

**Qingdao Shuangxing Co.**

**2022 Annual Report**

**March 2023**

# 2022 Annual Report

## The first section of important tips, directory and interpretation

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.

The person in charge of the company, Chai Yongsan, the person in charge of accounting work, Su Ming, and the person in charge of accounting organization (accounting officer in charge), Wang Yujian, declare that they guarantee the truthfulness, accuracy and completeness of the financial report in this annual report. All directors were present at the board meeting at which this report was considered.

The Company has described in detail the risks that may adversely affect the achievement of the Company's future development strategies and business objectives in Section III of this report under "Management Discussion and Analysis".

Investors are advised to pay attention to the risk factors and the proposed countermeasures.

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

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## Catalog of available documents

I. Accounting statements containing the signatures and seals of the legal

representative, the person in charge of accounting work and the person in charge of

accounting; II. Original audit report containing the seal of the accounting firm and the

signature and seal of the certified public accountant;

III. The original copies of all company documents and announcements that have been publicly disclosed in the Securities Times, China Securities Journal, Shanghai Securities News and Securities Daily, the newspapers designated by the CSRC, during the reporting period.

## Definition

Interpretation items	Refers to	Interpretation content
Qingdao Shuangxing, the company, the company	Refers to	Qingdao Shuangxing Co.
Double Star Group	Refers to	Shuangxing Group Company Limited, the controlling shareholder of the Company
City Investment Group	Refers to	Qingdao City Construction Investment (Group) Co. Controlling shareholder of Shuangxing Group
Tire Industry	Refers to	Qingdao Shuangxing Tire Industry Co.
Dongfeng Tire	Refers to	Double Star Dongfeng Tire Co.
Double Star Marketing	Refers to	Qingdao Shuangxing Marketing Co.
Double Star Hong Kong	Refers to	Hong Kong Double Star International Industries Limited
Starlink Technology	Refers to	Qingdao Starlink Automotive Technology Co.
MicroCloud International	Refers to	MicroCloud International (Qingdao) Data Co.
U-Tron III, U-Tron III Fund	Refers to	Guangrao Youchuang III Development Fund Management Center (Limited Partnership)
Guangrao Jixing	Refers to	Guangrao Jixing Tire Co.
Hailang Holdings	Refers to	Qingdao Hailang Holdings Limited, Shuangxing Group Limited Liability Company Holding Subsidiaries
Hai Luang Equipment	Refers to	Qingdao Hailang Intelligent Equipment Co.
Hailang Special	Refers to	Qingdao Hailang Special Equipment Technology Co.
Ixda	Refers to	Ixda (Qingdao) Holdings Limited, Double Star Group Limited Responsible Company Holding Subsidiary
Kumho Tires	Refers to	Kumho Tire Co., Ltd. and Double Star Group Co. Subsidiaries
Kumho Hong Kong	Refers to	Kumho Tire (Hong Kong) Co.
Kumho Vietnam	Refers to	Kumho Tire (Vietnam) Co.
China Securities Regulatory Commission	Refers to	China Securities Regulatory Commission

## Section II Company Profile and Key Financial Indicators

### I. Company Information

Stock short name	Qingdao Double Star	Stock Code	000599
Stock listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the company	Qingdao Shuangxing Co.		
Chinese abbreviation of the company	Qingdao Double Star		
Foreign language name of the company (if any)	QINGDAO DOUBLESTAR 00.		
Legal representative of the company	Chai Yongsen		
Registered Address	No.666, Lianghe Road, Huangdao District, Qingdao		
Postal code of registered address	266400		
Historical changes in the company's registered address	On February 9, 2015, the registered address of the company was changed from "Xinjiakou Industrial Zone, Qingdao Economic and Technological Development Zone" to "Qinghai No. 1, Yuewan Road, Huangdao District, Qingdao City"; on August 30, 2017, the registered address of the Company was changed from "Yuewan, Huangdao District, Qingdao City" to "No. 1, Yuewan Road, Huangdao District, Qingdao City". No. 1 Road" was changed to "No. 666 Lianghe Road, Huangdao District, Qingdao City".		
Office Address	No.666, Lianghe Road, Huangdao District, Qingdao		
Postal code of office address	266400		
Company Website	www.doublestar.com.cn		
E-mail	gqb@doublestar.com.cn		

### II. Contact person and contact information

	Board Secretary	Securities Representative
Name	Liu Bing	Li Ke
Contact Address	6F, No. 666, Lianghe Road, Huangdao District, Qingdao	6F, No. 666, Lianghe Road, Huangdao District, Qingdao
Phone	0532-67710729	0532-67710729
Fax	0532-67710729	0532-67710729
E-mail	gqb@doublestar.com.cn	gqb@doublestar.com.cn

### Third, the disclosure of information and the place of preparation

Website of the stock exchange where the company discloses its annual report	Securities Times, China Securities Journal, Shanghai Securities News, Securities Day Newspaper
Name and website of the media in which the company discloses its annual report	http://www.cninfo.com.cn

The place where the company's annual report is filed	6F, No. 666, Lianghe Road, Huangdao District, Qingdao
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#### **IV. Registration changes**

Unified Social Credit Code	91370200163576098R
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Changes in the Company's main business since its listing (if any)	<p>Since its listing in 1996, the company's main business was the production and sale of shoes and apparel until 2002; in 2008, the company was restructured to include the production of shoes and apparel.</p> <p>Since 2014, the company has started a new journey of "creating a second business, creating a world famous brand of Shuangxing", taking the opportunity of Internet+, Made in China 2025, environmental protection relocation, state-owned enterprise reform, etc. to accelerate the transformation of old and new dynamics, and to move from "sweat type" to "intelligent" first. "We have built the world's first full-process "Industry 4.0" factory for truck tires and the first full-process "Industry 4.0" factory for car tires in the tire industry."The company also actively explores the strategy of "new retail, new business mode and new model" to build the "No. 1 brand of truck tires" and "No. 1 brand of car safety tires."In March 2021, the company will divest the business of equipment manufacturing segment, focus on the development of advantageous tire industry, and promote the company</p> <p>Continuously do better and stronger in the main tire industry.</p>
Successive changes in controlling shareholders (if any)	No change

## V. Other relevant information

Accounting firm engaged by the company

Name of accounting firm	Lixin CPA (Special General Partnership)
Accounting firm office address	4F, No. 61 Nanjing East Road, Huangpu District, Shanghai
Name of Signing Accountant	Dong Hongjun, Zhao Jun

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

## VI. Major accounting data and financial indicators

Whether the company is required to retroactively adjust or restate prior years' accounting data

☐ Yes ☒ No

	2022	2021	Increase or decrease in the current year over the previous year	2020
Operating income (yuan)	3,910,397,748.47	3,924,521,010.35	-0.36%	4,420,681,414.44
Attributable to shareholders of listed companies of net income (yuan)	-601,932,269.69	-320,301,809.26	-87.93%	-31,166,072.07



Excluding non-recurring gains and losses attributable to shareholders of the listed company of net income (yuan)	-650,433,895.87	-622,671,253.61	-4.46%	-235,899,057.42
Cash generated from operating activities Net flow (yuan)	336,736,408.75	-86,582,211.99	488.92%	80,936,512.65
Basic earnings per share (RMB/) (Unit)	-0.74	-0.39	-89.74%	-0.04
Diluted earnings per share (NT\$/) (Unit)	-0.74	-0.39	-89.74%	-0.04
Weighted average return on net assets Rate	-22.39%	-10.11%	-12.28%	-0.92%
	End of 2022	End of 2021	Increase or decrease at the end of the current year compared with the end of the previous year	End of 2020
Total assets (yuan)	9,863,338,144.53	10,844,037,492.32	-9.04%	10,059,206,578.69
Attributable to shareholders of listed companies of net assets (yuan)	2,393,425,850.03	2,966,156,714.97	-19.31%	3,327,487,650.94

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

☐ Yes ☒ No

The lower of net income before or after extraordinary gain or loss is negative

☒ Yes ☐ No

Projects	2022	2021	Remarks
Operating income (yuan)	3,910,397,748.47	3,924,521,010.35	None
Operating income deduction amount (yuan)	102,637,481.84	66,316,725.86	Leasing of fixed assets, sale of energy, sale of raw materials and other inventories, and trusteeship Management fees, technical service fees, etc.
Amount of operating income after deductions (yuan)	3,807,760,266.63	3,858,204,284.49	None

## VII. Differences in accounting data under domestic and foreign accounting standards

### 1. Differences in net profit and net assets in the financial reports disclosed simultaneously in accordance with IAS and in accordance with PRC GAAP

☐ Applicable ☒ Not applicable

There is no difference in net profit and net assets between the Company's financial reports disclosed in accordance with IAS and in accordance with PRC GAAP for the reporting period.

### 2. The difference between the net profit and net assets in the financial reports disclosed in accordance with foreign accounting standards and Chinese accounting standards at the same time

☐ Applicable ☒ Not applicable

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

## VIII. Major financial indicators by quarter

Unit: Yuan

	First Quarter	Second quarter	Third Quarter	Fourth Quarter
Operating income	913,260,416.59	1,021,470,165.79	1,100,732,600.00	874,934,566.09
Attributable to shareholders of listed companies Net profit of	-146,183,230.46	-153,245,988.48	-159,625,269.30	-142,877,781.45
Excluding non-recurring gains and losses attributable to shareholders of the listed company Net profit of	-160,039,680.49	-174,501,800.77	-163,123,906.10	-152,768,508.51

Cash generated from operating activities	27,687,295.57	-56,531,455.65	106,860,146.75	258,720,422.08
Net flow				

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

☐ Yes ☒ No

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

☒ Applicable ☐ Not applicable

Unit: Yuan

Projects	Amount in 2022	2021 Amount	Amount in 2020	Description
Gains or losses on disposal of non-current assets (including accrued asset impairment) (Portion of elimination of provision for impairment)	22,499,422.28	207,035,862.34	73,858,356.58	

Government subsidies recognized in profit or loss (government subsidies closely related to the Company's normal business operations, in accordance with national policies and in accordance with certain standards and in fixed or quantitative amounts on a continuous basis) (except for assistance)	62,565,330.64	117,957,872.89	184,371,656.92	
Gains or losses from entrusting others to invest or manage assets		528,901.29		
Gain or loss on debt restructuring	-152,808.67			
Except for effective hedging operations related to the Company's normal business operations, gains and losses from changes in fair value of financial assets and financial liabilities held for trading, as well as gains and losses from the disposal of financial assets and financial liabilities held for trading and Investment income from available-for-sale financial assets	-27,240,090.96	-160,100.00		
Non-operating income and expenses other than those mentioned above	568,067.28	-1,033,956.42	-655,929.42	
Other profit and loss items that meet the definition of non-recurring profit or loss		2,281,724.44	-50,898,172.64	
Less: Income tax effect amount	6,938,602.79	22,232,815.40	-307,571.52	
Amount of minority interest impact (after tax)	2,799,691.60	2,008,044.79	2,250,497.61	
Total	48,501,626.18	302,369,444.35	204,732,985.35	--

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

☐ Applicable ☒ Not applicable

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

Information on the definition of non-recurring items listed in "Explanatory Announcement No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Gains and Losses" as recurring items of profit or loss

☐ Applicable ☒ Not applicable

The Company does not have any non-recurring items of profit or loss listed in the "Explanatory Announcement No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" defined as items of recurring profit or loss.

## Section III Management Discussion and Analysis

### I. Industry in which the company operates during the reporting period

The Company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 - Disclosure of Industry Information

The domestic tire industry in 2022 has experienced unprecedented challenges while facing multiple unfavorable factors such as raw material price increases, high shipping costs, declining production of truck and bus host plants and the Russia-Ukraine conflict, interest rate hikes on the U.S. dollar, and oil price increases.

In the first half of the year, due to the domestic macro environment, logistics and transportation were restricted in many places, and the sales of tire replacement and supporting segments fell to a low level. During the year, the Russian-Ukrainian conflict exacerbated the mismatch between supply and demand, and international crude oil prices soared, pushing domestic refined oil prices to a high level, adding to the hardships of the domestic logistics and transportation industry and putting pressure on the domestic tire market. The commercial vehicle market is affected by the environmental protection and overloading policy in previous years, overlapping with the decline in production and sales of commercial vehicles and oil prices are at a high level, production and sales continue to maintain a low level. According to the statistics released by the National Bureau of Statistics, the annual cumulative output of rubber tires in China in 2022 was 856.03 million, down 5% year-on-year. According to the annual tire export data of 2022 released by the General Administration of Customs, the cumulative export of new pneumatic rubber tires from January to December was 552.55 million, down 6.6% year-on-year. According to the statistics of China Association of Automobile Manufacturers, the production and sales of commercial vehicles in 2022 were 3.185 million units and 3.3 million units, down 31.9% and 31.2% year-on-year respectively.

In 2022, despite the impact of many unfavorable factors, but in a series of stable growth and promote consumption policies such as halving the purchase tax effectively pulled, in the whole industry enterprises With the joint efforts of the industry, the tire industry is gradually moving towards improvement. Looking ahead to 2023, China will continue to adhere to the general keynote of seeking progress in a stable manner, vigorously boost market confidence, implement the strategy of expanding domestic demand, and actively promote the overall improvement of economic operation, combined with the strong domestic market resilience, we believe that, with the implementation of relevant supporting policy measures and landing, will further stimulate market vitality. Overseas market with the return of sea freight normalization, normalization of overseas exchanges, tire overseas market will also continue to maintain good momentum of development. At the same time, China's new energy vehicle development continues to maintain strong momentum. Automotive Industry Association data show that the production and sales of new energy vehicles in 2022 increased by 96.9% and 93.4% year-on-year, respectively. The new energy sector is still an important development opportunity for the tire industry, and tire companies are actively expanding into the field of new energy tires. In the context of China's steady economic growth, domestic demand is expected to gradually expand, infrastructure investment growth, stimulate consumption and favorable freight industry and a series of policy effects will gradually appear, tire sales market will show restorative growth, the market operation gradually return to the positive trend.

During the reporting period, there were no significant changes in domestic tire industry policies.

### II. Main business engaged by the company during the reporting period

The Company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 - Disclosure of Industry Information

#### 1. Company's main business

The main business of the company is the research and development, production and sales of tire products. In

recent years, the company has continued to innovate its business model around the advantageous tire industry to realize the whole life cycle management of its products. The company's tire products are mainly load-bearing all-steel radial tire series and passenger semi-steel radial tire series. Since its establishment, the company has been aiming at meeting the needs of users, integrating global technical resources, establishing an innovative, open, interactive and high-end R&D platform, and continuously increasing the adjustment of tire product structure and R&D investment.

We have formed a technical system covering the whole process of product development, manufacturing and testing, and many technologies and products are leading in the industry, even reaching the international leading level, and now we have the ability to produce heavy-duty all-steel tires and products.

The company's sales network covers the whole country and is exported to more than 180 countries and regions such as Europe, America, Africa, Southeast Asia and the Middle East.

## **2. Main Products and Applications**

The company now has three production bases in Qingdao, Dongying and Shiyan, mainly producing truck tires, passenger car tires and giant mining tires, etc. It has such famous brands as NEWBUSTAR, DOUBLESTAR, DONGFENG, CROSSLEADER, KUMKANG, KINBLI and AOSEN. The company has core patented technologies such as diamond carcass safety tires, super wear-resistant tires, fireproof tires and giant mine tires. The company is guided by ecology, high technology, localization and digital intelligence to build the "No. 1 brand of truck and bus tires" and "No. 1 brand of car safety tires" and realize the green management of the whole life cycle as soon as possible.

## **3. Core Technologies**

Through independent research and development and the introduction of advanced technologies at home and abroad, many technologies have reached the international advanced level, involving new formula design, new material application, new pattern structure design, new product development and many other aspects. The company has taken the lead in formulating or revising many industry standards and patents; many technologies have been selected for provincial science and technology awards, provincial industry key common technology attack

The key projects and provincial key R&D programs. Specific core technologies include: (1) AAA radial tire reverse development technology; (2) fireproof tire technology; (3) giant mining tire technology; (4) wide base tire structure technology; (5) anti-slip safety tire technology; (6) ultra-low rolling resistance radial tire technology; (7) rare earth gold tire FZW technology; (8) "full explosion-proof " passenger car tire technology (9) advanced functional polymer material development technology, etc.

In order to deeply strengthen the R&D capability, the company subdivides the operation of the R&D team, covering a number of research departments from R&D planning, pattern design, characteristic simulation, structure design, formula design, material design, product testing, physical and chemical testing, etc. It also continues to increase the introduction and training of scientific research talents and builds talent platforms such as offshore innovation and entrepreneurship workstation for overseas talents and Qingdao postdoctoral innovation practice base.

