borrowings. The Company may use interest rate swaps to achieve the desired interest rate structure. Although this policy does not enable the Company to completely avoid the risk of paying interest rates in excess of prevailing market rates, nor does it completely eliminate the cash flow risk associated with fluctuations in interest payments, management believes that the policy achieves a reasonable balance between these risks.

Ⅱ , Exchange Rate Risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company matches foreign currency revenues with foreign currency expenses to reduce exchange rate risk whenever possible. In addition, the Company may enter into forward exchange contracts or currency swap contracts for the purpose of hedging exchange rate risk.

The Company's exposure to exchange rate risk arises mainly from financial assets and financial liabilities denominated in foreign currencies, and the amounts of foreign currency financial assets and foreign currency financial liabilities translated into RMB are shown below:

Projects	Balance at the end of the year					Total
	USD	Euro	Hong Kong Dollars	Rublr	Canadian Dollar	

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Financial Assets						
Monetary Funds	334,918,111.50	62,025,437.52	3,982,725.35	23,001,299.38	3,421,261.04	427,348,834.79
Accounts Receivable	189,166,925.65	19,767,172.60		51,353.05		208,985,451.30
Other receivables	320,995.98	19,600.69				340,596.67
Financial liabilities						
Short-term borrowings	278,584,000.00					278,584,000.00
Accounts Payable	8,941,822.08	1,423,501.41				10,365,323.49
Other payables	3,876,338.47	40,202,449.87				44,078,788.34

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Projects	Prior year-end balance				
	USD	Euro	Hong Kong Dollars	Ruble	Total
Financial Assets					
Monetary Funds	315,724,698.87	30,913,227.79	3,656,234.49	5,860,132.14	356,154,293.29
Accounts Receivable	163,581,358.24	14,849,561.62			178,430,919.86
Prepayments	23,793,374.48	528,356.20		879,282.97	25,201,013.65
Other receivables		19,064.12			19,064.12
Financial liabilities					
Short-term borrowings	255,028,000.00				255,028,000.00
Accounts Payable	397,874.35	938,561.00		28,092.27	1,364,527.62
Contractual Liabilities	73,084,029.06	4,170,870.22		598,270.15	77,853,169.43
Other payables	226,724.35	13,111,511.55			13,338,235.90

3. Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risk arises mainly from investments in various types of equity instruments, which are subject to the risk of changes in the prices of equity instruments.

Projects	Closing balance	Prior year-end balance
Investments in other equity instruments	2,660,000.00	3,230,000.00
Total	2,660,000.00	3,230,000.00

xi. fair value disclosures

1. Closing fair value of assets and liabilities measured at fair value

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Fair value at end of period			
	First level of fairness Value measurement	Second level of fairness Value Measurement	Level 3 fair value Value measurement	Total
I. Ongoing fair value Measurement		179 / 345		
(i) Transactional gold financing Product				

2. designated at fair value through profit or loss Financial assets with gains or losses				
(1) Investment in debt instruments				
(2) Investments in equity instruments				
(ii) Other debt investments				
(iii) Other equity instruments Investment	2,660,000.00			2,660,000.00
(iv) Investment properties				
1. Land use for lease Right				
2. Buildings for lease				
3. After holding and preparing for appreciation Transferred land use rights				
(V) Biological assets				
1. Expendable biological assets				
2. Productive biological assets				
Receivables financing			298,776,868.19	298,776,868.19
Continuously measured at fair value Total assets of	2,660,000.00		298,776,868.19	301,436,868.19
(vi) Negative transaction financial Debt				
1. Measured at fair value through profit or loss Financial liabilities				
Of which: issued transactional Bonds				
Derivative financial liabilities				
Other				
2. Designated as at fair value through profit or loss Financial liabilities with gains or losses				

Continuously measured at fair value Total liabilities of				
II. Non-continuing fair value Value measurement				
(i) Assets held for sale				
Discontinued at fair value Volume of total assets				
Discontinued at fair value Amount of total liabilities				

The inputs used in fair value measurements are divided into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date. Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the related asset or liability. Level 3 inputs are unobservable inputs for the relevant asset or liability.

The level to which the fair value measurement results belong is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong.

2. Basis for determining the market value of continuing and discontinuing level 1 fair value measurement items

☒Applicable ☐Not applicable

The publicly quoted price of the financial asset in an active market at the end of the period.

3. ongoing and discontinued Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and important parameters

☐Applicable ☒Not applicable

4. ongoing and discontinued Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques used and important parameters

☒Applicable ☐Not applicable

The Company's Level 3 fair value measurement item is receivable financing. Receivables financing represents promissory notes held by the Company and is measured at carrying value as a reasonable estimate of fair value due to the short remaining maturity of the notes. The Company calculates the expected credit loss on receivables financing at the balance sheet date and includes the expected loss amount in credit impairment loss and other comprehensive income.

5. ongoing Level 3 fair value measurement items, reconciliation information between opening and closing book values and sensitivity analysis of unobservable parameters

☐Applicable ☒Not applicable

6. For ongoing fair value measurement items, if conversion between levels occurred during the period, the reasons for conversion and the policy for determining the point of conversion

☐Applicable ☒Not applicable

7. Changes in valuation techniques that occurred during the period and the reasons for the changes

☐Applicable ☒Not applicable

8. Fair value of financial assets and financial liabilities that are not measured at fair value

☐Applicable ☒Not applicable

9、 Others

☐Applicable ☒Not applicable

**XII, RELATED
PARTIES AND RELATED
TRANSACTIONS 1.
Information on the
parent company of the
Company**

☒Applicable ☐Not applicable

Unit: RMB million

Parent Company Name	Place of registration	Business Nature	Registered Capital	Parent company's shareholding in the Company (%)	Parent company's proportion of voting rights in the Company (%)
China Chemical Rubber Co.	Beijing Haidian District	Tires, rubber products, research and development, production	160,000.00	57.37	57.37

Description of the situation of the parent company of the Company
China National Chemical Rubber Corporation, formerly known as China National Chemical New Materials Corporation, was established on March 19, 1988 by the State Science and Technology Commission under the name of (88) State
The establishment of the company was approved by the document No. 155 of Science and Technology Development and Synthesis, and the name was changed to China National Chemical and Rubber Corporation on December 24, 2008 and January 17, 2013.
Ltd. was restructured to China National Chemical Rubber Co. Registered capital: RMB 160,000.00 million; Legal representative: Wang Feng; Note
Registered office: No. 62, North Fourth Ring Road West, Haidian District, Beijing; Industry: Manufacture of basic chemical raw materials; Business license of enterprise legal person

Registration No.: 91110000100008069M. Company's business scope: Permitted business items: None; General business items: research, production and sales of new chemical materials and related raw materials (except dangerous chemicals), tires, rubber products, latex products; development, design, production and sales of rubber and chemical equipment; import and export business; supervision of engineering construction; provision of technical consultation and technical services related to the above business. Technical consulting and technical services related to the above business.

The ultimate controlling party of the Company is the controlling shareholder of the Company is China National Chemical Rubber Corporation, whose shareholder is China National Chemical Group Corporation, and the ultimate effective controlling party of the Company is the State-owned Assets Supervision and Administration Commission of the State Council.

Other

Description:

None

2. Information on the Company's subsidiaries

For details of the Company's subsidiaries, see Note

☒Applicable ☐Not applicable

For details of the Company's subsidiaries, see Note "IX. Interests in other entities".

3. Joint ventures and associates of the enterprise

For details of the Company's significant joint ventures or associates, please refer to the notes

☒Applicable ☐ Not applicable

For details of the Company's significant joint ventures or associates, see Note "IX. Interests in other entities".

Other joint ventures or associates with which the Company had related party transactions during the period, or with which the Company had related party transactions in the prior period that resulted in balances, are as follows

☐Applicable

☒Not applicable

Other

explanations

☐Applicable ☒Not applicable

4. Other related parties

☒Applicable ☐ Not applicable

Name of other related parties	Relationship between other related parties and the enterprise
Henan Tire Group Co.	Company Shareholders
Qingdao Rubber Six Conveyor Belt Co.	Same parent company
Beijing Rubber Industry Research and Design Institute Co.	Same ultimate controlling party
Shenyang Radial Tire Mold Co.	Same ultimate controlling party
Beijing Blue Star Cleaning Co.	Same ultimate controlling party
Blue Star Engineering Co.	Same ultimate controlling party
Yiyang Rubber & Plastic Machinery Group Co.	Same ultimate controlling party
Guilin Rubber Machinery Co.	Same ultimate controlling party
Fujian Huarong Automatic Control Technology Co.	Same ultimate controlling party
China Chemical Information Center Co.	Same ultimate controlling party

Fujian Tianhua Intelligent Equipment Co.	Same ultimate controlling party
Beijing Rubber Institute Rubber Tire Testing Technology Service Co.	Same ultimate controlling party
new content enterprises pte ltd	Same ultimate controlling party
Hershey Natural Rubber (Shanghai) Co.	Same ultimate controlling party
Elken Silicones (Shanghai) Co.	Same ultimate controlling party
Sinochem Plastics Co.	Same ultimate controlling party
Sheng'ao Chemical Technology Co.	Same ultimate controlling party
Pirelli Tyre (Jiaozuo) Co.	Same ultimate controlling party
Sinochem Information Technology Co.	Same ultimate controlling party
PROMETEON TURKEY ENDÜSTRİYELVE TICARI LASTIKLER A.S.	Same ultimate controlling party
Jiaozuo City Puning Property Management Co.	Subsidiaries of the Company's shareholders
Liaocheng Lucy Chemical Materials Co.	Same ultimate controlling party
China National Chemical Corporation	Same ultimate controlling party
Elkem Silicon Materials (Lanzhou) Co.	Same ultimate controlling party
Tuopu Trading (Beijing) Co.	Same ultimate controlling party
Prometeon Tyre Egypt Co. (S.A.E)	Same ultimate controlling party