#### 4. Business Model

##### (1) Sourcing Model

The main raw materials procured by the company include rubber, skeleton materials, carbon black, etc. The company implements the strategy of "transparent procurement" and adopts the funnel model of "wide selection → qualified → cooperation" to introduce leading suppliers in the industry, sign framework contracts and establish long-term and stable cooperative relationships to create a fair, just, open and transparent bidding system.

At the same time, the company combined with the actual situation and the market situation of raw materials to effectively control procurement costs, to achieve continuous cost optimization, and to lay a solid foundation for the sustainable development of Double Star.

##### (2) Production Model

In recent years, the company has insisted on the "order-centered" production mode, introduced the "just-in-time" management concept since 2013, and adopted the "production by sales" production mode. The production mode is "just-in-time". Every month, all relevant departments jointly hold a production and sales coordination meeting to make a comprehensive evaluation of T+3 monthly orders by taking into account the importance of customers, previous payback cycles, order size and other factors, and use this as the basis to make T+3 monthly production plans, and strictly achieve "no production without quality standards, no production without orders, no production without profit, no production for a single model over the age of the inventory or the total number of days over the inventory No production if the quality is not up to standard, no production if there is no order, no production if there is no profit, no production if a single model exceeds the age of the inventory or the total number of days exceeds the inventory, and no delivery if the customer's account receivable is overdue. The company continues to improve its processes, equipment and standardized management, forming a flexible production system with batch and multi-species production, continuously improving production capacity and production efficiency, and continuously improving the timeliness of order response while ensuring product quality.

##### (3) Sales Model

The company's supporting channels aim to provide high-performance, cost-effective products, and focus on solving the differentiated needs of the supporting market. With the ability to develop products first, excellent quality level and timely after-sales service, the company has supplied to many OEMs such as FAW, FAW, BAIC, Shaanxi, SAIC, SAC, SAC, Geely and Chery. With

When the military tire and engineering tire market to accelerate the layout, improve the profitability of the supporting system.

In 2022, the market focus will shift to replacement and overseas. Replacement market to accelerate the sinking of channels, sales terminal network to cover every prefecture-level city, to provide users with thoughtful service. Overseas accelerate the implementation of the "2080" strategy to build the first competitive overseas marketing network, Double Star tires sold in Europe, America, Africa, Southeast Asia, the Middle East and more than 180 countries and regions.

The company actively carries out cross-border cooperation, expands industry resources, and actively promotes the three new strategies of "new retail, new business, new model". Through the implementation of the "seamless

integration of online and offline, **ubiquitous** on and off the road", to create the first brand of Tmall and Jingdong tire with differentiated products, and actively develop new retail suitable for the tire industry; new business focus on dual-chain, new Rui Li, by creating a model to form a model of fission development; through the **implementation of the "tire By implementing the commercialization application of "Tire Network" and using "Tire Network" and intelligent tires**, we can realize the development **from "selling tires" to "selling kilometers"**, from satisfying demand to creating demand, to selling auto after-market. The new mode of selling all products in the automotive aftermarket.

### 5. Development stage of the industry

Tire industry belongs to the technology and capital-intensive industry, scale efficiency characteristics are obvious, with high technology, capital and talent requirements. China has now become a veritable world tire production country and the world's tire manufacturing center, and in the continued power. Overall, the domestic tire industry presents the following characteristics:

(1) Periodicity, seasonality and regional characteristics are not obvious: the tire downstream industry covers a wide range of industries, including the automotive industry, transportation industry, construction machinery industry, etc. The huge retention of the automobile market, the huge potential of the transportation market and other downstream industries to maintain long-term demand for tire products. In addition, there are many types and specifications of tire products, and different seasons and road conditions require the use of different characteristics of tires, so the tire industry does not have obvious cyclical, seasonal and regional characteristics.

(2) Affected by the fluctuation of raw material prices: China's natural rubber and synthetic rubber imports depend on a high degree, and now China has become the world's largest importer of rubber and rubber consumers, as the tire industry is a highly competitive industry, the pricing power of producers is weak, so the fluctuation of rubber prices will drive the whole tire market price fluctuations in the same direction.

(3) Structural overcapacity: China's tire industry is currently facing a structural overcapacity, rather than an overall surplus. Low-end tire products homogenization is common, the technical content and low value-added, but high-end, high-performance tires are still in short supply. Therefore, industrial integration and product upgrading will be the main development trend of China's tire industry in the future. The promotion of green tires, industrial upgrading will be the main development direction of China's tire industry, green tires, smart tires and other products will have broad market prospects.

Procurement pattern of main raw materials



Unit: Yuan

Main raw materials	Sourcing Model	Purchases as a percentage of total purchases	Whether there is a significant change in the settlement method	Average price in the first half of the year (Yuan/kg)	Average price in the second half of the year (Yuan/kg)
Rubber	The company implements a "transparent procurement" strategy, using The funnel model of "widely selected → qualified → cooperative" The company will introduce leading industry suppliers and sign a framework Establishing long-term and stable cooperation contracts	47.00%	No	11.61	10.84
Skeleton material	system; establish a global joint bidding platform to create Fair, just, open and transparent bidding body system, exchanging large resources for large resources, using annual A combination of long term contracts and daily SPOT purchases	15.00%	No	12.10	10.73
Carbon Black	mode to achieve continuous cost optimization; through the supply T h e TQRDC performance evaluation is conducted by the respondent to continuously improve To improve and perfect the supplier system and achieve mutual Win.	19.00%	No	8.35	9.23

Reasons for significant changes in raw material prices from the previous reporting period

During the reporting period, the price of coal tar, the main raw material for carbon black, and the purchase price of energy increased significantly year-on-year, resulting in significant changes in the market price of carbon black and a subsequent increase in the purchase price.

Energy purchase prices account for more than 30% of total production costs

☐ Applicable ☒ Not applicable

Reasons for significant changes in major energy types

☐ Applicable ☒ Not applicable

The main products production technology situation

Main Products	The stage of production technology	Core Technical Staff	Patented Technology	Product development advantages
Tires	Scaled production	Stable core technical staff, all of whom are employees of our company	As of the end of the reporting period, the Company had 556 tire-related patents	For more details, please refer to Section III, Management Discussion and Analysis, "III. Core

				Competence Analysis".
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## Capacity of major products

Main Products	Design capacity	Capacity utilization	Capacity under construction	Investment and Construction
Tires	22.5 million sets	55.21%	Tire Industry Division, a subsidiary of the Company, and UBE DEVELOPMENT Co., Ltd. jointly established a joint venture company in Cambodia, and the joint venture company will invest in the construction of a project with an annual production capacity of 8.5 million high performance radial tires. The project has been considered and approved at the 17th meeting of the 9th Board of Directors of the Company and is subject to the approval of the shareholders' meeting.	None

## Product categories of major chemical parks

Major chemical parks	Product Categories
Qingdao	Tires
Shiyan	Tires
Dongying	Tires

Environmental assessment approvals being applied for or newly obtained during the reporting period

☐ Applicable ☒ Not applicable

Unusual shutdown of listed companies during the reporting period

☐ Applicable ☒ Not applicable

Relevant approvals, licenses, qualifications and validity

☒ Applicable ☐ Not applicable

Serial number	Qualification Name	Expiration date	Holding Subject
1	High and New Technology Enterprise Certificate	December 1, 2020 - November 30, 2023	Qingdao Shuangxing Tire Industry Co.
2	Environmental management system certification	February 7, 2022 - January 28, 2025	Qingdao Shuangxing Tire Industry Co.
3	Occupational Health and Safety Management System Certification	February 7, 2022 - January 28, 2025	Qingdao Shuangxing Tire Industry Co.
4	Quality management system certification	February 7, 2022 - January 28, 2025	Qingdao Shuangxing Tire Industry Co.
5	High and New Technology Enterprise Certificate	November 15, 2019 - November 14, 2023	Double Star Dongfeng Tire Co.
6	Radiation Safety License	June 10, 2021 - June 9, 2026	Double Star Dongfeng Tire Co.
7	Occupational Health and Safety Management System Certification	June 9, 2021 - June 8, 2024	Double Star Dongfeng Tire Co.
8	Environmental management system certification	June 9, 2021 - June 8, 2024	Double Star Dongfeng Tire Co.
9	Quality management system certification	October 7, 2021 - October 6, 2024	Double Star Dongfeng Tire Co.
10	Quality management system certification	May 5, 2022 - May 4, 2025	Guangrao Jixing Tire Co.

Engaged in oil processing, oil trading industry

☐ Yes ☒ No

Engaged in fertilizer industry

☐ Yes ☒ No

In the pesticide industry

☐ Yes ☒ No

Engaged in chlor-alkali, soda ash industry

☐ Yes ☒ No

### III. Core Competitiveness Analysis

The company has many core competitive advantages in terms of brand, management, technology and culture.

1. Brand advantage: From the development experience of the global tire industry, although the creation of a brand requires a long period of investment by the company, a successful brand will become one of the most important factors to promote the scale of the company to become larger and maintain its market position. As one of the world's leading tire manufacturers, Shuangxing Tire, a famous national brand, has been developing high quality differentiated products to meet user needs and create greater value for users, enhancing the value of the company and the brand, while maintaining the good image of the Shuangxing brand. In the 2022 "China 500 Most Valuable Products

In the list of "brand", "Double Star" brand value ranked 95th, ranking No. 1 in the tire industry, leading the Chinese tire brand for seven consecutive years.

2. Management advantage: The company implements the three-dimensional management model. That is, ① demand segmentation is the direction and goal: to cluster user-oriented, through demand segmentation, product segmentation, network segmentation, and constantly meet and discover user needs; ② organizational platform is the guarantee: to push down the traditional economy of the pyramid within the organization, the establishment of the external organization and intelligent and efficient operation platform to adapt to the information age, so that employees in the process responsible for the target rather

than to superiors. At the same time, we strengthen process risk control and asset supervision. Internal implementation of the "fair, transparent and simple" principle, so that the relationship between people becomes more and more simple; ③ internal market is the core: the establishment of "the company, business headquarters and operating units" three-level decision-making system, who operates, who makes decisions, who is responsible. All the settlements between each headquarters and each business unit are made according to market-oriented principles, and each business unit creates value and shares value for the cluster users through collaborative innovation under the unified strategy of each business headquarters.

3. Technology advantage: Double Star Tire has a central research institute gathering the world's top tire experts, with the concept of "developing user resources rather than just products", and the product strategy of "high-end + high value-added + high differentiation" to enhance the independent innovation capability and core competitiveness of products. We participate in the formulation of "Green Tire Technical Specification" of China Rubber Industry Association. With national quality testing center, our products have passed ISO/TS16949 quality management system certification, 3C compulsory product certification, European and American automotive industry standard ECE and other world-class system certification, and we are the main supplier of dozens of famous domestic automobile manufacturers such as China FAW and China National Heavy Duty Truck, and our tires are sold well in more than 180 countries and regions such as Europe, America, Africa, Southeast Asia and the Middle East.

4. Cultural advantages: "first, open, innovative" as the development concept of the enterprise, "first" as the mission, "first" as the goal and starting point of all work; to "Openness" as the path, constantly learning and learning from the international advanced technology, experience and mode, and cooperation with the best companies; "innovation" as its mission, challenging the impossible; the implementation of "sincerity, after me, hard work" The enterprise spirit of "sincerity, after me, hard work" and the enterprise style of "rapid, innovation, synergy". The company insists on the deep integration of culture and management, always carries out the construction of corporate culture around the central work of the enterprise, cultivates the new culture of Shuangxing in the practice of enterprise transformation and upgrading, and transforms the core concept of corporate culture into specific behavioral creed, so as to internalize it in the heart and externalize it in action.

## IV. Analysis of main business

### 1. Overview

In 2022, the company gave full play to the leading role of party building, focused on "one goal" (high-quality development) and "two main lines" (operational improvement and strategic innovation), **accelerated the implementation of the "new four"** The company will focus on "one goal" (high-quality development) and "two main lines" (business improvement and strategic innovation), **accelerate the** implementation of the "new four" strategy, break through the structural problems of markets and products, and lay the foundation for the healthy development of the company.

#### (1) Selecting typical trees and playing a leading role in party building

Strengthen theoretical learning, improve the political standing, to deepen the study of Xi Jinping thought of socialism with Chinese characteristics in the new era, to carry out a series of activities such as the spirit of the 20th National Congress study topics; strengthen the benchmark to lead, select advanced models, solidly promote the "branch committee to play a role in the team, party members to play a role in the front line", to discover a large number of party Advanced models, improve the sense of honor and belonging of employees, enhance the centripetal force and cohesion of employees; grasp the party style and clean government construction, build a strong grassroots party organization, adhere to the regular party style and clean government education, correct the "four winds", a new wind.

#### (2) Market breakthrough, optimize the market channel structure

①Replacement market channel structure to achieve further optimization and adjustment: replacement market (RE) channel sinking, replacement, overseas channels to achieve a substantial increase in the proportion of a solid foundation for the establishment of overseas plants. During the reporting period, the company's overseas market tire products, performance, quality, price and other competitiveness, exports increased by 42% year-on-year; focus on rare earth gold series products, to improve the proportion of high-value products.

②A strategic car factory breakthrough in the supporting market: signed a strategic cooperation agreement with Chery to participate in the front-end design including new energy vehicles.

③In new retail: Continue to cooperate with major domestic e-commerce platforms focusing on highly differentiated products and maintain industry leadership.

#### (3) Product focus, increase product structure adjustment

In terms of products, Double Star Tire continues to make efforts around high-value and highly differentiated products. In terms of commercial vehicle tires, we have successfully developed the first 100-ton, 100-kilometer "rare earth gold" **heavy-duty** truck tires in China, and created a comprehensive domestic and international high-grade product line; in terms of car tires, the "full explosion-proof" safety tire was awarded the fifth Xi Zhong Award in the passenger car category. In terms of car tires, the "Full Explosion-proof" safety tire was awarded the title of "Best Air-Loss Tire of the Year" in the passenger car category of the 5th Xi Zhong Awards, focusing on full explosion-proof, double A and new energy products to achieve full product coverage as soon as possible.

#### (4) Overseas investment and plant construction to enhance international competitiveness

In order to accelerate the implementation of the "localization" strategy, accelerate the development of international markets, especially China's export high tariff market, actively respond to international trade barriers, and enhance the international competitiveness of Double Star Tire, in March 2021, the company's holding subsidiary invested an additional capital of RMB 600 million in Kumho Vietnam plant to expand Kumho Vietnam tire production capacity, and after the completion of the capital increase, it holds 42.409% of the equity in Kumho Vietnam. In February 2023, the board of directors of the company considered and approved the proposal of establishing a subsidiary and investing in the construction of a plant in Cambodia, and proposed to set up a joint venture company in Cambodia by the holding subsidiary together with UBE DEVELOPMENT Co. The joint venture will invest approximately RMB143,751,000 to build a project with an

annual production capacity of 8.5 million high performance radial tires to accelerate the improvement of the Company's economic efficiency while expanding the high tariff market.

#### **(5) System guarantee to enhance manufacturing competitiveness**

During the reporting period, the company improved its quality competitiveness, carried out quality control with the most stringent quality standards, effectively improved its quality competitiveness and built its market reputation; at the same time, accelerated the pace of green, low-carbon and sustainable development with new processes and technologies. In December, the company's subsidiaries, Shuangxing Tire Industry and Dongfeng Tire, were awarded as excellent scenes of intelligent manufacturing by the National Ministry of Industry and Information Technology; in the same month, Shuangxing Tire Industry was awarded as the province's Chemical industry intelligent transformation benchmark enterprise, and by the Department of Commerce as a key cultivation trade double-cycle pilot enterprises in Shandong Province.

In 2022, the Company is actively responding to market changes through the above initiatives in the face of a significant drop in host plant production and a significant reduction in freight volume due to chip shortages.

The operating revenue for the reporting period was RMB3.91 billion, which was the same as last year. However, due to the significant fluctuation of raw material prices, high shipping costs and unfavorable factors such as the Russia-Ukraine conflict and interest rate hike of the U.S. dollar during the reporting period, the Company's costs and expenses increased, resulting in a loss in net profit attributable to shareholders of the listed company.