Other
descripti
ons None

5. Connected transactions

(1). Related transactions for the purchase and sale of goods, provision and receipt of services

Purchase of goods/acceptance of services table

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related Parties	Content of connected transactions	Current Period Incurred	The approved transaction amount (if applicable) (Use)	Is the transaction amount exceeded (e.g. (Applicable))	Prior Period Incurrence
China Blue International Chemical has Limited company	Material Procurement	65,132,140.63 185 / 345			97,301,901.93
Beijing Rubber Industry Research and	Material procurement, engineering	1,101,465.91			338,867.92

Blue Star Engineering Co. Division	Material procurement, distribution Pieces	160,377.36			186,878.73
Zhonghao Heiyuan Chemical Research and Design Institute Co. Division	Material Procurement				6,893.81
Guilin Rubber Machinery has Limited company	Purchase of equipment	31 584 070.79			3,716,814.16
Double Happiness Tire Industrial Unit Share Ltd.	Purchase of equipment				1,732,108.24
Fujian Tianhua Intelligent Installation Preparation Co.	Purchase of accessories	130,067.00			293,639.83
Hershey Natural Rubber (Shanghai) Co.	Material Procurement	171,726,180.53			149,389,614.16
Sheng'ao Chemical Technology has Limited company	Material Procurement	87,574,916.00			64,336,800.00
Beijing Rubber Institute rubber tire testing technology services Ltd.	Testing Services				235,849.05
NEW CONTINENT ENTERPRISES PTE LTD	Material Procurement	31,628,829.75			101,699,435.95
Tuopu Trading (North) (Beijing) Co.	Tire Procurement	15,350,535.50			51,997,104.00
Sinochem Information Technology has Limited company	Systems and Services	117,966.27			
Prometeon Tyre Egypt Co. (S.A.E)	Tire Procurement	1,580,995.42			

Sale of goods/provision of services

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related Parties	Content of connected transactions	Current Period Incurred	Prior Period Incurrence
Pirelli Tyre (Jiaozuo) Co.	Comprehensive service fees, commissioning fees, transfer of power, energy facility leasing Material Sales	40,044,994.48	35,973,696.72
Beijing Rubber Industry Research and Design Institute Co.	Material sales, tire sales	712,876.10	383,097.35
Prometeon Tyre Group Lr.L.	Tire Sales	57,270,643.05	52,565,403.93
Tuopu Trading (Beijing) Co.	Tire Sales	56,156,922.40	91,868,878.95
Sinochem Plastics Co.	Tire Sales		403,069.64
PROMETEON TURKEY ENDÜSTRİYELVE TİCARİ LASTİKLER A.Ş.	Equipment Sales	14,565,518.75	
Jiaozuo City Funding Property Management Co.	Energy Sales	2,584,249.97	
Liaocheng Lucy Chemical Materials Co.	Material Sales	682,883.19	

(2). Affiliated entrusted/contracted and entrusted/contracted to the Company

Table of entrusted/contracted status:

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name of the principal/contractor	Name of the trustee/contractor	Type of assets entrusted/contracted	Commissioning/Contracting Start Date	Trustee/contracting termination date	Escrow revenue/contracting revenue pricing Based on	Escrow income recognized during the period/contracting
<p>Note: On November 30, 2020, China National Chemical & Rubber Corporation signed the Equity Escrow Agreement with Fengshen Corporation. On August 3, 2022, Fengshen Corporation signed the Supplementary Agreement to the Equity Escrow Agreement with China National Chemical & Rubber Corporation. On August 3, 2022, Fengshen Corporation signed the Supplementary Agreement to the Equity Escrow Agreement with China National Chemical & Rubber Corporation to escrow 38% of its equity interest in PTG to Fengshen. After the Supplemental Agreement became effective, Fengshen was entrusted to manage a total of 90% of PTG's equity interests.</p>						

Description of affiliated hosting/contracting

□Applicable √Not applicable

Table of our entrusted management/contracting

□Applicable √Not applicable

Affiliate management/out-sourcing description

□Applicable √Not applicable

(3). Affiliated

leases The

Company as lessor:

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name of lessee	Types of leased assets	Lease income recognized during the period	Lease income recognized in the prior period
Henan Tire Group has Limited liability company	House	60,960.00	60,960.00
Double Happiness Tire Industrial Unit Share Ltd.	Factory		1,376,146.79

The Company as lessee:

√Applicable □ Not applicable

Unit: Yuan Currency:

Name of lessor	Types of leased assets	Rental fees for short term leases and leases of low value assets processed on a simplified basis Use (if applicable)		Variable lease payments not included in the measurement of the lease liability (if applicable)		Rent paid		Interest expense on lease liabilities assumed		RMB Increased right-to-use assets	
		Occurrence during the period for ahead	Prior Period Incurrence	Current Period Incurred	Prior Period Incurrence	Current Period Incurred	Prior Period Incurrence	Current Period Incurred	Prior Period Incurrence	Current Period Incurred	Prior Period Incurrence
Henan Tire Group Co.	Garage, auditorium, former fleet		780,666.54			87,494.07	189 / 345	16,007.66		391,739.56	

Description of affiliated leases

☐Applicable ☒Not applicable

(4). Related

Guarantees The

Company as
guarantor

☐Applicable ☒Not applicable

The Company as the guaranteed party

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Guarantor	Guarantee amount	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled Bi
China National Chemical Corporation	50,000,000.00	2020/5/28	2023/5/27	No
China National Chemical Corporation	300,000,000.00	2020/6/22	2023/5/27	No
China National Chemical Corporation	500,000,000.00	2021/7/13	2023/7/12	No
China National Chemical Corporation	350,000,000.00	2021/9/23	2023/7/12	No

☐Applicable ☒Not applicable

(6). Transfer of assets and debt restructuring by related parties

☐Applicable ☒Not applicable

(7). Key Management Compensation

☐ Applicable

☒Not applicable

(8). Other

connected

transactions

☒Applicable ☐Not applicable

(1) As of December 31, 2022, the balance of the Company's deposit in the account of a related party, Sinochem Group Finance Co.

1,000,000,000.00 Yuan, interest income from deposits of money funds obtained from Sinochem Group Finance Co.

The interest income from deposits of money funds obtained from China National Chemical Finance Co. The interest income from the deposit of money funds obtained from China National Chemical Corporation was \$883,818.63.

(2) Ltd. provided guarantee for the Company's loan, and the total guarantee fee for the period was \$3,600,000.00.

(3) As of December 31, 2022, the principal balance of the Company's loan with a related party, Sinochem Group Finance Co.

The interest on the loan paid to Sinochem Group Finance Co. The total interest paid to Sinochem Finance Co.

Ltd. to repay the principal of the loan of \$60,000,000.00, and a total of \$60,000,000.00 was paid to China National Chemical Finance Co.

The interest paid on the loan was \$190,000.00.

(4) Henan Tire Group Co., Ltd. provides comprehensive management services such as baths, single dormitories, staff canteens and health care in production areas for the Company's employees, and the Company paid comprehensive service fees of \$2,438,000.00, which were charged to employee welfare expenses.

6. Receivables and payables from related parties (1).

Receivable items

☒Applicable ☐Not applicable

Unit: YuanCurrency:RMB

Project Name	Related Parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts Receivable					

	Prometeon Tyre Group S.r.l.	4,736,815.57	23,684.08	3,307,115.50	16,535.58
	Tuopu Trading (Beijing) has Limited company	14,526,381.54	72,631.91	8,864,593.89	44,322.97
	Liaocheng Luci Chemical Materials Co. Company	163,709.00	818.55		
Notes receivable					
	Beijing Rubber Industry Research and Design Institute Ltd.	320,000.00		574,937.40	
	Tuopu Trading (Beijing) has Limited company	8,981,217.19		13,706,661.40	
Receivables financing Resources					
	Tuopu Trading (Beijing) has Limited company	100,000.00		2,804,333.50	
	Beijing Rubber Industry Research and Design Institute Ltd.	30,000.00		50,000.00	
Prepayments					
	PROMETEON TURKEY ENDÜSTRİYEL VE TİCARİ LASTİKLER A.Ş.	640,064.79			
Other receivables					

	China Chemical Information Center Limited Company	190,000.00	950.00		
	Henan Tire Group Co. Company			2,000,000.00	195,010.37
	China Blue Star (Group) Unit Share Ltd.			398,880.22	1,994.40

(2). Payable items√Applicable ☐Not applicable

Unit: YuanCurrency:RMB

Project Name	Related Parties	Closing book balance	Opening book balance
Accounts Payable			

	China Blue International Chemical Co. Company	8,260,455.33	3,342,672.16
	Beijing Rubber Industry Research Design Institute Ltd.	2,315,085.48	7,854,460.37
	Beijing Blue Star Cleaning Co. Company	392,282.86	411,876.08
	Elkem Silicon Materials (Lan) (State) Ltd.	109,239.36	
	Fujian Huarong Automatic Control Technology Company Limited by Shares	670,238.31	670,772.77
	Huaxia Hanhua Chemical Equipment Ltd.		430,000.00
	Beijing Blue Star Energy Saving Investment Management Co.	84,563.21	
	Double Happiness Tire Industry Co. Ltd.	623,976.42	623,976.42
	Pirelli International plc	32,400.71	29,661.03
	Yiyang rubber and plastic machinery Group Limited	161,280.00	161,280.00
	Pirelli Tyre Co. Division	4,786.00	4,786.00
	Sheng'ao Chemical Technology Co. Company	8,796,261.30	22,256,286.22
	Fujian Tianhua Intelligent Equipment Ltd.	25,211.23	155,211.23
	China Chemical Rubber Co. Company	6,749,298.29	6,749,298.29
	Beijing Blue Star Energy Saving Investment Management Co.		103,517.43
	Hershey Natural Rubber (Upper) Sea) Co.	2,969,568.00	2,717,568.00