In the new year, the company will continue to be guided by ecology, high-tech, localization and digital intelligence, **grasp the** opportunity of "double carbon" strategy, adhere to green development, continue to innovate and promote market restructuring and product upgrading, accelerate the pace of overseas plant construction, optimize the global production capacity layout, improve the ability to deal with international trade barriers, and deepen the "Tire Network" platform construction. We will continue to innovate and promote market structure adjustment and product upgrade, accelerate the pace of overseas plant construction, optimize the global production capacity layout, improve the ability to cope with international trade barriers, and deepen the construction of "tire network" platform to achieve high-quality development.

## **2、Revenue and cost**

### **(1) Operating income composition**

Unit: Yuan

Fund III	2022		2021		Year-on-year increase/decrease
	Amount	Share of operating revenue	Amount	Share of operating revenue	
Total operating income	3,910,397,748.47	100%	3,924,521,010.35	100%	-0.36%
By Industry					
Tire Manufacturing	3,691,421,672.21	94.40%	3,747,249,789.20	95.48%	-1.49%
Machinery Manufacturing	0.00	0.00%	19,884,379.18	0.51%	-100.00%
Other	218,976,076.26	5.60%	157,386,841.97	4.01%	39.13%
Sub-products					
Tires	3,691,421,672.21	94.40%	3,747,249,789.20	95.48%	-1.49%
Machinery	0.00	0.00%	19,884,379.18	0.51%	-100.00%
Other	218,976,076.26	5.60%	157,386,841.97	4.01%	39.13%
By Region					
Domestic Sales	1,905,403,178.05	48.73%	2,511,328,065.70	63.99%	-24.13%
Foreign Sales	2,004,994,570.42	51.27%	1,413,192,944.65	36.01%	41.88%
Sub-sales model					
Supporting	639,895,947.26	16.36%	1,373,902,357.00	35.01%	-53.42%
Other	3,270,501,801.21	83.64%	2,550,618,653.35	64.99%	28.22%

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

☒ Applicable ☐ Not applicable

The Company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 - Disclosure of Industry Information

Unit: Yuan

	Operating income	Operating Costs	Gross margin	Operating income over the previous Year-on-year increase/decrease	Operating costs over the previous Year-on-year increase/decrease	Gross margin compared to the previous year Increase or decrease in the same period
By Industry						
Tire Manufacturing	3,691,421,672.21	3,651,591,022.48	1.08%	-1.49%	0.79%	-2.24%
Sub-products						
Tires	3,691,421,672.21	3,651,591,022.48	1.08%	-1.49%	0.79%	-2.24%
By Region						
Domestic Sales	1,686,427,101.79	1,727,039,484.90	-2.41%	-27.75%	-23.56%	-5.61%
Foreign Sales	2,004,994,570.42	1,924,551,537.58	4.01%	41.88%	41.13%	0.51%

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

Unit: Yuan

☐ Applicable ☒ Not applicable

Product Name	Production (million sets)	Sales (million sets)	Revenue realization	Selling price in the reporting period Trend	Reason for change
Tires	1,242.14	1,254.58	3,691,421,672.21	Rising selling price trend	Product structure in overseas Increased share of sales

The operating income or net profit generated from overseas business accounts for more than 10% of the audited operating income or net profit of the company in the latest fiscal year

☐Yes ☒No

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

☒Yes ☐No



Industry Classification	Project s	Unit	2022	2021	Year-on-year increase/decrease
Tires	Sales volume	10,000 sets	1,254.58	1,290.00	-2.75%
	Production volume	10,000 sets	1,242.14	1,329.00	-6.54%
	Inventory	10,000 sets	306.56	319.00	-3.90%

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

☐ Applicable ☒ Not applicable

**(4) Performance of significant sales contracts and significant purchase contracts entered into by the Company up to the reporting period**

☐ Applicable ☒ Not applicable

**(5) Operating**

**cost components**

industry classification

Unit: Yuan

Industry Classification	Projects	2022		2021		Year-on-year increase/decrease
		Amount	As a percentage of operating costs Specific Gravity	Amount	As a percentage of operating costs Specific Gravity	
Tire Manufacturing	Operating Costs	3,651,591,022.48	94.62%	3,622,960,079.00	95.59%	0.79%
Machinery Manufacturing	Operating Costs	-	-	17,666,280.30	0.47%	-100.00%
Other	Operating Costs	207,470,750.91	5.38%	149,362,195.60	3.94%	38.90%

Description

Industry Classification	Project s	2022		2021		Percentage change of operating costs
		Amount	of business This weight	Amount	As a percentage of operating costs Specific Gravity	
Tire	Raw Materials	2,567,197,503.63	70.30%	2,509,488,546.99	69.27%	1.04%
	Artificial	313,041,763.60	8.57%	335,135,021.20	9.25%	-0.68%

Manufacturing	I					
	Depreciation	318,416,670.82	8.72%	331,039,147.20	9.14%	-0.42%
	Energy	277,415,611.71	7.60%	241,579,101.77	6.67%	0.93%
	Other	175,519,472.72	4.81%	205,718,261.73	5.68%	-0.87%

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

☒ Yes ☐ No

During the reporting period, the scope of the consolidated financial statements changed due to the establishment/reduction of new subsidiaries. For details, please refer to Section 6, Item 7 of this report, "Description of changes in the scope of consolidated financial statements compared with the previous year's financial report".

**(7) Significant changes or adjustments in the company's business, products or services during the reporting period**

☐ Applicable ☒ Not applicable

**(8) Major Sales Customers and**

**Major Suppliers Major Sales**

Total sales amount of the top five customers (yuan)	775,252,777.33
Top five customers' combined sales amount as a percentage	19.83%

Ratio of related party sales to total annual sales of the top five customers	5.34%
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## Company's top 5 customers information

Serial number	Customer Name	Sales (yuan)	Percentage of total annual sales
1	First Place	208,708,484.41	5.34%
2	Second Place	157,019,160.75	4.02%
3	Third Place	142,872,526.01	3.65%
4	Fourth Place	140,230,216.25	3.59%
5	Fifth Place	126,422,389.91	3.23%
Total	--	775,252,777.33	19.83%

## Other description of major customers

☐ Applicable ☒ Not applicable

## The company's main suppliers

Total purchase amount of the top five suppliers (yuan)	860,222,248.46
Top five suppliers' combined purchase amount as a percentage of total annual purchase	32.39%
Percentage of related party purchases among the top five suppliers' purchases to total annual purchases	0.00%

## Information on the top 5 suppliers of the company

Serial number	Supplier Name	Purchase amount (yuan)	Percentage of total annual procurement
1	First Place	220,838,300.30	8.32%
2	Second Place	186,164,210.09	7.01%
3	Third Place	164,073,808.70	6.18%
4	Fourth Place	147,159,512.56	5.54%
5	Fifth Place	141,986,416.81	5.35%
Total	--	860,222,248.46	32.39%

## Other information on major suppliers

☐ Applicable ☒ Not applicable

## 3、Fee

Unit: Yuan

	2022	2021	Year-on-year increase/decrease	Description of significant changes
Selling expenses	155,789,390.75	176,573,734.11	-11.77%	Not applicable
Overhead	168,609,206.73	199,512,955.66	-15.49%	Not applicable
Finance costs	165,567,089.62	162,195,052.00	2.08%	Not applicable
R&D expenses	202,389,052.51	203,035,514.94	-0.32%	Not applicable

## 4、R&amp;D input

☒ Applicable ☐ Not applicable

Proj ects	Project Purpose	Project Progress	Objectives to be achieved	Expected impact on the future development of the company
425/65R22.5 All-steel load radial wide base low profile tire development	Through the development of low bias wide base all steel radial tires to replace the current dual tires for heavy vehicles and Use, reduce the mass of the car and achieve	Completi on	Improve the durability and high-speed performance of tires, and have high safety and load-bearing performance, reaching the domestic leading level Ping.	Rare earth gold project product line expansion to improve the competitiveness of the company's wide base low profile high-end tire products.

	Energy saving and emission reduction.			
12.00R20 All-steel radial tire for explosion-proof in mining	Reduce the problem of tire blowout during the use in the mine and improve the level of tire safety and service life.	Completion	Improve the tire's anti-tear and anti-puncture performance, enhance the market competitiveness of mining tire products, and reach the domestic leading Level.	Improve enterprise visibility and brand image, and increase the added value of products.
Product development of a dual-purpose drive/guide type low-rolling resistance tire	Develop a multi-purpose product for multiple scenarios to better fit The actual conditions of use should be.	Completion	The combination of driving performance and low rolling resistance performance enables multiple uses in one tire.	Rare earth gold technology follow-up research, improve product life, enhance the brand shape Image.
315/80R22.5 Development of high passing performance tires for special road conditions	Highly passable and wear-resistant tires that adapt to various complex road conditions.	Completion	Improve the tire wear resistance, durability performance, to adapt to the special road conditions of the vehicle's requirements for high passing performance tires, in the peer The company has reached the domestic advanced level in the industry.	Improve the competitiveness of the company's products in the Middle East African market.
Development of 11R22.5 bus tire	Development of special tires developed for new energy buses for the Korean market.	Completion	Reduces tire deflection wear while driving and increases driving safety.	Rare earth gold project product line expansion, with the development of new energy vehicles, to create a green Color eco-friendly tires.
Development of new energy SUV tires	For the characteristics of new energy SUVs with high torque and heavy weight, develop a tire product to meet the new energy of SUVs and improve the brand reputation. Degree.	Completion	The tire's anti-slip, grip performance, rolling resistance performance compared to ordinary fuel car tires to improve the overall, more adapted to the use of new energy vehicle characteristics, the layout of the future new energy Source SUVs, creating high-value products.	Capture market demand and expand brand benefits.
Development of a special tire for micro electric vehicles	To enhance the market share of micro electric vehicle tires, improve the competitiveness of products in the market, and develop a representative tire in the field of micro electric vehicles	Completion	To create a range, comfort, and price competitiveness industry-leading A00 new energy vehicle exclusive tires.	Increase the market share of micro electric vehicle tires and improve the company's brand awareness.

	Products.			
Development of new comfort pickup truck tires	In order to alleviate the pain point of hard damping of pickup truck models and expand the competitiveness of luxury pickup truck tire products, we developed A comfort pickup truck tire.	Completion	Meet the market, especially the car manufacturers, the demand for pickup truck tires to improve the comfort performance again, reduce radial stiffness by 10%. around to enhance comfort.	Enhance the product share of the pickup truck supporting market and improve the competitiveness of products in the pickup truck market.
Full blast tire development for ice and snow	Development of a snow tire that can drive with zero tire pressure.	Completion	The snow tires meet the snow and ice grip performance, improve handling comfort, while providing impact protection and the ability to travel more than 30 km/h at 60 km/h without air or air pressure. Arrive at the 4S store nearby.	The first development of snow and ice series of explosion-proof tires has a broad market prospect, enhancing the company's brand awareness and market share.
Development of a self-repairing tire after puncture	For new energy vehicles to eliminate the spare tire to develop a safety tire can be normal driving even after stapling, to seize the safety tire market.	Completion	A sharp object with a diameter of about 6mm is wrapped around the "self-repairing anti-puncture safety zone" and is pulled out for self-repair to achieve "anti-puncture leakage, normal line Drive" effect.	Enhance brand awareness and provide product guarantee for the company's strategic goal of creating the first brand of safety tires.
Development of high-end car tires in Europe	In order to meet the user's requirements for safe, comfortable, smooth, trendy, quiet and fuel-saving tires, we developed a high-end European car tire.	Completion	Improve the label performance level of high-end car tires in the European market, enhance the European market share of high-value products, and improve the company's brand reputation in the European market degree and profit margin.	To enhance the company's European high-end car brand awareness, to seize the European market to provide product security.

## Company R&amp;D personnel

	2022	2021	Change ratio
Number of R&D personnel (people)	706	669	5.53%
Number of R&D personnel as a percentage	16.82%	16.69%	0.13%

Educational structure of R&D personnel			
Undergraduate	221	208	6.25%
Master	64	61	4.92%
Age composition of R&D staff			
Under 30 years old	118	123	-4.07%
30~40 years old	294	256	14.84%

## Company R&amp;D investment

	2022	2021	Change ratio
Amount of R&D investment (yuan)	202,389,052.51	203,035,514.94	-0.32%
R&D investment as a percentage of operating revenue	5.18%	5.17%	0.01%
Amount of R&D investment capitalized (Yuan)	0.00	0.00	0.00%
Capitalized R&D investment as a percentage of R&D investment Percentage of	0.00%	0.00%	0.00%

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

## 5、Cash flow

Unit: Yuan

Projects	2022	2021	Year-on-year increase/decrease
Subtotal cash inflow from operating activities	3,494,715,342.31	2,902,234,842.92	20.41%
Subtotal cash outflow from operating activities	3,157,978,933.56	2,988,817,054.91	5.66%
Net cash flows from operating activities	336,736,408.75	-86,582,211.99	488.92%
Subtotal cash inflow from investing activities	23,799,774.86	665,547,873.22	-96.42%
Subtotal cash outflow from investing activities	162,281,944.90	1,085,857,097.18	-85.05%
Net cash flows from investing activities	-138,482,170.04	-420,309,223.96	67.05%
Subtotal cash inflow from financing activities	4,972,947,547.78	4,944,452,161.31	0.58%

Subtotal cash outflow from financing activities	5,412,438,180.59	4,163,988,777.37	29.98%
Net cash flows from financing activities	-439,490,632.81	780,463,383.94	-156.31%
Net increase in cash and cash equivalents	-227,165,766.83	252,824,528.04	-189.85%

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

☒ Applicable ☐ Not applicable

The net cash flow from operating activities increased by 488.92% year-on-year, mainly due to the increase in the proportion of overseas sales, fast payback and faster turnover rate of receivables; the subtotal cash flow inflow from investing activities decreased by 96.42% year-on-year, mainly due to the sale of equity interest in Hailang segment in 2021 and the receipt of equity transfer payment;

The subtotal cash outflow from investing activities decreased by 85.05% year-on-year, mainly due to the long-term equity investment in 2021;



Net cash flow from investing activities increased by 67.05% year-over-year, mainly due to the long-term equity investment in 2021; net cash flow from financing activities decreased by -156.31% year-over-year, mainly due to the increase in cash outflow from repayment of borrowings; net increase in cash and cash equivalents decreased by 189.85% year-over-year, mainly due to the repayment of borrowings in the current period.

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

☒Applicable ☐Not applicable

The significant difference between the net cash flow from operating activities and the net profit for the year in the reporting period was due to the accelerated turnover rate of operating receivables.

## V. Analysis of non-main business

☐ Applicable ☒ Not applicable

## VI. Analysis of assets and liabilities

### 1. Significant changes in the composition of assets

Unit: Yuan

	End of 2022		Early 2022		Weight gain/loss	Description of significant changes
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Monetary Funds	1,344,991,209.02	13.64%	1,567,050,450.71	14.45%	-0.81%	
Accounts Receivable	633,271,109.50	6.42%	732,545,533.56	6.76%	-0.34%	
Contract Assets		0.00%		0.00%	0.00%	
Inventory	1,220,871,888.44	12.38%	1,187,443,675.07	10.95%	1.43%	
Investment properties		0.00%		0.00%	0.00%	
Long-term equity investments	716,456,080.18	7.26%	661,197,088.37	6.10%	1.16%	
Fixed Assets	4,275,052,278.59	43.34%	4,360,086,983.42	40.21%	3.13%	
Construction in progress	250,201,862.68	2.54%	356,118,404.87	3.28%	-0.74%	
Right-of-use assets	5,731,262.12	0.06%	6,172,575.09	0.06%	0.00%	
Short-term borrowings	3,903,699,009.57	39.58%	3,754,517,452.06	34.62%	4.96%	
Contractual Liabilities	156,512,157.06	1.59%	121,388,242.07	1.12%	0.47%	
Long-term	486,516,256.14	4.93%	836,544,256.14	7.71%	-2.78%	

borrowings						
Lease liabilities	574,518.27	0.01%	2,040,400.45	0.02%	-0.01%	

High percentage of foreign assets

☐ Applicable ☒ Not applicable

## 2. Assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: Yuan

Projects	Opening Number	Gains or losses on changes in fair value for the period	Accumulated fair value changes recorded in equity movement	Impairment charged during the period	Purchase amount for the period	Amount sold during the period	Other changes	End of period
Financial Assets								
1. Transactional Financial Assets		3,047.00			48,873.88			51,920.88

(Excluding derivative financing) (production)								
2. Derivative gold Financing Properties		929,500.00						929,500.00
3. Receivables Financing	380,024,389.42				1,587,176,143.96	1,902,335,109.90		64,865,423.48
4. Other equity instruments investment Resources	28,558,000.00					16,186,628.01		12,371,371.99
Total of the above	408,582,389.42	932,547.00			1,587,225,017.84	1,918,521,737.91		78,218,216.35
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

No other changes

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

☐Yes ☒No

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

On November 21, 2019, Tire Industry, a subsidiary, applied for a loan from the Qingdao Branch of China Development Bank for the right to use its own state-owned construction land/house (structure).