	Elken Silicones (above) (Sea) Co.	1,449.00	1,449.00
	Tuopu Trading (Beijing) Co. Limited company	1,153,533.00	1,163,855.00
Other payables			
	Pirelli Tyre S.p.A.	35,461,894.74	11,602,917.88
	Guilin Rubber Machinery Co. Company	9,104,700.00	16,915,740.86
	Blue Star Engineering Co.	1,068,811.85	1,372,717.51
	Shenyang radial tire mold Tools Co.	412.55	412.55
	Yiyang rubber and plastic machinery Group Limited	4,120,676.20	8,967,676.20
	China Chemical Information Center Ltd.	36,750.00	54,500.00

	Fujian Tianhua Intelligent Equipment Ltd.	53,163.11	46,703.69
	Qingdao rubber six conveyor belt has Limited company	13,304.16	
Contractual Liabilities			
	Beijing Rubber Industry Research Design Institute Ltd.		342,274.30
	Qingdao rubber six conveyor belt has Limited company		13,304.16
	Sinochem Plastics Co.	2.97	2.97
	China Blue International Chemical Co. Company	841.00	841.00

7. Commitment of related parties

☐Applicable ☒Not applicable

8. Others

☒Applicable

☐Not

applicable

Centralized

managemen

t of funds

1. The main elements of the centralized fund management arrangements in which the Company participates and operates are as follows:

The Company signed a fund centralization management agreement with Sinochem Group Finance Co., Ltd. according to the unified arrangement of fund centralization of Sinochem Holdings Co.

2. Funds pooled by the Company to the Group

Funds deposited directly into the finance company by the Company without being pooled into the account of the Group's parent company

Project Name	Closing balance		Prior year-end balance	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Monetary Funds	1,000,000,000.00		496,703,610.16	
Total	1,000,000,000.00		496,703,610.16	

Of which: funds restricted by centralized fund management				
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XIII. Share-based payment**1. General information on share-based payment**
☐Applicable ☒Not applicable
2. Equity-settled share-based payments
☐Applicable ☒Not applicable
3. Cash-settled share-based payments
☐Applicable ☒Not applicable

4. Modification and termination of share-based payment

☐Applicable ☒Not applicable

5. Others

☐Applicable ☒Not applicable

XIV,

Commitments and

Contingencies 1.

Material

Commitments

☐Applicable ☒Not applicable

2. Contingencies

(1). Significant contingencies existing at the balance sheet date

☐Applicable ☒Not applicable

(2). There are no material contingencies that the company is required to disclose, which should also be stated:

☐Applicable ☒Not applicable

3. Others

☐Applicable ☒Not applicable

XV. Events after the balance sheet date

1. Significant non-adjusting events

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Proj ects	Cont ent	Financial position and operating results The number of effects of the results	Unable to estimate the impact number of Reason
Issuance of stocks and bonds			
Significant foreign investments			
Significant debt restructuring			
On January 30, 2023, the Company cancelled a total of 1,686,313 shares of the previous repurchase with China Securities Depository and Clearing Corporation.			
Natural Disasters			
After the cancellation, the total number of shares of the Company changed from 731,137,184 shares to 729,450,871 shares.			
Important changes in core exchange rates			
Other			
2. Profit distribution	Cancellation of treasury shares	Not applicable	

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Profit or dividends to be distributed	199 / 345	36,472,543.55
Profit or dividends declared after consideration and approval		36,472,543.55

In accordance with the resolution of the Sixteenth Meeting of the Eighth Session of the Board of Directors of the Company on April 28, 2023, the Company registered the distribution of equity by implementing the Based on the total share capital of 729,450,871 shares as of December 31, 2012, a cash dividend of NT\$0.5 (including tax) per 10 shares will be distributed to all shareholders, totaling to Cash dividends of NT\$36,472,543.55 (including tax). There will be no bonus shares and no capitalization of capital reserve for the year.

After the announcement of the Company's profit distribution plan and before its implementation, if there is any change in the share capital of the Company that can participate in the profit distribution, it is proposed to adjust the total amount of distribution accordingly in accordance with the same distribution ratio per share.

3、 Sales return

☐Applicable ☒Not applicable

4. Description of other post-balance sheet events

☐Applicable ☒Not applicable

Other significant items
1. Correction of prior-period accounting errors
(1). Retrospective restatement method

☐Applicable
☒Not applicable (2).

Future application method

Applicable ☒Not applicable 2.

Debt restructuring

☐Applicable ☒Not applicable

3、 Asset swap

(1). Non-monetary asset exchange

☐Applicable ☒Not applicable

(2). Other asset swaps

☐Applicable ☒Not applicable

4、 Annuity Plan

☐Applicable ☒Not applicable

5、 Termination of business

☐Applicable ☒Not applicable

6、 Segment information

(1). Basis of determination of reportable segments and accounting policies

☐Applicable ☒Not applicable

(2). Financial information for reportable segments

☐Applicable ☒Not applicable

(3). If the company has no reportable segments or cannot disclose the total assets and total liabilities of each reportable segment, it should state the reasons

☐Applicable ☒Not applicable

(4). Other notes

☐Applicable ☒Not applicable

7. Other important transactions and events that have an impact on investors' decisions

☐Applicable ☒Not applicable

8、Others

☐Applicable ☒Not applicable

XVII, Notes to the main items of the parent company's financial statements 1. Accounts receivable

(1). Disclosure by age

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing book balance
Within 1 year	
Of which: within 1 year subdivision	
Within 1 year	571,093,073.01
Subtotal within 1 year	571,093,073.01
1 to 2 years	12,462,608.22
2 to 3 years	32,015,385.14
More than 3 years	
3 to 4 years	18,000,171.13
4 to 5 years	829,734.93
More than 5 years	34,964,426.72
Total	669,365,399.15

(2). Disclosure by bad debt

accrual method

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable					Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value					
	Amount	Proportion (%)	Amount	Accrual ratio (%)		Amount	Proportion (%)	Amount	Percentage of accrual (%)						
Allowance for bad debts by individual items	61,467,202.75	9.18	56,051,152.09	91.19	5,416,050.66	69,001,257.56	11.48	47,721,179.95	69.16	21,280,077.61					

Receivables with a single significant amount and a single bad debt provision Accounts	37,767,388.63	5.64	34,407,388.64	91.10	3,359,999.99	49,818,996.02	8.29	28,538,918.41	57.29	21,280,077.61
Accounts receivable with insignificant individual amounts but with a single provision for bad debts paragraph	23,699,814.12	3.54	21,643,763.45	91.32	2,056,050.67	19,182,261.54	3.19	19,182,261.54	100.00	

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Bad debt allowance by portfolio Preparation	607,898,196.40	90.82	29,636,264.18	4.88	578,261,932.22	532,152,053.73	88.52	30,340,415.12	5.70	501,811,638.61
Among them:										
Receivables with bad debt provision based on a combination of credit risk characteristics Accounts	607,898,196.40	90.82	29,636,264.18	4.88	578,261,932.22	532,152,053.73	88.52	30,340,415.12	5.70	501,811,638.61
Total	669,365,399.15	100.00	85,687,416.27	12.80	583,677,982.88	601,153,311.29	100.00	78,061,595.07	12.99	523,091,716.22

Provision for bad debts is made on an individual basis:

√Applicable □ Not applicable

Position: Yuan Currency: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Accrual ratio (%)	Reason for accrual
Significant single amount and single provision for bad debts Accounts Receivable	37,767,388.63	34,407,388.64	91.10	Expected partial non-recovery

Bad debt provision for a single item that is not individually significant of accounts receivable	23,699,814.12	21,643,763.45	91.32	Expected partial non-recovery
Total	61,467,202.75	56,051,152.09	91.19	/

Notes to the provision for bad debts by individual items:

☐ Applicable ☒ Not applicable

Provision for bad debts is made on a portfolio basis:

☒ Applicable ☐ Not applicable

Combined accrual items: Accounts receivable with bad debt provision based on a combination of credit risk characteristics

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts Receivable	Provision for bad debts	Accrual ratio (%)
Provision for bad debts by combination of credit risk characteristics	607,898,196.40	29,636,264.18	4.88
Recognition criteria and description of bad debts by portfolio:			
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable			
Accounts Receivable			
Total	607,898,196.40	29,636,264.18	4.88

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐ Applicable ☒ Not applicable

(3). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovery or reversal	Resale or Write-offs	Other variations movement	
Significant single amount and single provision for bad debts Accounts Receivable	28,538,918.41	6,658,053.01	789,582.78			34,407,388.64
Accounts receivable	19,182,261.54	2,461,501.91				21,643,763.45

Of which the amount of provision for bad debts recovered or reversed during the period is significant:

☐Applicable ☒Not applicable

(4). Actual write-off of accounts receivable during the period

☐Applicable ☒Not applicable

Of which significant write-offs of accounts receivable

☐Applicable ☒Not applicable

(5). Top five accounts receivable with closing balances grouped by party in arrears

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Unit Name	Closing balance	As a percentage of the closing balance of accounts receivable Proportion of the total number (%)	Closing balance of provision for bad debts
First Place	70,917,025.03	10.59	354,585.13
Second Place	41,717,654.53	6.23	208,588.27
Third Place	32,537,309.37	4.86	162,686.55
Fourth Place	31,234,467.82	4.67	156,172.34
Fifth place	30,398,848.21	4.54	151,994.24
Other Descriptions Total	206,805,304.96	30.89	1,034,026.53

(6). Derecognition of receivables due to transfer of financial assets

☐Applicable ☒Not applicable

(7). Transfer of accounts receivable and continued involvement in the amount of assets and liabilities formed

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

2.

Presentation

**of other
receivable
items**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	1,009,900,063.16	998,812,900.78
Total	1,009,900,063.16	998,812,900.78

Other notes:

☐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 notes:

- ☐Applicable ☒Not applicable

Dividend receivable

(1).