The ownership of the above assets (land) is pledged. The book value of the above assets as of December 31, 2019 totaled RMB653,237,000, of which the book value of intangible assets (land)

The book value of fixed assets (building structures) was RMB 492,813,000. The relevant content has been publicly disclosed by the Company on Juchao Information Website on November 23, 2019 with the announcement number and name of "2019-061: Announcement on Subsidiary's Application for Loan to Provide Collateral Guarantee with Own Assets".

On February 26, 2021, Dongfeng Tire, a subsidiary of the Company, applied for a loan from Bank of China Shiyuan Branch to use its own state-owned construction land use right/house (structure)

The ownership right is pledged. The book value of the above assets as of December 31, 2020 totaled NT\$308,328,600, of which the book value of intangible assets (land)

The book value of fixed assets (building structures) was RMB 232,008,000. The relevant content has been publicly disclosed on March 2, 2021 on the website of Juchao Information with the announcement number and name of "2021-007: Announcement on Subsidiary's Application for Loan with Collateral Guarantee of Own Assets".

## VII. Analysis of investment status

### 1. Overall situation

☒ Applicable ☐ Not applicable

Reporting period investment amount (yuan)	Investment amount in the same period of the previous year (yuan)	Change range
262,281,944.90	1,085,857,097.18	-76.85%

### 2. Significant equity investments acquired during the reporting period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

#### 4、Investment in financial assets

##### (1) Portfolio Investment Status

☒ Applicable ☐ Not applicable

Unit: Yuan

Variety of securities	Stock Code	Stock short name	Initial investment cost	Accounting measurement model	Opening book value	Gains or losses on changes in fair value for the period	Accumulated fair value changes recorded in equity movement	Purchase amount for the period	Amount sold during the period	Profit or loss for the reporting period	Carrying value at the end of the period	Accounting Accounts	Funding Sources
Domestic and foreign stocks	000980	Zotye Auto	48,873.88	Fair value measurement	0.00	3,047.00	0.00	48,873.88	0.00	3,047.00	51,920.88	Transactional gold financing Product	Accounts Receivable Debt Reorganization
Total			48,873.88	—	0.00	3,047.00	0.00	48,873.88	0.00	3,047.00	51,920.88	—	—

##### (2) Derivatives Investment

☒ Applicable ☐ Not applicable

##### 1) Derivative investments for hedging purposes during the reporting period

☒ Applicable ☐ Not applicable

Unit: million yuan

Types of Derivatives Investments	Initial Investment Amount	Gains or losses on changes in fair value for the period	Accumulated fair value changes recorded in equity movement	Amount purchased during the reporting period	Amount sold during the reporting period	End of period amount	The amount of investments at the end of the period represents the Company's net assets at the end of the
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							reporting period. Production ratio
Foreign Exchange Swap Contracts	0	-1,591.02	0	32,854.53	29,975.33	2,879.2	1.21%
Forward foreign exchange contracts	0	-1,217.32	0	20,179.99	20,179.99	0	0.00%
Total	0	-2,808.34	0	53,034.52	50,155.32	2,879.2	1.21%
The accounting policies and specific accounting principles for hedging operations during the reporting period and whether there were any changes compared to the previous reporting period Explanation of significant changes	<p>In accordance with AS 22 - Recognition and Measurement of Financial Instruments and AS 37 - Presentation of Financial Instruments</p> <p>We account for the relevant provisions of AS 39 - Fair Value Measurements, etc.</p> <p>There was no significant change from the previous reporting period.</p>						
Actual profit or loss for the reporting period Description of the situation	Foreign exchange swap contracts and forward foreign exchange contracts affect fair value change gain or loss - RMB28,083,400						
Hedging effect of said Ming	None						
Derivatives investment funds come Source	Own funds						
Risk analysis of derivative positions and description of control measures for the reporting period (including but Not limited to market risk, the	<p>Risk Analysis:</p> <p>1. Exchange rate fluctuation risk: In the event that the trend of the exchange rate quotation deviates significantly from the company's expectation, the company's cost of expenditure after locking in the exchange rate may exceed the cost of expenditure when it is not locked in, thus causing potential losses;</p> <p>2. Customer default risk: Customer accounts receivable are overdue, or payments to suppliers are delayed, which may cause actual cash flow to occur</p>						

(liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>not being able to fully match the maturity or amount of the forward exchange settlement operations already in operation, thus resulting in losses to the company;</p> <p>3. Internal control risk: Forward foreign exchange transactions are more specialized and complex, and there are risks due to imperfect internal control systems;</p> <p>4. Return forecast risk: The company's business department makes return and payment forecast based on customer orders and expected orders. During the actual implementation, customers may adjust their own orders, resulting in the inaccuracy of the company's return forecast, leading to the risk of delayed delivery of forward settlements.</p> <p>Control measures:</p> <p>1. The Board of Directors of the Company considered and adopted the Derivatives Trading Management System, which provides for the Company's finance platform to track changes in the open market price or fair value of financial derivatives and to promptly assess, in conjunction with relevant financial institutions, changes in the risk exposure of invested financial derivatives;</p> <p>2. The company shall track and analyze the financial risk indicators of financial derivatives transactions, formulate stop-loss programs for various types of financial derivatives or different counterparties, set appropriate stop-loss limits, clarify the stop-loss business process, and strictly enforce the stop-loss regulations;</p> <p>3. The company shall formulate a practical emergency handling plan to respond in a timely manner to major emergencies that may occur during the operation of financial derivatives business;</p> <p>4. The holding subsidiary shall track the changes in the open market price or fair value of financial derivatives, evaluate the risk exposure of traded financial derivatives in a timely manner, and report to the Company on the financial derivative transactions, the profit and loss status of the current financial derivative transactions, etc. At the same time, the system makes clear provisions on the basic principles, approval authority and operation procedures, division of responsibilities and daily management, risk management, information disclosure, etc. of forward exchange settlement business. The system The degree is conducive to strengthening the management of forward exchange settlement business and preventing investment risks.</p>
Changes in market prices or product fair values of invested derivatives during the reporting period, and the analysis of the fair value of derivatives should disclose the specific methods used and the relevant assumptions and parameters The setting of	<p>The forward exchange settlement business is accounted for and treated accordingly in accordance with the relevant regulations of the Ministry of Finance, including "ASBE No. 22 - Recognition and Measurement of Financial Instruments" and "ASBE No. 37 - Presentation of Financial Instruments" and their guidelines. The final accounting treatment is based on the accounting statements audited and confirmed by the Company's annual auditors.</p>
Involved in lawsuits (if applicable) (Use)	Not applicable
Date of disclosure of board announcement for approval of derivative investments (if any)	October 27, 2021 and October 31, 2022

Special opinion of independent directors on the company's derivative investment and risk control	The independent directors are of the view that the forward foreign exchange fund trading business carried out by the company is closely related to the daily operation needs of the company, which is conducive to the prevention of exchange rate fluctuation risks faced by the export business and is in line with the needs of the company's operation and development, and there is no violation of relevant laws and regulations, and the relevant business has fulfilled the corresponding decision-making procedures and information disclosure obligations. There is no violation of relevant laws and regulations, and the relevant business has fulfilled the corresponding decision-making procedures and information disclosure obligations, and there is no situation that is detrimental to the interests of the Company and the small and medium-sized shareholders.
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The Company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guideline No. 3 - Disclosure of Industry Information for Listed Companies on Shenzhen Stock Exchange" Not applicable

## 2) Investments in derivatives for speculative purposes during the reporting period

☐ Applicable ☒ Not applicable

The Company had no derivative investments for speculative purposes during the reporting period.

## 5、Use of proceeds

☐ Applicable ☒ Not applicable

The Company has no use of funds raised during the reporting period.

## VIII. Significant asset and equity sales

### 1、Sale of significant assets

☐ Applicable ☒ Not applicable

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



## 2. Sale of significant equity interests

☐ Applicable ☒ Not applicable

## IX. Analysis of major holding and equity participation companies

☒ Applicable ☐ Not applicable

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

Unit: Yuan

Company Name Weighing	Company Type	Main business	Registered Capital	Total Assets	Net Assets	Operating income	Operating profit	Net Profit
Double Star Tire Industry	Subsidiaries	Various types of inner and outer car tires and Rubber Products	151,481.800.00	5,185,775.591.25	1,648,307.225.23	2,455,408.796.48	- 243,736,886.30	- 246,540,760.74
Dongfeng Tire	Subsidiaries	Various types of automobile internal and external tires, Rubber Products	500,000.000.00	2,471,165.754.10	276,145,522.92	770,183,737.39	- 181,068,217.54	- 181,039,969.82
Double Star Marketing	Subsidiaries	Tire Sales	5,000,000.00	803,558,165.43	- 237,721,294.77	574,888,489.42	- 81,065,043.29	- 81,071,293.49
Guangrao Jixing	Subsidiaries	Tire Manufacturing	609,000.000.00	1,213,838.178.48	533,873,224.80	886,937,711.03	10,615,259.18	10,726,771.20
MicroCloud International	Subsidiaries	Tire Sales	14,400,000.00	399,940,745.21	- 185,354,390.51	941,879,316.21	- 94,081,272.60	- 94,167,616.24

Acquisition and disposal of subsidiaries during the reporting period

☒ Applicable ☐ Not applicable

Company Name	Mode of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production operations and results
Beijing Star Monkey Auto Service Co.	Cancellation	No significant impact
Star Heng (Hong Kong) International Trading Co.	Cancellation	No significant impact
Huainan Star Monkey Express Auto Service Co.	Cancellation	No significant impact
Qingdao Star Fortune Trading Co.	Cancellation	No significant impact
Shahe City Star Monkey Express Commercial Vehicle Service Co.	Transfer	No significant impact
Inner Mongolia Star Monkey Express Commercial Vehicle Sales Co.	Transfer	No significant impact
Harbin Star Monkey Commercial Vehicle Service Co.	Transfer	No significant impact

Wuhan Star Monkey Express Commercial Vehicle Service Co.	Transfer	No significant impact
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Description of major  
holding and participating  
companies N/A

## X. Information on structured subjects controlled by the company

☐ Applicable ☒ Not applicable

## XI. Prospects for the future development of the company

In order to achieve the long-term goal of “creating the world famous brand of Shuangxing Tire”, the company has seized the opportunity of Internet+, environmental protection relocation and reform of state-owned enterprises to accelerate the pace of enterprise wisdom transformation and reform and innovation. Since 2016, we have built the world's first full-process “Industry 4.0” **factory for truck tires** and the first full-process “Industry 4.0” factory for car tires, and insisted on the “New Four” strategy of ecology, high-tech, localization and digital intelligence as the guide, continued to innovate and promote market restructuring and product upgrading. We will continue to innovate and promote market restructuring and product upgrading, accelerate the pace of overseas factory construction, optimize the global production capacity layout, improve the ability to cope with international trade barriers, deepen the construction of “Tire Network” platform, and improve the quality of our products.

Achieve high-quality development. In the face of major changes in the internal and external tire industry, the domestic economic slowdown and other macroeconomic conditions, the company has developed a series of business development plans and overall business objectives by formulating a series of corporate strategies, R&D strategies, market strategies, quality strategies, globalization layouts, as well as talents and mechanisms that are in line with the external changes.

Specific business development plans and overall business objectives are as follows:

### **(i) Building an efficient R&D system**

The efficient R&D system is an important guarantee for the company to implement the technology leadership strategy and continuous technological innovation. Double Star Tire has a central research institute that gathers the world's top tire experts, forming a technological innovation chain from the near to long-term development of the company and operating effectively, with the concept of "developing user resources and not only developing products", with "high-end + high value-added + high differentiation". The product strategy of "high-end + high value-added + high differentiation" is to enhance the independent innovation ability and core competitiveness of products. Create users, create market and create value with differentiated products.

The company builds a "technology-led" enterprise's R&D system and R&D capability, and builds a team of experts. We will continue to increase the investment in scientific research, expand the team of scientific researchers, improve the R&D management system and management methods, etc. We are committed to improving and building an efficient R&D system, achieving technological innovation and self-breakthrough, and consolidating our leading position in the industry.

### **(II) to carry out the construction of innovative channels and establish new advantages from product competition to industry chain competition**

1. Occupy the high ground through the first-class model: open the way with "three new", build a chain ecology, and occupy the high ground through business model innovation. New retail, deep integration with the leading consumer Internet enterprises, building a leading O+O system, through the platform for the terminal stores to attract user flow; new mode, through the tire with a, with the industry's leading auto parts enterprises to build a chain scene model of the front store and backyard, to create a half-hour service circle; new mode, through the tire network and intelligent tires to achieve from "selling products" to "selling kilometers", and then to sell all the products in the automotive aftermarket, creating a new model from selling products to selling services; build a double chain channel, reach the terminal stores, master the market resources, empower the existing multi-family in one place, enhance the stickiness of the market network; overseas comprehensive promotion of strategic partners Network development and construction, and actively develop overseas blank areas.

2. First-class marketing to expand the camp: strengthen the OE to seize the position, replace a multi-family rob terminal. Construction of full coverage of front warehouses touching prefecture-level cities and county networks, and retail terminals touching township and village-level networks; the formation of a whole-process ecological platform from manufacturing to installation and service around an ecosystem with service users as the core, and the construction of the first domestic system-wide user experience-based marketing.

3. First-class system to guarantee: break the department-level organization and establish a whole-process organization and operation system centered on "user satisfaction first". The same goal, according to the single aggregation and dispersion, through the process of people single integration mode, so that the organization of high quality and efficient operation.

### **(3) To build a quality culture of "pursuit of excellence, quality first, veto" and a comprehensive quality management system**

The company builds a quality culture of "pursuit of excellence, quality first, one vote veto" and a comprehensive quality management system, builds "1+3+N" team, so that product design is not qualified not to put into production, raw materials and semi-finished products are not qualified not to apply, the finished product inspection is not qualified not to. The product will not be put into production if the product design is not qualified, the raw materials and semi-finished products will not be applied if they are not qualified, and the finished products will not be tested. Further improve and strengthen the

product development process and system, through the system to ensure the absolute leading market competitiveness of PCR, TBR new products, while improving and strengthening the product development system, build a talent selection and training system, for R & D personnel to develop a long-term comprehensive training, selection, reserve plan to ensure the rapid and efficient improvement of personnel quality and ability, so as to achieve a comprehensive R & D system. In order to achieve the comprehensive R&D system of “domestic first-class, global forefront”, effectively guarantee the R&D system and R&D capability of “technology-led” enterprises, and thus improve product quality.

#### **(iv) Establishing an efficient human resource management system and mechanism**

The company always insists on “high quality of talents” as the cornerstone of business development, and according to the development strategy and business development goals, the company will continuously increase human resources development and management. On the one hand, we will actively introduce highly educated and qualified technical talents in polymer material research, computer application and automatic control, especially academic leaders or technical development elites with rich development and management experience; on the other hand, we will actively train and introduce marketing talents who are familiar with technology and needed for market development; at the same time, we will continuously strengthen corporate culture propaganda, create personal development opportunities for talents and provide a good working environment; cultivate a team of employees who meet the company's development needs and are in line with the company's business development goals. At the same time, we will continue to strengthen the corporate culture, create personal development opportunities for talents and provide a good working environment; cultivate a team of employees who meet the development needs of the company and develop simultaneously with the company's business to meet the needs of the new situation and environment. The company will actively implement the employment system of “market-oriented selection and recruitment, contractual management and differentiated remuneration” and actively promote the mechanism of “basic salary + performance salary + sharing salary”, so that employees can create value and share value.

#### **(V) Strengthening comprehensive budget management**

The Company will further establish and improve the performance assessment and evaluation system based on comprehensive budget management. At the end of each year, the company will review and evaluate the comprehensive budget of each business unit for the following year according to the requirements of the overall strategy; every quarter, the company will also conduct a comprehensive evaluation and audit of the achievement of the comprehensive budget of each business unit, focusing on the progress of budget execution and strengthening the control of the budget process. The completion and quality of each enterprise's comprehensive budget will be linked to the annual salary and bonus of the members of the management team. The company recognizes that comprehensive budget management is a systematic project for all employees, which requires high attention and full participation from senior management to grassroots employees, as well as careful organization, cooperation and practical implementation from all departments and links of the company.