Dividends receivable

- ☐Applicable ☒Not applicable

(2). Significant dividends receivable aged over 1 year

- ☐Applicable ☒Not applicable

(3). Provision for bad debts

- ☐Applicable ☒Not applicable

Other notes:

- ☐Applicable ☒Not applicable

Other receivables

(1). Disclosure by age

- ☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing book balance
Within 1 year	
Of which: within 1 year subdivision	
Within 1 year	467,002,519.84
Subtotal within 1 year	467,002,519.84
1 to 2 years	68,360,900.01
2 to 3 years	465,392,244.29
More than 3 years	
3 to 4 years	27,834,436.31
4 to 5 years	127,231.98
More than 5 years	5,760,655.53
Total	1,034,477,987.96

(2). Breakdown by nature of payments

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Nature of payment	Closing book balance	Opening book balance
Current payments	1,028,775,307.01	1,018,508,927.55
Security Deposit and Deposit	699,729.69	702,873.22
Employee reserve fund	806,724.31	997,806.02
Other	4,196,226.95	3,267,578.35
Total	1,034,477,987.96	1,023,477,185.14

(3). Provision for bad debts

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I	Phase II	Stage 3	Total
	Expected credit losses for the next 12 months	Expected credit losses (no credit impairment) for the entire life	Expected credit losses (credit impairment has occurred) throughout the life of the	
January 1, 2022 remainder forehead	6,208,381.80		18,455,902.56	24,664,284.36
January 1, 2022 remainder Amount in the current period	0.00		0.00	0.00
--Transfer to Phase II	0.00		0.00	0.00
--Turning to the third stage	0.00		0.00	0.00
--Turn back to the second stage	0.00		0.00	0.00
--Turn back to the first stage	0.00		0.00	0.00
Current accrual	-175,754.71		1,672,592.53	1,496,837.82
allowance for losses occurred during the period:			1,583,197.38	1,583,197.38
□ Applicable √Not applicable				
Current period reversal				
The amount of provision for bad debts for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instruments:				
□ Applicable √Not applicable				
December 31, 2022 Balance	6,032,627.09		18,545,297.71	24,577,924.80

(4). Provision for bad debts

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovery or reversal	Write-offs or write-offs Sales	Other variations movement	
			212 / 345			

Other provisions for accounts receivable						
The individual amount is not material but a single bad debt provision is made	3,855,732.60	1,672,592.53	1,583,197.38			3,945,127.75
Other receivables						
Other provision for bad debts by credit risk characteristics group	6,208,381.80	-175,754.71				6,032,627.09
Accounts receivable						
Total	24,664,284.36	1,496,837.82	1,583,197.38			24,577,924.80

Of which the amount of provision for bad debts reversed or recovered during the period is significant:

☐Applicable ☒Not applicable

(5). Actual write-off of other receivables during the period

☐Applicable ☒Not applicable

(6). Top five other receivables with closing balances, grouped by party in arrears

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Unit Name	Nature of the payment	Closing balance	Age of accounts	As a percentage of the total ending balance of other receivables Proportion of number (%)	Closing balance of provision for bad debts
First Place	Current payments	1,006,987,475.74	Less than 1 year, 1-2 years, 2-3 years, 3-4 years Year	97.34	
Second Place	Payment for goods	14,600,169.96	1-2 years, 2-3 years	1.41	14,600,169.96
Third Place	Current payments	2,190,000.00	More than 5 years	0.21	2,190,000.00
Fourth Place	Other	1,216,000.00	More than 5 years	0.12	1,216,000.00

(7). Receivables involving government grants

☐Applicable ☒Not applicable

(8). Other receivables derecognized due to transfer of financial assets

☐Applicable ☒Not applicable

(9). Transfer of other receivables and continued involvement in the amount of assets and liabilities formed

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

3. Long-term equity investments

Unit: Yuan Currency: RMB

Investments		Closing balance			Opening balance			Unit: Yuan	Currency: RMB
√Applicable	□Not applicable								
For subsidiaries	For associates and joint ventures	Book balance	Impairment Allowance Preparation	Carrying value	Book balance	Impairment Allowance Preparation	Carrying value		
(1). Investment in subsidiaries									
For subsidiaries		402,853,106.59		402,853,106.59	399,277,213.39		399,277,213.39	Unit: Yuan	Currency: RMB
Investment									
For associates and joint ventures		501,894,475.19		501,894,475.19	448,702,879.37		448,702,879.37		
Investment		Opening balance		Increase in the current period	Decrease for the period	Closing balance	Impairment charge during the period	Provision for impairment at end of period	
Total		904,747,581.78		904,747,581.78	847,980,092.76		847,980,092.76		
Fengshen Tire (Taiyuan) has Limited company		388,318,468.39			388,318,468.39				
Fengshen Tire (Hong Kong) has Limited company		4,490,845.00			4,490,845.00				
Aeolus Tyre (Russia) LLC		6,467,900.00			6,467,900.00				
Aeolus Tire (Taiwan) Inc.			3,575,893.20		3,575,893.20	applicable			
Total		399,277,213.39	3,575,893.20		402,853,106.59				
(2). Investment in associates and joint ventures									

√Applicable □ Not

Unit: Yuan Currency: RMB

Unit: Yuan, Currency: RMB											
Investment unit	Opening balance	Change in the period								Closing balance	Closing balance of provision for impairment
		Added or deducted in investment	Reduced or deducted in investment	Gains or losses recognized on investments under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Joint ventures											

Subtotal										
II. Affiliates										
Pirelli Tires (Jiaozuo) has Limited company	74,987,085.06			4,391,977.06					79,379,062.12	
Prometeon Tyre Group S.r.l.	373,715,794.31			12,396,269.03	-32,905,518.85	69,308,868.58			422,515,413.07	
Subtotal	448,702,879.37			16,788,246.09	-32,905,518.85	69,308,868.58			501,894,475.19	
Total	448,702,879.37			16,788,246.09	-32,905,518.85	69,308,868.58			501,894,475.19	

Other

Description:

None

4. Operating income and operating costs

(1). Operating income and operating costs

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred		Prior Period Incurrence	
	Revenue	Cost	Revenue	Cost
Main Business	4,690,824,656.77	4,009,522,865.04	5,276,533,387.63	4,783,444,101.15
Other Businesses	629,914,370.85	614,074,345.46	597,239,859.74	577,142,665.20
(2). of revenue generated by the contract				
Total	5,320,739,027.62	4,623,597,210.50	5,873,773,247.37	5,360,586,766.35
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable				

(3). Description of performance obligations

☐Applicable ☒Not applicable

(4). Description of the apportionment to the remaining performance obligation

☐Applicable ☒Not applicable

Other

Description:

None

5. Investment income

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Gain on long-term equity investments accounted for under the cost method		
Income from long-term equity investments accounted for by the equity method	217 / 345 16,788,246.09	17,447,459.45
Investment income from disposal of long-term equity investments		
Investment income on financial assets held for		

Interest income earned on debt investments during the holding period		
Interest income earned on other debt investments during the holding period		
Investment income from disposal of financial assets held for trading		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Discount interest on bills	-5,133,564.92	-15,966,211.61
Total	11,654,681.17	1,481,247.84

Other

Description:

None

6、Others

☐Applicable ☒Not applicable

XVIII. Additional information

1. Breakdown of non-recurring gains and losses for the current period

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Projects	Amount	Description
Gain or loss on disposal of non-current assets	9,375,037.11	
Tax rebates that are approved beyond authority or without official approval documents, the Reduction		
Government subsidies recognized in profit or loss (closely related to the business of the enterprise, in accordance with the national uniform standard fixed or quantitative enjoyment) (except for government grants received)	11,007,410.50	
Funds received from non-financial enterprises included in current profit or loss Occupancy Fee		
The cost of investment in subsidiaries, associates and joint ventures is less than the cost of investment in the investee at the time of acquisition. Gain arising from fair value of identifiable net assets	218 / 345	
Gain or loss on exchange of non-monetary assets		
Gains or losses from entrusting others to invest or manage assets		

Gains or losses from changes in fair value of financial assets, financial liabilities for trading, derivative financial liabilities, and gains or losses from the disposal of financial assets for trading, derivative financial assets, financial liabilities for trading, derivative financial liabilities and other debt investments of investment income		
Receivables and contract assets individually tested for impairment Reversal of impairment provision	2,683,702.23	
Gains or losses on external entrusted loans		
Investment properties subsequently measured using the fair value model Gains or losses arising from changes in fair value of real estate		
According to the requirements of taxation, accounting and other laws and regulations for when Effect of one-time adjustment to current period profit or loss		
Custodian fee income earned from entrusted operations	962,264.15	
Non-operating income and expenses other than those mentioned above	15,154,668.82	
Other profit and loss items that meet the definition of non-recurring profit or loss		
Less: Income tax effect amount	6,453,401.79	
Minority interest impact amount		
Total	33,682,329.14	

For non-recurring gains and losses defined by the Company in accordance with the definition of "Interpretive Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Gains and Losses

Recurring items of profit or loss, and items that define non-recurring items of profit or loss listed in "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" as recurring items of profit or loss, should explain the reasons.

☐Applicable ☒Not applicable

2. Return on net assets and earnings per share

☒Applicable ☐ Not applicable

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net income attributable to common shareholders of the Company	3.11	0.12	0.12
3. Differences in accounting data under domestic and foreign accounting standards			
Attributable to the Company after non-recurring gains and losses	219 / 345		
Net income for common stockholders	1.87	0.07	0.07

☐Applicable ☒Not applicable

4、 Others

☐Applicable ☒Not applicable

Chairman:

Wang Feng Board of Directors Approval

Date of Filing: April 28, 2023

Revision Information

☐Applicable ☒Not applicable