#### **(VI) The company's production capacity planning and overseas market layout**

## 1. Domestic capacity layout

The company has 3 domestic tire production bases in Dongjiakou, Qingdao, Shiyan, Hubei and Dongying, Shandong, of which the Dongjiakou Industrial 4.0 Industrial Park has been opened since 2014. It was initially planned and put into operation in July 2016, which is the first "Industry 4.0" intelligent factory for commercial vehicle tires in the world; Shiyan base 4.0 intelligent factory as Hubei Provincial Key Construction Plan 2018" project, successful trial production in 2019, to become the first "chip tires" in China's tire industry "Industry 4.0 industry Dongying base will be put into production in 2019, mainly producing

## semi-steel car radial tires. 2. Overseas market expansion

(1) The company actively expands the tire export business and builds the overseas market development plan and channel strategy with a global vision and strategic thinking. Adhering to the construction of high-quality customer network system as the main line, with the mainstream online platform to continue to build global customers and one country, one partner of the overseas network, accelerate the implementation of the overseas "2080" strategy to build the first competitive marketing network of Double Star overseas. Shuangxing tires are sold well in more than 180 countries and regions in Europe, America, Africa, Southeast Asia and the Middle East.

(2) By integrating global resources through the Internet and innovating high-end, highly differentiated and high value-added products with segmented values, we have formed a complete brand matrix of high, medium and high-end products. Since this year, the launch of a series of highly differentiated tires such as "Rare Earth Gold" truck and "Full Explosion-proof" safety tires has laid a solid foundation for Shuangxing to further expand its overseas market share.

(3) Accelerate the layout of overseas production bases

In order to accelerate the implementation of the "localization" strategy, accelerate the development of international markets, especially China's export high tariff market, actively respond to international trade barriers, and enhance the international competitiveness of Twin Star Tire, in March 2021, the Company's holding subsidiary, Hong Kong Twin Star, invested RMB 600 million in Kumho Vietnam plant to expand Kumho's Vietnam tire production capacity. After the completion of the capital increase, it holds 42.409% equity interest in Kumho Vietnam; in February 2023, the Company's holding subsidiary, Tire Industry, jointly established a joint venture company with UBE DEVELOPMENT Co. Total investment is about RMB 1,437,510,000. It will accelerate the improvement of the company's economic efficiency while expanding the high tariff market.

## (vii) Possible risks faced

1. Raw material price fluctuation risk: Rubber is the most important raw material required for tire production, and significant fluctuations in raw material prices will have an adverse impact on the company's normal production and operation.

Response measures: The company will grasp the rhythm of procurement and adjust the stocking strategy according to the production demand and the market situation of raw materials, and adjust the inventory level according to the change of market situation to reduce the impact of raw material price fluctuation on the company's raw material inventory.

2. Trade barriers risk: China is the world's largest exporter of tires, but the export of tire products face all kinds of trade barriers, although the company through the initiative to adjust, develop markets, to a certain extent to reduce the impact of trade protection policy countries on the company's export business. But do not rule out that countries continue to take more stringent trade protection measures, so that China's tire industry exports face the risk of increasing market access standards.

Response: The company actively studies domestic and international economic, trade and related policies, responds to the national "One Belt, One Road" strategy, expands the company's overseas factory construction, investment and overseas sales business, improves the company's brand influence in overseas, while continuously developing emerging markets, reducing the risk of over-concentration of tire export markets, thereby reducing the The impact of trade friction.

3. Market risk: the tire market is affected by a variety of factors, market supply and demand market prices have greater uncertainty, the company faces the risk of declining product prices, the company's innovative business model by the impact of

factors such as marketing, there may be a risk that the implementation of the promotion is lower than expected.

Response: The company actively carries out cross-border cooperation, expands industry resources, and actively promotes the "three new" strategy of new retail, new business and new mode, with frequent efforts in each channel, constantly developing new markets and expanding new business, and the scale of "tire networking" business is located in the industry. The business scale of "Tire Network" is located at the top of the industry.

4. Exchange rate risk: The company's export products are mainly settled in U.S. dollars, and large fluctuations in the exchange rate of RMB will affect the company's operating results.

Response: In this regard, the Company carries out part of forward foreign exchange funds trading business in the context of actual business, with the aim of locking in revenue and costs, avoiding and preventing exchange rate fluctuation risks and maintaining sound operation, which is conducive to preventing the exchange rate fluctuation risks faced by export business.

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

☐ Applicable ☒ Not applicable

The company did not receive any research, communication or interview during the reporting period.

## Section IV Corporate Governance

### I. Basic status of corporate governance

During the reporting period, the Company strictly complied with the requirements of the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Guidelines for Self-regulation of Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Listed Companies on the Main Board, the Guidelines for Self-regulation of Listed Companies on the Shenzhen Stock Exchange No. 5 - Management of Information Disclosure Matters and other relevant regulations and rules issued by the CSRC and the Shenzhen Stock Exchange. - Management of Information Disclosure Matters" and other relevant regulations and rules promulgated by the CSRC and Shenzhen Stock Exchange, strictly complying with the provisions of the Articles of Association, Rules of Procedure of the General Meeting of Shareholders, Rules of Procedure of the Board of Directors, Work System of Independent Directors, Rules of Procedure of the Supervisory Committee, Management System of Information Disclosure Matters and other internal control systems, and continuously improving The Company's internal corporate governance structure, optimized internal control environment, improved internal management system and standardized corporate behavior. The actual state of corporate governance is in compliance with the requirements of the relevant regulatory documents of the CSRC and Shenzhen Stock Exchange on the governance of listed companies.

#### 1. About Shareholders and General Meetings

The Company regulates the convening, holding and voting procedures of the shareholders' meetings in strict accordance with the provisions and requirements of the Company Law, the Articles of Association and the Rules of Procedure for Shareholders' Meetings. During the reporting period, the convening and holding procedures of the general meeting of the Company, the qualification of the persons attending the general meeting and the voting procedures of the general meeting were in compliance with the Company Law.

The Rules of Procedure for General Meetings of Shareholders and other laws and regulations provide that the Company treats all shareholders, especially the small and medium-sized shareholders, equally and ensures that each shareholder fully exercises his or her rights.

#### 2. About the controlling shareholder and the listed company

The controlling shareholder of the Company regulates the conduct of shareholders in strict accordance with the Code of Governance for Listed Companies and the Articles of Association of the Company, and is able to exercise its rights and assume corresponding obligations in accordance with the law, without directly or indirectly interfering with the decision-making and production and operation activities of the Company beyond the general meeting of shareholders of the Company. The Company's business, personnel, assets, institutions and finances are independent of the controlling shareholder, and the Company's Board of Directors, Supervisory Committee and internal institutions operate independently.

#### 3. About Directors and Board of Directors

The Board of Directors of the Company consists of 9 directors, including 2 outside directors and 3 independent directors, and the number and composition of the Board of Directors are in compliance with the requirements of laws, regulations and the Articles of Association of the Company. All directors work in accordance with the Articles of Association, the Rules of Procedure of the Board of Directors and the Work System of Independent Directors, attend the Board of Directors' meetings and shareholders' meetings, perform their duties and obligations diligently and conscientiously, and actively participate in relevant training to familiarize themselves with relevant laws and regulations. The four special committees under the Board of Directors of the Company, namely Strategic Decision Making, Audit, Nomination, Remuneration and Evaluation, perform their duties normally and provide scientific and professional advice for the Board of Directors' decision-making.

#### 4. About Supervisors and Supervisory Board

The Supervisory Board of the Company consists of 5 supervisors, including 3 employee representative supervisors,

and the number and composition of the Supervisory Board are in compliance with the requirements of laws and regulations. All the Supervisors are able to perform their duties conscientiously in accordance with the requirements of the Rules of Procedure of the Supervisory Board and supervise the material matters, connected transactions, financial position of the Company as well as the lawfulness and compliance of the Directors and senior management in performing their duties.

#### 5. About performance evaluation and incentive and restraint mechanism

The Company has established a better performance evaluation and incentive and restraint mechanism for its employees in line with the actual corporate practice, actively created a fair and efficient professional environment in its management, and the appointment of senior management is open and transparent, in compliance with the relevant laws and regulations and the provisions of the Articles of Association.

#### 6. About Stakeholders

The Company is able to fully respect and safeguard the legitimate rights and interests of relevant stakeholders and achieve a coordinated balance between the interests of society, shareholders, the Company, suppliers, customers, employees and other parties in order to promote the sustainable, stable and healthy development of the Company.

#### 7. About Information Disclosure and Transparency

The Company strictly complies with the Articles of Association, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, and the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1. The requirements of the "Standardized Operation of Listed Companies on the Main Board", "Guideline No. 5 on Self-regulation of Listed Companies on Shenzhen Stock Exchange - Management of Information Disclosure Matters" and relevant laws and regulations of CSRC and Shenzhen Stock Exchange, and the conscientious performance of information disclosure obligations. The Company designates the Securities Times, China Securities Journal and Shanghai Securities News as the official publications of the Company. Securities Daily and Juchao Information Website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) are designated information disclosure media and websites of the Company to protect investors' right to information and ensure fair access to corporate information for all shareholders of the Company. At the same time, the Company has also established diversified investor communication channels, including telephone, email and investor interactive platform, to fully ensure the right to information of the majority of investors.

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

☐Yes ☒No



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

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

During the reporting period, the Company achieved five independence from the controlling shareholder in terms of business, personnel, assets, institutions and finance.

1. Business independence: The Company has a complete business chain in production and operation, an independent and sound procurement and sales system, an independent and complete business operation and the ability to operate independently.

2. Independence of personnel: The Company is independent of the controlling shareholder in terms of labor, personnel and salary management. The senior management of the Company are all remunerated by the Company and do not hold any executive positions in the shareholders' units other than those of directors and supervisors.

3. Asset independence: The Company has independent production systems, auxiliary production systems and supporting facilities and other non-proprietary technologies and other intangible assets.

4. Institutional independence: The Company has established a sound and independent organizational structure and maintained its operational independence.

5. Financial independence: The company has established an independent financial department, an independent accounting system and financial management system, an independent bank account, independent financial decision making, and the company pays taxes independently according to the law.

## III. Competition in the same industry

☒ Applicable ☐ Not applicable

Question Type	Type of affiliation with listed companies	Company Name	Company Nature	Causes of the problem	Solution	Work progress and follow-up plan
Competition in the same industry	Controlling Shareholders	Double Star Group Limited Liability Company	Other	Ltd., a controlling subsidiary of the Company's controlling shareholder, Double Star Group, on July 2018. The company invested in Kumho Tire on June 6, 2010, holding 45% of the	In order to solve the problem of inter-sector competition, Shuangxing Group undertakes to solve it through the following measures: 1. As Qingdao Shuangxing still has a large capital demand in business development and actual operation, in order to relieve the capital pressure of the listed company, make more effective use of the listed company's capital and safeguard the interests of all shareholders of the listed company, this acquisition of part of the equity of Kumho Tire is jointly financed by Shuangxing Group and other investors. Double Star Group undertakes to solve the competition in the future through	The Company will continue to pay attention to the issue of competition and urge Shuangxing Group to resolve the issue as soon as

				shares of Kumho Tire and being the controlling shareholder of Kumho Tire, which led to the existence of competition between Shuangxing Group and part of the business of the company.	legal and compliant ways. 2、Shuangxing Group undertakes to comply with the relevant laws and regulations in the future. Under the premise of laws and regulations, in the project delivery Within a period of not more than 5 years after the completion of the Demerger, we will eliminate the competition in a legal and compliant manner including but not limited to the injection of assets. If asset injection is implemented at that time, approval from Qingdao Shuangxing's board of directors, shareholders' meeting or relevant regulatory authorities will be required.	possible, and will disclose any progress in a timely manner.
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#### IV. Information on the annual general meeting and extraordinary general meeting held during the reporting period

##### 1. Shareholders' meeting during the reporting period

Sessions	Conference Type	Investor participation ratio	Date	Date of Disclosure	Conference Resolutions
2021 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	41.73%	May 20, 2022 Day	05/21/2022 Day	Announcement Number: 2022-016; Announcement Name: Resolutions of the Annual General Meeting of Qingdao Shuangxing Company Limited for 2021 Notice of Meeting; Disclosure

					Media: Securities Times, Shanghai Securities News, China Securities Journal, Securities Journal and Juchao Information network
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## 2. Preferred shareholders whose voting rights have been restored request an Extraordinary General Meeting of Shareholders

☐ Applicable ☒ Not applicable

## V. Directors, Supervisors and Senior Management

### 1、Basic situation

Name	Position	Tenure Status	Gender	Age	Term Start Date	Term Expiration Date	Number of shares held at the beginning of the period (Unit)	Number of additional shares held during the period (Unit)	Number of shares reduced during the period (Unit)	Other changes in additions and deletions (Unit)	Number of shares held at the end of the period (Unit)	Changes in the number of shares Because
Chai Yongsen	President	Current position	Male	60	2013 Year 06 18 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Zhang Junhua	Directors	Current position	Female	49	2019 Year 04 01 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Su Ming	Director, General Manager	Current position	Male	50	2016 Year 04 Decem ber Day	2023 Year 05 20 months Day	0	0	0	0	0	
Deng Ling	Director, Vice President	Current position	Female	47	2016 Year 09 Decem	2023 Year 05 20	0	0	0	0	0	

			e		ber Day	months Day						
Fan Rendezvous	Directors	Current position	Male	80	2019 Year 12 October Day	2023 Year 05 20 months Day	0	0	0	0	0	
Lu Wei	Directors	Current position	Male	51	2017 Year 12 28th Day	2023 Year 05 20 months Day	0	0	0	0	0	
Kwon Seok-geun	Independent Directors	Current position	Male	62	2019 Year 12 October Day	2023 Year 05 20 months Day	0	0	0	0	0	
Qu Xiaohui	Independent Directors	Current position	Female	69	2020 Year 05 21 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Kukkan Ku	Independent Directors	Current position	Male	63	2020 Year 05 21	2023 Year 05 20 months	0	0	0	0	0	

					Day	Day						
Blue Lizzy	Chairman of the Supervisory Board	Current position	Male	49	2020 November 26 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Yuan Kunfang	Supervisors	Current position	Male	54	2016 Year 12 13 months Day	2023 Year 05 20 months Day	19,373	0	0	0	19,373	
Nana Yang	Staff Supervisor	Current position	Female	38	2020 Year 08 27 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Xiaolin Liu	Staff Supervisor	Current position	Female	35	2021 Year 08 26 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Zou Yang	Staff Supervisor	Current position	Male	37	2022 Year 10 27 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Chen Gang	Vice President	Current position	Male	53	2022 Year 04 27 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Zhao Zengmin	Vice President	Current position	Male	45	2022 Year 08 26 Day	2023 Year 05 20 months Day	18,500	0	0	0	18,500	
Wang Yujian	Head of Finance	Current position	Male	40	2020 Year 08 27 Day	2023 Year 05 20 months Day	0	0	0	0	0	
Liu Bing	Board Secretary	Current position	Male	41	2014 Year 04 28th Day	2023 Year 05 20 months Day	0	0	0	0	0	

		on										
Zhang Zhengtao	Vice President	Outgoing	Male	48	2016 November 21 Day	2022 Year 08 26 Day	0	0	0	0	0	
Zhou Shifeng	Vice President	Outgoing	Male	50	2016 Year 08 23 Day	2022 Year 04 26 Day	0	0	0	0	0	
Tan Zhenlei	Staff Supervisor	Outgoing	Female	36	2020 Year 08 27 Day	2022 Year 10 27 Day	0	0	0	0	0	
Total	—	—	—	—	—	—	37,873	0	0	0	37,873	—

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

☒ Yes ☐ No

During the reporting period, Mr. Zhou Shifeng and Mr. Zhang Zhaotao ceased to be the deputy general manager of the Company due to work restructuring and other reasons. Changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

Name	Positions held	Type	Date	Reason
Chen Gang	Vice President	Appointments	April 27, 2022	Board of Directors Appointment
Zhao Zengmin	Vice President	Appointments	August 26, 2022	Board Appointments
Zou Yang	Staff Supervisor	Elected	October 27, 2022	Staff Congress Election
Zhou Shifeng	Vice President	Dismissal	April 26, 2022	Job Changes
Zhang Zhengtao	Vice President	Dismissal	August 26, 2022	Job Changes
Tan Zhenlei	Staff Supervisor	Outgoing	October 27, 2022	Voluntary separation

## 2、Service situation

The current directors, supervisors and senior management of the Company's professional background, major work experience and current major responsibilities in the

### Company **Directors:**

Mr. Chai Yongsan, born in March 1963, is a Chinese national with a master's degree and is a senior engineer. Now he is the Secretary of the Party Committee and Chairman of the Board of Directors of Shuangxing Group, and a senior engineer. Chairman of the Board of Directors of Qingdao Shuangxing; concurrently Senior Vice President of China Rubber Industry Association; formerly Executive Vice President, Senior Vice President and President of Black Electric Group and Air Conditioning Group of Haier Group, Director and Vice General Manager of Qingdao Haier Co.

Ms. Zhang Junhua was born in April 1974, is a Chinese national with a Bachelor's degree in Economics and a Master's degree in Law, a senior accountant and a national accounting leader. She is currently the Deputy Secretary of the Party Committee, Director and President of Shuangxing Group, and Director of Qingdao Shuangxing. She was the Finance Director of Product Line, Supply Chain and Investment Development Department of Haier Group, Finance Director, Chief Accountant, Deputy General Manager and Party Committee Member of Shuangxing Group.

Mr. Su Ming: born in March 1973, Chinese nationality, majoring in electromechanical integration, bachelor's degree. from August 1995 to March 2015, he served as product manager of Haier air conditioner, product director of Haier washing machine, general manager of Haier industry and trade, product director of Haier air conditioner, brand director of RRS water purification platform; from March 2015 to March 2018

Ltd. as executive vice president, general manager and chairman of the board; vice president of the company since April 2018 and vice president from April 1, 2019.

He is a director of the Company and has been the general manager of the Company since July 12, 2019.

Ms. Deng Ling: born in May 1976, Chinese nationality, majoring in electrical appliances and their control, bachelor's degree; from August 1998 to December 2010, she served as R&D manager of Haier air conditioner, East Asia market manager of Haier air conditioner, director of overseas market department of Haier air conditioner; from January 2011 to June 2018, she served as director of Qingdao Yishu United Co.

Ltd.; General Manager of the Company's Overseas Business Division since July 2018, Vice President of the Company since August 29, 2019 and Director of the Company since December 10, 2019.

Mr. Fan Rende: born in December 1943, Chinese nationality, bachelor degree, graduated from the Central Party School, professor level senior engineer, enjoys the special allowance of the State Council. Now he is the director of the company, the honorary chairman of China Rubber Industry Association, the chairman of China Eucommia Industry Technology Innovation Strategic Alliance, and the advisor of National Rubber and Tire Engineering Technology Center. He has worked in China Ministry of Fuel Chemical Industry, China Ministry of Petrochemical Industry and China Ministry of Chemical Industry. He was the vice general manager of China National Rubber (Group) Corporation, vice president and secretary-general of China Rubber Industry Association and president of China Rubber Industry Association.

Mr. Lu Wei was born in December 1972, is a Chinese national with a master's degree in materials engineering and a bachelor's degree in plastics engineering, and is a senior engineer. He is currently the Vice General Manager and a member of the Party Committee of Ocean Chemical Research Institute Co. He has served as Secretary of the Youth

Committee, Deputy Director of the Research Department, Deputy Director of the Research Center, Director of the Research Department and Assistant to the President of the Marine Coatings Research Institute of the Ministry of Chemical Industry (now renamed as Marine Chemical Research Institute Co., Ltd.).

Mr. Quan Xijian: born in November 1961, Chinese nationality, doctoral degree, professor, doctoral supervisor, selected in 2001 as one of the theoretical talents of Shandong Province "100 people project". Now he is the executive director of China Enterprise Management Research Society, the president of Shandong Management Society, the vice president of Shandong Comparative Management Society and Shandong Enterprise Management Research Society, the president of Qingdao Professional Managers Association and the independent director of Dongfang Tower (stock code "002545") and Gaoxiong Stock (stock code "He is also an independent director of Dongfang Tower (stock code "002545") and Gaoxin (stock code "688556"), and an independent director of listed companies such as Jianta Bio, Qingdao Alkali, Red Star Development and Xinhua Jin International.

Ms. Qu Xiaohui, born in November 1954, is a Chinese national, majoring in accounting, with a doctoral degree, second professor, doctoral supervisor, the first female doctor of accounting and the first female supervisor of accounting doctoral students in China, and the initiator of the national master of professional accounting degree (MPAcc). She is the first female doctor of accounting and the first female doctoral supervisor of accounting in China. He is a professor of the National Academy of Social Sciences (Shenzhen), an expert of the Discipline Review Group of the National Social Science Foundation, an advisor of the National Steering Committee for Graduate Education in Accounting, a vice president of the China Society of Cost Research, an advisor of the Accounting Education Branch of the Chinese Accounting Association and a chairman of the Professional Committee of Basic Accounting Theory, and an independent director of the People's Republic of China Property and Casualty Insurance Co.

Mr. Gu Kejian: born in March 1960, Chinese national, Professor II of Renmin University of China, PhD supervisor, special allowance expert of the State Council, Distinguished Scholar, member of the Academic Committee, "Young Teacher Award for Universities" of the Ministry of Education. He is also a member of the Academic Committee and a recipient of the Ministry of Education's Young Teacher Award. He is a visiting scholar of World Bank, University of Rhode Island and Boston College, and a senior research scholar of Anderson School of Management, University of California, Los Angeles. He is also the vice president of the National Association for Teaching and Research on Trade Economics in Universities, and the executive director of the National Collaborative Group on International Trade in Universities, etc. He was an independent director of Meierer Co.



**Supervisor:**

Mr. Lan Lizhi, born in February 1974, is a Chinese national with a bachelor's degree. From 2003 to 2005, he was the director of radial tire plant of Qingdao Shuangxing Tire Industry Co., Ltd; from 2005 to 2013, he was the deputy general manager and party secretary of Shuangxing Dongfeng Tire Co.

Mr. Yuan Kunfang, born in May 1969, Chinese nationality, bachelor degree in administration and environmental engineering, senior political engineer, is currently a supervisor of the company; he was the secretary of the party committee and deputy general manager of Shuangxing Machinery General Corporation, deputy secretary of Shuangxing Real Estate and deputy secretary of the party committee of Supply Chain Headquarters.

Ms. Yang Nana, born in September 1985, is a Chinese national, majoring in law, with a master's degree, and holds a legal professional qualification certificate. She is currently the head of the Legal Department of Qingdao Shuangxing Co., Ltd. She held the position of Legal Manager in the Legal Department of Haier Group from July 2011 to August 2019, and was the Legal Manager of the Domestic Legal Department of the Tire Industry Legal Platform and the Compliance Manager of the Compliance Department from August 2019 to May 2022.

Mr. Zou Yang, born in January 1986, Chinese nationality, majored in sociology, master degree, political engineer. Journalist of financial news of Island Finance Daily; reporter of Hong Kong Ta Kung Pao in Shandong from January 2013 to December 2015; new media manager of Shuangxing Tire Industry Culture Center from March 2016 to July 2019; new media minister of Shuangxing Tire Industry Culture Center from August 2019 to present.

Ms. Liu Xiaolin, born in August 1988, Chinese nationality, graduated from China University of Petroleum (East China), majoring in human resources management, bachelor degree. 2012 Ltd. from December to May 2016; from June 2016 to the present, he has served as the party group specialist, party group culture supervisor and party group culture manager of Dongjiakou Tire Base.

**Senior management other than directors:**

Mr. Gang Chen, born in January 1970, is a Chinese national and a senior engineer. He graduated from Zhongshan University with a bachelor's degree in chemistry and received his MBA from Duquesne University in 2006. He is currently the deputy general manager of the company; from September 2012 to July 2014, he was the deputy general engineer (no general engineer) of the rubber segment of China National Chemical Group and the executive deputy general manager of Shuangxi Tire; from July 2014 to April 2020, he was the vice president of Ningxia Dadi Cycle Development Group and the general manager of Shenzhou Tire Company Limited, fully responsible for the construction and operation of the tire company; from July 2020 to March 2022, he was the General Manager of Tire Department of Xiamen International Trade & Materials Co.

Mr. Zengmin Zhao, born in April 1978, is a Chinese national and a mid-level engineer. Mr. Zhao has extensive experience in TBR/PCR series tire production line construction, plant operation and management. He is currently the Vice General Manager of Shuangxing Tire Industry, General Manager of Manufacturing Headquarters and General Manager of Dongjiakou Base; he was the Vice General Manager of Dongjiakou Base of Shuangxing Tire and General Manager of Dongying Base of Shuangxing Tire.

Mr. Liu Bing, born in March 1982, is a Chinese national, majoring in finance, with a bachelor degree. He is currently the secretary of the board of directors of the company; he was the securities representative of Zibo Qixiang Tengda Chemical Co.

Mr. Wang Yujian, born in January 1983, Chinese nationality, bachelor degree in management and master degree in business administration, senior accountant, certified public accountant, high accounting talent in Shandong Province. He is currently the financial officer of the company; from July 2006 to June 2016, he was the assistant director and deputy director of the finance department of CME Oriental Engineering & Technology Co; From July 2016 to November 2020, he served as Finance Director of Supply Chain Headquarters, Finance Director of Central Research Institute, Finance Director of Cloud Network, Finance Director of Marketing Headquarters, and Supervisor of Employee Representative of Qingdao Shuangxing Co.

Employment with shareholders

☒ Applicable ☐ Not applicable

Name of the incumbent	Name of shareholder unit	Positions held in shareholder units	Term Start Date	Are you receiving at the shareholder unit Compensation allowance
Chai Yongsen	Double Star Group Limited Liability Company	Secretary of the Party Committee	May 2016	Yes
		President	April 2013	Yes
Zhang Junhua	Double Star Group Limited Liability Company	Deputy Secretary of the Party Committee	December 2019	Yes
		Directors	September 2018	Yes
		President	September 2020	Yes

Employment in other units

☒ Applicable ☐ Not applicable

Name of the incumbent	Name of other units	Positions held in other units	Term Start Date	Are you receiving in other units Compensation allowance
Blue Lizzy	Qingdao Hailang Intelligent Equipment Co. Company	Chairman and General Manager	May 2021	Yes
Yuan Kunfang	Hailang International Venture Capital (Qingdao) Ltd.	Vice President	April 2021	Yes

Kwon Seok-geun	Ocean University of China	Professor	December 2005	Yes
	Qingdao Hi-Test Technology Co. Company	Independent Directors	August 2021	Yes
	Qingdao East Steel Tower Co. Company	Independent Directors	June 2022	Yes
	Qingdao Jinwang Applied Chemical Co. Ltd.	Independent Directors	May 2022	Yes
Qu Xiaohui	Xiamen University	Professor	December 1993	Yes
	Harbin Institute of Technology (Shenzhen) School of Economics and Management	Professor	July 2018	Yes
	People's Republic of China Property and Casualty Insurance Co. Limited (H Shares)	Independent Directors	October 2017	Yes
Kukkan Ku	Renmin University of China	Professor	December 2002	Yes
Lu Wei	Ocean Chemical Research Institute Co. Division	Vice General Manager, Member of the Party Committee		Yes

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

☐ Applicable ☒ Not applicable

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

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

The internal directors and senior management personnel execute the Interim Measures for Management of Business Performance Appraisal and Remuneration for Heads of State-owned (Collective) Enterprises in Qingdao in accordance with the relevant regulations of the state-owned holding company; the senior management personnel of the Company are appraised in accordance with the Contract of Production and Operation Target Responsibility Reward and Punishment signed with the Board of Directors of the Company; the supervisors receive remuneration in the units to which they belong according to the positions they hold; the remuneration of independent directors is considered and approved by the Board of Directors and The remuneration of independent directors shall be submitted to the shareholders' meeting for voting and shall be implemented after being voted by the shareholders' meeting.

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

Unit: million yuan

Name	Position	Gender	Age	Tenure Status	Obtained from the company Total compensation before taxes	Whether in the company off Associates get paid
Chai	President	Male	60	Current	0	Yes

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Yongsen				position		
Zhang Junhua	Directors	Female	49	Current position	0	Yes
Su Ming	Director, General Manager	Male	50	Current position	59	
Deng Ling	Director, Vice President	Female	47	Current position	53.1	
Fan Rendezvous	Directors	Male	80	Current position	10	
Lu Wei	Directors	Male	51	Current position	0	
Kwon Seok-geun	Independent Directors	Male	62	Current position	10	
Qu Xiaohui	Independent Directors	Female	69	Current position	10	
Kukkan Ku	Independent Directors	Male	63	Current position	10	
Blue Lizzy	Chairman of the Supervisory Board	Male	49	Current position	0	Yes
Yuan Kunfang	Supervisors	Male	54	Current position	0	Yes
Nana Yang	Staff Supervisor	Female	38	Current position	43.8	
Xiaolin Liu	Staff Supervisor	Female	35	Current position	11.7	
Zou Yang	Staff Supervisor	Male	37	Current position	6.8	
Chen Gang	Vice President	Male	53	Current position	53.3	
Zhao Zengmin	Vice President	Male	45	Current position	10.1	
Wang Yujian	Head of Finance	Male	40	Current position	46.1	
Liu Bing	Board Secretary	Male	41	Current position	52	
Zhang Zhengtao	Vice President	Male	48	Outgoing	55.7	
Zhou Shifeng	Vice President	Male	50	Outgoing	34.1	
Tan Zhenlei	Staff Supervisor	Female	36	Outgoing	17.7	
Total	--	--	--	--	483.4	--

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

### 1. Board of Directors for the current reporting period

Sessions	Date	Date of Disclosure	Conference Resolutions
The twelfth meeting of the ninth board of directors	January 28, 2022	January 29, 2022	For details, please refer to "2022-003: Twelfth Meeting of the Ninth Session of the Board of Directors" on Juchao Information Website. Notice of Resolutions of the Second Meeting
The thirteenth meeting of the ninth session of the Board of Directors	April 27, 2022	April 29, 2022	For details, please refer to Juchao Information Website "2022- 005: The 13th Meeting of the 9th Board of Directors Notice of Resolutions of the Second Meeting
The fourteenth meeting of the ninth session of the Board of Directors	April 27, 2022	Exempt from announcement	Resolution of the Fourteenth Meeting of the Ninth Session of the Board of Directors
The fifteenth meeting of the ninth session of the Board of Directors	August 26, 2022	August 29, 2022	For details, please refer to "2022- 025: The Fifteenth Meeting of the Ninth Session of the Board of Directors" on Juchao Information Website. Notice of Resolutions of the Second Meeting
Sixteenth Meeting of the Ninth Board of Directors	October 27, 2022	October 31, 2022	For details, please refer to Juchao Information Website "2022- 0295: The Sixteenth Meeting of the Ninth Board of Directors Notice of Resolutions of the Second Meeting

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

Attendance of directors at board meetings and general meetings							
Name of Director	Number of board meetings to be attended during the reporting period	Number of board meetings attended on-site	Number of board meetings attended by correspondence	Number of board meetings attended by proxy	Number of board meetings missed	Has failed to attend two consecutive board meetings in person proposal	Number of shareholders' meetings attended
Chai Yongsen	5	5	0	0	0	No	1
Zhang Junhua	5	5	0	0	0	No	1
Su Ming	5	5	0	0	0	No	1

Deng Ling	5	5	0	0	0	No	1
Fan Rendezvous	5	1	4	0	0	No	0
Lu Wei	5	1	4	0	0	No	1
Kwon Seok- geun	5	2	3	0	0	No	1
Qu Xiaohui	5	0	5	0	0	No	1
Kukkan Ku	5	0	5	0	0	No	1

Explanation of failure to attend two  
consecutive board meetings in  
person not applicable

### 3. Directors' objections to matters relating to the Company

Whether or not the directors object to the company's matters

☐Yes ☒No

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

### 4. Other descriptions of directors' performance of duties

Whether the directors' recommendations on the company were adopted

☒Yes ☐No

Description of the directors' recommendations  
on the Company were adopted or not  
adoptedThe directors' recommendations on  
the Company were adopted.

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

Committee Name	Membershi p	Con vene a mee ting Numb er of times	Date	Conference content	Important comments and suggestions made	Other duties perfor med The situation of	Disagree ment matters specific (if any)
Audit Committee	Qu Xiaohui, Quan Xijan, Zhang Junhua	5	2022 04 26th of January	2022 Annual Audit and Audit Committee Communic ations Matters	The Review Committee has no opinion on the audit matters reported by Qingdao Shuangxing's auditors for the year 2021.	None	Not applicable
Audit Committee	Qu Xiaohui, Quan Xijan, Zhang Junhua	5	2022 04 27th of July	Considerati on of the 2021 Annual Report and its Summary First Quarter Report for 2022, Issue on the Renewal of the Appointme nt of the Accounting Firm, and Report on the Self-Evaluation of Internal Control for the Year 2021	1. After careful consideration by the members of the Audit Committee present, the following resolution was made: to approve the Company's "Annual Report for 2021 and its Summary" and "First Quarter Report for 2022", and to submit the report to the Board of Directors of the Company for consideration. 2. After careful consideration by the members of the Audit Committee, the following resolution was made: to agree to continue to engage Lixin CPA (Special General Partnership) as the financial auditor and internal control auditor of the Company for the year 2021, and to submit it to the Board of Directors and the General Meeting of Shareholders for consideration. 3. After careful consideration by the members of the Audit Committee present, the	None	Not applicable

					following resolution was made: to agree to the Company's "2021 Annual Self-Evaluation Report on Internal Control", and to The report is submitted to the Company's Board of Directors for consideration.		
Audit Committee	Qu Xiaohui, Quan Xijan, Zhang Junhua	5	2022 08 26th of January	Consideration of the Half-Year Report 2022 and its Summary	After careful consideration by the members of the Audit Committee present at the meeting, the following resolution was made: to agree to the Company's Half-Yearly Report for 2022 and its summary, and to submit the report to Consideration by the Company's Board of Directors.	None	Not applicable
Audit Committee	Qu Xiaohui, Quan Xijan, Zhang Junhua	5	2022 10 27th of January	Consideration of the Third Quarterly Report 2022	After careful consideration by the members of the Audit Committee present, the Third Quarterly Report, and the report was submitted to the Board of Directors of the Company for review The proposal.	None	Not applicable
Audit Committee	Qu Xiaohui, Quan Xijan, Zhang Junhua	5	2022 11 30th	2022 Annual audit and overall audit strategy ditch General matters	Determine overall audit strategy with auditors for 2022	None	Not applicable
Nominating Committee	Kwon Seok-gam, Gu Ke-gam, Zhang Junhua	2	2022 04 27th of July	Consideration of the "Proposal on the Nomination of the Deputy General Manager of the Company	After careful consideration by the members of the Nomination Committee, the members unanimously agreed to nominate Mr. Chen Gang as the deputy general manager of the company and submit it to the Board of Directors for appointment. Ren.	None	Not applicable



Nominating Committee	Kwon Seok-gam, Gu Ke-gam, Zhang Jun-hua	2	2022 08 26th of January	Consideration of the "Proposal on the Nomination of the Deputy General Manager of the Company	After careful consideration by the members of the Nomination Committee, the members unanimously agreed to nominate Mr. Zhao Zengmin as the deputy general manager of the company and submit it to the Board of Directors. Hire.	None	Not applicable
Compensation and Appraisal Committee	Gu Kejian, Qu Xiaohui, Su Ming	1	2022 04 27th of January	Consideration of the company's directors, Supervisors, and	By the participating Compensation and Evaluation Committee Committee The staff carefully considered and published 2021	None	Not applicable

				Senior Management Compensation	The audit opinion on the "Review of the remuneration disclosed to the directors, supervisors and senior management of the Company" for the year 2021, after the audit, the remuneration of the directors, supervisors and senior management of the Company for the year 2021 was determined in accordance with the requirements of the remuneration-related principles and in compliance with the relevant laws and regulations and Company regulations.		
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## VIII. Work of the Supervisory Board

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

☐Yes ☒No

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

## Nine, the company staff situation

### 1. Number of employees, professional composition and education level

Number of active employees of the parent company at the end of the reporting period (persons)	54
Number of employees in service at major subsidiaries at the end of the reporting period (persons)	4,143
Total number of employees in service at the end of the reporting period (persons)	4,197
Total number of employees receiving remuneration in the current period (persons)	4,197
Number of retired employees of the parent company and major subsidiaries required to bear expenses (persons)	0
Professional Composition	
Professional composition categories	Number of professional composition (persons)
Production staff	2,976
Sales staff	343
Technical Staff	706
Finance Staff	52
Administrative staff	120
Total	4,197

Education level	
Education level category	Number (people)
Master and above	126
Undergraduate	733
College	480
High School and below	2,858
Total	4,197

## 2、Compensation policy

In order to attract and retain all kinds of outstanding talents, the company has established a three-dimensional salary mechanism (basic salary, performance salary and sharing salary) and "1+3" target management system (safety target, operation target, development target and control target) to create value and share value. According to the annual strategic goals of the company and the department, the employees of each position will take over and guarantee each level, determine the position goals of each person, and make the annual contract of the position, and cash out the salary according to the completion of the contract, realize the close connection between the salary of the employees and the operation of the enterprise, implement the medium and long-term incentives such as equity incentive for the core backbone employees, stimulate the enthusiasm of the employees to work and start business, and let the employees and the enterprise form a community of interests, so as to realize co-creation and sharing. In order to realize co-creation and sharing, the employees really become the "business partners" of the enterprise, and let them create and share the value for the enterprise in the real sense.

### 3. Training program

The company has always been at the forefront of talent cultivation in the industry, comprehensively establishing a learning organization and passing the ISO10015 training system certification; continuously optimizing and improving the talent cultivation system according to the actual situation of the enterprise, clarifying individual career development planning and the three power training (competence, enhancement ability and innovation ability) to fully stimulate individual learning motivation; opening various talent development programs (Rising Star Class, Star Youth Class, Star Craftsman Class and Star Elite Class) to improve the professional level and comprehensive quality of various talents; establishing a three-tier ladder mechanism, The Group has established a three-tier echelon mechanism, with the general manager of each business unit, the person in charge of each business unit and each manager-level personnel being equipped with a reserve echelon according to the ratio of "1+3" or "1+2". To provide a reserve echelon to guarantee talents for the group and provide development opportunities for individuals; to establish a perfect talent assessment mechanism to realize all-round evaluation and cognition of talents; to build an online learning platform "Nebula Learning" to realize convenient learning and improvement for employees anytime, anywhere; to establish "Star Lecturer The system of "Star Lecturer" and "Star Coach" is established to provide excellent teacher resources for talent training and improve the precision of talent training; four types of innovative talents (manufacturing craftsmen, research craftsmen, marketing craftsmen and management craftsmen) are cultivated to fully stimulate the innovation ability of employees. Through the above series of initiatives, we achieve full coverage of employee training, further stimulate the potential of employees, and realize the orderly growth of employees in the enterprise.

### 4. Outsourcing of labor services

☐ Applicable ☒ Not applicable

## X. Distribution of profits and capitalisation of capital reserves of the Company

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

☒ Applicable ☐ Not applicable

The provisions of the financial accounting system, profit distribution and audit chapters in Chapter 9 of the Articles of Association and the Shareholder Return Plan for the Next Three Years (2020-2022) provide detailed provisions on the Company's profit distribution principles, conditions to be met for the proposed implementation of profit distribution, profit distribution mechanism, cash dividend policy and conditions, conditions for the distribution of stock dividends, and circumstances for adjusting the shareholder return plan. It further clarifies the conditions for cash distribution and the proportion of cash dividends, as well as the conditions for adjusting the dividend policy and the decision-making mechanism of the Company. The relevant decision-making procedures and mechanisms are clear and complete, providing conditions for independent directors to perform their duties and play their due roles, providing opportunities and platforms for the full expression of opinions and demands of small and medium shareholders, and fully safeguarding the legitimate rights and interests of small and medium shareholders.

Special Note on Cash Dividend Policy	
Compliance with the provisions of the Articles of Association or the resolution of the General Meeting of Shareholders:	Yes
Are the criteria and percentage of dividends clear and unambiguous:	Yes

Are the relevant decision-making procedures and mechanisms in place:	Yes
Whether the independent directors have performed their duties and responsibilities and played their proper roles:	Yes
Whether small and medium shareholders have adequate opportunities to express their opinions and demands, and their legitimate rights and interests Are they adequately protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and Transparent:	Yes

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

☐ Applicable ☒ Not applicable

Profit distribution and capitalisation of capital reserves for the reporting period

☐ Applicable ☒ Not applicable

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

## **XI. Implementation of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures**

☒ Applicable ☐ Not applicable

## 1、Equity incentives

On December 1, 2020, the Fifth Meeting of the Ninth Session of the Board of Directors and the Seventh Meeting of the Ninth Supervisory Board of the Company considered and adopted the "Report on the Granting of Incentives to the Incentives".

The Company granted a total of 41,076,000 stock options to 271 incentive recipients.

On April 27, 2022, after the consideration of the 13th meeting of the 9th session of the Board of Directors and the 14th meeting of the 9th session of the Supervisory Committee, the proposal on the cancellation of some stock options granted but not yet exercised was adopted, and it was agreed that some stock options granted but not yet exercised would be cancelled according to the relevant provisions of the Company's 2020 Stock Option Incentive Plan (Draft), and the total number of stock options cancelled was 17,885,692. The total number of stock options cancelled is 17,885,692. On May 27, 2022, the Company completed the cancellation of the above-mentioned stock options.

Equity incentives received by directors and senior management of the Company

☒ Applicable ☐ Not applicable

Unit: Unit

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options granted in the reporting period	Number of shares exercisable during the reporting period	Number of shares exercised during the reporting period	Number of shares exercised during the reporting period Exercise price (Yuan/Unit)	Number of stock options cancelled during the reporting period	Number of stock options held at the end of the period	Market value at the end of the reporting period (Yuan/share)	Number of restricted shares held at the beginning of the period	Number of shares unlocked during the period	Number of new restricted shares granted during the reporting period	Grant price of restricted shares (Yuan/share)	Number of restricted shares held at the end of the period
Chai Yongse	President	3,289,000	0	0	0	0	1,085,370	2,203,630	4.19	0	0	0	0	0
Zhang Junhua	Directors	2,466,800	0	0	0	0	814,044	1,652,756	4.19	0	0	0	0	0
Su Ming	Directors, General Manager	3,289,000	0	0	0	0	1,085,370	2,203,630	4.19	0	0	0	0	0
Deng Ling	Director, Deputy General Manager Science	2,466,800	0	0	0	0	814,044	1,652,756	4.19	0	0	0	0	0

Zhao Zengmin	Vice President Science	246,800	0	0	0	0	81,444	165,356	4.19	0	0	0	0	0
Liu Bing	Board of Directors Secretary	2,466,800	0	0	0	0	814,044	1,652,756	4.19	0	0	0	0	0
Wang Yujian	Financial Negative Responsible person	2,466,800	0	0	0	0	814,044	1,652,756	4.19	0	0	0	0	0
Total	--	16,692,000	0	0	0	--	5,508,360	11,183,640	--	0	0	0	--	0
Remarks (if any)		None												

#### Appraisal mechanism and incentives for senior management

The senior management personnel of the Company shall carry out the Interim Measures for Management of Business Performance Appraisal and Remuneration for Heads of State-owned (Collective) Enterprises in Qingdao in accordance with the relevant regulations of the state-owned holding company; the senior management personnel of the Company shall be appraised in accordance with the Contract of Production and Operation Target Responsibility Reward and Punishment signed with the Board of Directors of the Company; for the appraisal of the equity incentive of the above personnel, please refer to the Company's "Implementation Appraisal of Restricted Stock Incentive Plan 2017" and "Implementation Appraisal of Stock Option Incentive Plan 2020" disclosed in the designated media on December 19, 2017 and 2020 respectively. Please refer to the "Management Measures for the Implementation Assessment of 2017 Restricted Stock Incentive Plan" and "Measures for the Implementation Assessment of 2020 Stock Option Incentive Plan" disclosed in the designated media on October 24, 2017 and 2020, respectively.

## 2. Implementation of employee stock ownership plan

☐ Applicable ☒ Not applicable

### 3. Other employee incentives

☐ Applicable ☒ Not applicable

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

### 1. Internal control construction and implementation

It is the responsibility of the Board of Directors of the Company to establish and effectively implement internal controls, evaluate their effectiveness and truthfully disclose the internal control evaluation report in accordance with the provisions of the Code of Corporate Internal Control System. The Supervisory Committee supervises the establishment and implementation of internal controls by the Board of Directors. The management is responsible for organizing and leading the daily operation of the internal control of the Company. The Board of Directors, the Supervisory Committee and the directors, supervisors and senior management of the Company guarantee that the contents of this report do not contain any false records, misleading statements or material omissions and assume individual and joint legal responsibility for the truthfulness, accuracy and completeness of the contents of the report. The units, operations and matters and high-risk areas included in the scope of evaluation of the Company cover the major aspects of the Company's operation and management, and there are no material omissions.

Based on the determination of significant deficiencies in the Company's internal control over financial reporting, there were no significant deficiencies in internal control over financial reporting as of the reference date of the internal control evaluation report, and the Board of Directors is of the opinion that the Company has maintained effective internal control over financial reporting in all material respects in accordance with the requirements of the Code of Corporate Internal Control and related regulations.

Based on the determination of material weaknesses in the Company's non-financial reporting internal control, no material weaknesses in the Company's non-financial reporting internal control were identified as of the reference date of the internal control evaluation report.

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

☐ Yes ☒ No

## XIII. Management control of the Company's subsidiaries during the reporting period

Company Name	Integration Plan	Integration Progress	Encountered in integration Question	Solution taken Measures	Solution Progress	Follow up solution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

### 1. Internal control self-evaluation report

Date of disclosure of the full internal control evaluation report	March 31, 2023
Full Disclosure Index of Internal Control Evaluation Report	Announcement name: "2022 Annual Internal Control Self-evaluation Report", disclosure website: Juchao Information Website



The total assets of the units included in the evaluation accounted for the total assets of the company. and of total financial statement assets	100.00%	
The operating revenue of the units included in the evaluation accounted for the total revenue of the company. and financial statement operating income as a percentage of	100.00%	
Defect identification criteria		
Category	Financial Reports	Non-financial reporting
Qualitative criteria	A significant deficiency is a combination of one or more deficiencies that could significantly affect the effectiveness of overall internal control and, as a result, prevent or detect a material deviation from the overall control objectives in a timely manner. A significant deficiency is a combination of one or more deficiencies that is less severe and has fewer economic consequences than a material weakness. Defects, but cause the company to be unable to prevent or issue timely	A material weakness is a combination of one or more control deficiencies that could cause the Company to deviate from its control objectives by 0.5% or more of the total operating income of the Company's consolidated financial statements. A significant deficiency is a combination of one or more control deficiencies that is less severe and less economically consequential than a material deficiency, but still has the potential to Can cause the company to deviate from the control objectives to achieve the company's compliance

	<p>The severity of the deviation from the overall control objectives remains significant and requires the attention of the Company's management. General deficiencies are defined as deficiencies other than major deficiencies and significant deficiencies.</p> <p>Other defects outside of the</p>	<p>and 0.25% or more of total financial statement operating revenues. General deficiencies are defined as deficiencies other than material deficiencies and significant deficiencies.</p>
Quantitative standards	<p>A significant deficiency is a combination of one or more control deficiencies that could cause the company to deviate from the control objective by 0.5% or more of the total operating income of the company's consolidated financial statements. A significant deficiency is a combination of one or more control deficiencies that is less severe and economically consequential than a material deficiency, but still has the potential to cause the company to deviate from its control objectives by 0.25% or more of the total operating income of the company's consolidated financial statements. A general deficiency is a deficiency other than a material deficiency or a significant deficiency.</p>	<p>A significant deficiency is a combination of one or more deficiencies that could significantly affect the effectiveness of overall internal control and, as a result, prevent or detect significant deviations from the overall control objectives in a timely manner. A significant deficiency is a combination of one or more deficiencies that is less serious and economically consequential than a material deficiency, but is still significant enough to cause the company to fail to prevent or detect deviations from the overall control objectives in a timely manner and must be of concern to the company's management. General deficiencies are defined as deficiencies other than significant deficiencies and major deficiencies.</p> <p>Other defects outside of the</p>
Number of significant deficiencies in financial reporting (pcs)		0
Number of non-financial reporting significant deficiencies (pcs)		0
Number of significant deficiencies in financial reporting (pcs)		0
Number of non-financial reporting significant deficiencies (pcs)		0

## 2. Internal control audit report

☒ Applicable ☐ Not applicable

Consideration paragraph in the internal control audit report	
As of December 31, 2022, Qingdao Shuangxing maintained, in all material respects, effective internal control over financial reporting in accordance with the Basic Standard for Enterprise Internal Control and related regulations Control.	
Disclosure of internal control audit reports	Disclosure
Date of disclosure of the full internal control audit report	March 31, 2023
Full Disclosure Index of Internal Control Audit Report	Announcement name: "Internal Control Audit Report (FY2022)", Disclosure.com Station: Juchao Information Network
Type of opinion on internal control audit report	Standard unqualified opinion

Whether there is a material weakness in non-financial reporting	No
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Whether the accounting firm issued a non-standard opinion on the internal control audit report

☐Yes ☒No

Whether the internal control audit report issued by the accounting firm is consistent with the opinion of the self-evaluation report of the board of directors

☒Yes ☐No

## **Fifteen, listed companies governance special action to rectify the problem of self-examination**

In accordance with the relevant arrangements of CSRC and under the guidance of Qingdao Securities Regulatory Bureau, the Company completed the self-examination of the special action on governance of listed companies and formulated the "Working System of the Secretary of the Board of Directors" of the Company in August 2021 to improve the corporate governance system based on the self-examination.

## Section V. Environmental and Social Responsibility

### I. Major environmental issues

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

☒Yes ☐No

Environmental protection-related policies and industry standards

#### 1. Qingdao Shuangxing Tire Industry Co.

The company strictly abides by the "Environmental Protection Law of the People's Republic of China", "Air Pollution Prevention and Control Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China", "Solid Waste Pollution Prevention and Control Law of the People's Republic of China", "Noise Pollution Prevention and Control Law of the People's Republic of China", "Soil Pollution Prevention and Control Law of the People's Republic of China", "Cleaner Production Promotion Law of the People's Republic of China", "Environmental Impact Assessment Law of the People's Republic of China", "Environmental Protection Tax Law of the People's Republic of China", "Radioactive Pollution Prevention and Control Law of the People's Republic of China", "Emission Permit Management Regulations", "Shandong Province Environmental Protection Regulations", "Shandong Province Water Pollution Prevention and Control Regulations", "Shandong Province Air Pollution Prevention and Control Regulations", "Shandong Province Soil Pollution Prevention and Control Regulations", "Shandong Province Environmental Noise Pollution Prevention and Control Regulations", "Shandong Province Solid Waste Environmental Pollution Prevention and Control Regulations", "Shandong Province Planning Environmental Impact Assessment Regulations", "Shandong Province Cleaner Production Promotion Regulations", "National Hazardous Waste List (2021 Edition)", "Emission Standards for Rubber Products Industry GB27632-2011", "General Industrial Solid Waste Storage and Landfill Pollution Control Standards GB18599-2020", "Hazardous Waste Storage Pollution Control Standards GB18597-2001", "Environmental Noise Emission Standards for Industrial Enterprises GB12348-2008", "Technical Specifications for Groundwater Environmental Monitoring HJ164-2020", "Emission Standard for Odor Pollutants GB14554-93", "Volatile Organic Compounds Emission Control Standard GB37822-2019", "Volatile Organic Compounds Emission Standard Part 6: Organic Chemical Industry DB37/2801.6-2018", "Volatile Organic Compounds Emission Standard Part 7: Other Industries DB37/2801.7-2019", "Catering Industry Fume Emission Standard GB18483-2001" and other industry standards.

#### 2. Double Star Dongfeng Tire Co.

公司在日常生产经营中严格遵守《中华人民共和国环境保护法》《中华人民共和国大气污染防治法》《中华人民共和国水污染防治法》《中华人民共和国土壤污染防治法》《中华人民共和国放射性污染防治法》《放射性同位素与射线装置安全和防护管理办法》《放射性同位素与射线装置安全和防护 Regulations》"Radioisotopes and Radioactive Devices Safety Licensing Management Measures

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" "Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution" "Law of the People's Republic of China on Emergency Response" "Measures for On-site Supervision and Inspection of Automatic Monitoring Facilities of Pollution Sources" "Measures for the Management of Automatic Monitoring of Pollution Sources in Hubei Province" "Measures for the Administration of Emission Permits Implementation Regulations" "Environmental Impact Assessment Law of the People's Republic of China" "Regulations on Environmental Protection Management of Construction Projects" "Registration Measures for Environmental Management of Hazardous Chemicals (for Trial Implementation)" "Comprehensive Emission Standards for Air Pollutants" GB16297-1996 "Emission Standards for Pollutants in

Rubber Products Industry" GB27632-2011 "Emission Standards for Catering Fumes - GB18483-2001 Hazardous Waste Storage Pollution Control Standards" GB18597 "National Hazardous Waste List (2021 Edition)" "General Industrial Solid Waste Storage, Disposal Site Pollution Control Standards" (GB18599-2001) "Emission Permit Application and General Rules for Issuance of Technical Specifications" "Emission Permit Application and Issuance Technical Specifications for Rubber and Plastic Products Industry" (HJ1122-2020) "Emission Standards for Odor Pollutants (GB14554-93) "Environmental Noise Emission Standards for Industrial Boundaries" (GB12348-2008) "Emission Standards for Catering Fumes" (GB18483-2001) "Volatile

The control standard for the unorganized emission of sexual organic substances (GB37822-2019) "basic standards for ionizing radiation protection and radiation source safety" "environmental management system requirements and guidelines for use" and other industry standards.

Environmental protection administrative permit situation

1. Qingdao Shuangxing Tire Industry Co.

Pollution permit re-application date December 1, 2022

Expiration date: From December 1, 2022 to November 30, 2027

2. Double Star Dongfeng Tire Co.

Discharge permit: 91420300770797642T001Q

License validity: May 8, 2020 to May 7, 2023

Industry emission standards and the specific circumstances of pollutant emissions involved in production and operation activities

Company or	Main pollution	Main pollution	Emission side	Emission port	Emission port	Emission of concentrated	Performed	Total Emissions	Approved	Exceeding the standard discharge

Subsidiary Name	Pollutants and characteristic pollutants of Category	Pollutants and characteristic pollutants of Name	style	Quantity	Distribution	Degree/Strength	Pollutant emission standards	Quantity	Total Emissions	Release situation
Qingdao Shuangxing Tire Industry Co.	Exhaust: particulate matter, non-methane total hydrocarbons, odor concentration, hydrogen sulfide; Waste water: COD, ammonia nitrogen, total nitrogen, total phosphorus, PH, suspended solids, five-day biochemical oxygen demand, petroleum	Industrial waste gas (non-methane total hydrocarbons, particulate matter, odor concentration); waste water (COD, ammonia (Nitrogen); Solid waste	Exhaust gas: organized emission, waste water: treated by sewage treatment station and discharged to city sewage treatment plant, solid waste: recycled and commissioned to qualified third parties for disposal	Exhaust gas: 60; waste water: 1; general industrial solid waste: 1; hazardous waste Object: 2	Exhaust gas: 8 for rubber refining, 12 for calendaring, 40 for vulcanization. Sewage treatment station 1; general industrial solid waste temporary storage area: 1; hazardous waste temporary storage site: 2	Exhaust gas: Particulate matter 1.7 (mg/m <sup>3</sup> ), Non-methane total hydrocarbons (mg/m <sup>3</sup> ) 3.5, odor concentration 412 (dimensionless); wastewater: COD(mg/L)15, BOD(mg/L) 4.4, SS(mg/L)15 Ammonia nitrogen (mg/L) 0.648. Oil (mg/L) 0.07	Exhaust gas: Emission Standards for Pollutants in Rubber Products Industry (GB27632-2011) Table 5; Waste water: Emission Standards for Rubber Products Industry (GB27632-2011) Table 2	Exhaust gas 1101218.7136 million cubic meters; wastewater (t/a) 210931 ton	Exhaust gas 1101218.7136 million cubic meters; wastewater (t/a) 210931 ton	None

Doubl e Star Dongf eng Tire Co.	Industr ial waste gas, solid waste	Industri al waste gas: dust, non-methan e total hydroca rbons, waste water: flow, COD, ammonia nitrogen , petroleu m; solid waste: hazardo us waste, general industri al solid waste	Exhau st gas: organi zed emissi on; domes tic waste water is treated by grease trap and septic tank and then mixed with produc tion waste water into the sewage treatm ent station of Shiyan Ixd a Recycl ing Resou rces Co. Qualificati on's	26	Exhaust gas: 24 exhaust gas outlets; waste water: 1 (import); rainwat er: 1; general industri al solid waste: 1 ; hazardo us waste Object: 1 individual	Exhau st gas: VOC emissio n from the refinin g worksh op 2 air outlets , 19 dust emissi on outlets , press out VOC emissio n 1 releas e port, sulfide related VOC emissio n 2 outfall s; waste water: 1 waste water treatm ent station ; genera l industr ial solid waste tempor ary storag e area: 1; hazard ous waste Temporar y storage	Industr ial waste gas: Particu late matter (mg/m3) ) 12, Non-methan e total hydroca rbons (mg/m3) ) 10; Wastew ater: COD (mg/ L) 300. Ammonia nitrogen (mg/L) ) 30, Petrole um (mg/L) ) 10	Exhaust gas: Emissi on Standards for Pollutants in Rubber Products Industry (GB27632- 2011) Table 5, Waste water: Emissio n Standards for Rubber Products Industry (GB27632- 2011) Table 2	Exhaust gas (×109 m3/a):1 .68; Wastew ater (t/a) :143880 -	Exhaust gas (×109 m3/a):1 .68; Wastew ater (t/a) :143880
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			Third Party Disposal			Point: 1 individual				
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#### Treatment of pollutants

##### 1. Qingdao Shuangxing Tire Industry Co.

Wastewater treatment: There is one wastewater treatment station in the plant, located in the northwest corner. Production wastewater and domestic wastewater are treated separately, with the capacity of production wastewater being 1000t/d and the treatment process adopting oil separation + air flotation; the treatment capacity of domestic wastewater is 500t/d and the treatment process adopts AO aeration method; production wastewater and domestic wastewater are discharged into the city wastewater treatment plant after reaching the standard treatment. Online monitoring equipment is installed to monitor the pollutant discharge concentration in real time, and the pollutant discharge of wastewater is smooth and meets the standard.

Exhaust gas treatment: 74 sets of odor removal equipment and 60 sets of dust collectors are installed in the rubber making, calendaring and vulcanizing processes, and the odor removal equipment is treated by "PP screen + low-temperature plasma reactor + activated carbon adsorption" and the dust collectors are treated by "cloth bag dust collection". At the same time, we have installed online monitoring equipment to monitor the emission of exhaust gas pollutants in real time, so as to keep abreast of the emission situation of each process and ensure the emission of exhaust gas pollutants up to the standard.

##### 2. Double Star Dongfeng Tire Co.

Exhaust gas: VOCs organic exhaust gas from the refining process is treated by 7 sets of cloth bag dust collector + low-temperature plasma + photo-oxidation catalyst and then emitted through the exhaust pipe; dust from weighing small drugs and carbon black unpacking is treated by the equipment with its own cloth bag dust collector and then emitted through the exhaust pipe;

The organic waste gas of pressed-out VOCs is treated by 3 sets of photo-oxidation catalyst and discharged through the exhaust pipe; the organic waste gas of sulfurized VOCs is treated by 4 sets of photo-oxidation catalyst and discharged through the exhaust pipe;

Wastewater: The rain and sewage in the plant area are separated, and the domestic wastewater is treated by grease trap and septic tank and mixed with production wastewater, which is treated in the sewage treatment station of Shiyuan Ixda Recycling Resources Co., Ltd. and discharged into the municipal pipeline network and into the western sewage treatment plant, and the sewage station is put into use and operation at the same time as the project.

Solid waste: solid waste storage area in the plant, including household garbage collected by the garbage cans and handed over to the sanitation department for disposal; general industrial solid waste temporarily stored in the general solid waste warehouse in the plant, the temporary storage area in line with the general industrial solid waste storage standards; hazardous waste temporarily stored in the hazardous waste temporary storage warehouse in the plant, the warehouse in line with the hazardous waste storage standards.

#### Emergency response plan for sudden environmental events

##### 1. Qingdao Shuangxing Tire Industry Co.

The Tire Industry has revised and issued the "Emergency Response Plan for Environmental Incidents of Qingdao Shuangxing Tire Industry Co.

##### 2. Double Star Dongfeng Tire Co.

Ltd. has been revised and completed on January 10, 2023, and strictly complied with the "Emergency Response Plan for Environmental Incidents of Shuangxing Dongfeng Tire Co.

#### Environmental self-monitoring program



## 1. Qingdao Shuangxing Tire Industry Co.

The company has formulated the Self-Monitoring Plan for Environmental Protection in 2022, which covers the general rules, citation standards, content of environmental information disclosure, monitoring reports, and publication of self-monitoring results. The company's wastewater and exhaust gas have been put on online monitoring facilities and networked with the Environmental Protection Bureau to monitor the discharge of wastewater and exhaust gas pollutants in real time.

## 2. Double Star Dongfeng Tire Co.

The Self-Monitoring Plan for Environmental Protection in 2022 has been formulated in accordance with the Self-Monitoring Plan for Emission Permits, and the Self-Monitoring Plan for Environmental Protection in 2023 has been updated on the basis of the Plan, covering the general rules, citation standards, content of environmental information disclosure, monitoring reports, and publication of self-monitoring results.

Inputs for environmental treatment and protection and payment of environmental protection tax

## 1. Qingdao Shuangxing Tire Industry Co.

During this reporting period, the investment in environmental treatment and protection and the payment of environmental protection tax amounted to approximately RMB860,000.

## 2. Double Star Dongfeng Tire Co.

During the reporting period, the investment in environmental treatment and protection and the payment of environmental protection tax amounted to approximately RMB680,000. Measures taken to reduce its carbon emissions during the reporting period and their effects

☐ Applicable ☒ Not applicable

Administrative penalties imposed for environmental issues during the reporting period

Company or subsidiary name Weighing	Reasons for Penalty	Violation situation	Penalty Results	Production for listed companies Impact of operation	Corrective measures of the company
None	None	None	None	None	None

Other environmental information that should be disclosed None

Other environmental related information  
None

The company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guidelines No. 3 - Disclosure of Industry Information for Listed Companies on Shenzhen Stock Exchange" related to the occurrence of environmental accidents in listed companies  
None

## Second, social responsibility situation

As an important material and political foundation of socialism with Chinese characteristics, state-controlled enterprises must effectively fulfill their social responsibility and do a good job in promoting CSR. In order to strengthen the implementation and communication of CSR work, timely release the development of enterprises and track the hot issues of employees' concern, the company has played a role in the implementation of CSR and establishment of a good social image through various forms of publicity carriers. The company has played a positive role in promoting CSR and establishing a good social image through various forms of publicity carriers, forming a good public opinion environment conducive to the fulfillment of corporate social responsibility.

The Company organizes and implements corporate social responsibility programs in all aspects, including integrity management, philanthropy, legal tax payment, employee welfare, corporate development and environmental improvement, actively understands and identifies the social responsibility expectations and demands of stakeholders such as government, shareholders and customers, and responds to the needs of stakeholders with practical actions through various means.

### (A) market responsibility

1. Shareholder responsibility: The Company has established a sound corporate governance structure (including shareholders' meeting, board of directors, supervisory committee, management) and production and management institutions in accordance with the Company Law, Articles of Association and other relevant laws and regulations; in order to regulate the management of investor relations, the Company has formulated the Investor Relations Management System, which provides detailed provisions on the responsibilities, working methods and contents of investor relations management; To comply with the laws and regulations of listed companies on information disclosure, we have formulated

In order to improve and perfect the company's scientific, continuous, stable and transparent dividend distribution decision-making and supervision mechanism, and effectively protect the legitimate rights and interests of investors and take into account the needs of the company's production and operation, the company has formulated the "Shareholder Return Plan for the Next Three Years", and formulated a reasonable and scientific profit distribution plan taking into account the actual situation of the company. The company effectively upholds the principle of "three publics" in the capital market, effectively protects the legitimate rights of shareholders, especially small and medium-sized investors, and ensures the

healthy and sustainable development of the company.

2. Customer Responsibility: The company's intelligent factory is the industry's first tire personalized custom order model, the whole process of intelligent and flexible production, digital intelligent production control system; "Double Star Tire Network - Tire Total Process Solution" won the "Best Scenario Solution" in the Kaos Golden Fai Award. The "Double Star Tire Network - Tire Total Process Solution" was awarded the "Best Scenario Solution" by Caius Jinhui Award; the industry subversive innovation, product development shows the strength of scientific research, has launched the "rare earth gold" commercial vehicle tires and "full explosion-proof" passenger car tires and giant mining tires and other products; practice total quality management, the introduction of excellence The company has introduced advanced quality management concepts such as excellent performance management and established and implemented the TQM total quality management model, so that all product quality activities are under 100% control.

3. Partner responsibility: Integrity is an important intangible asset of an enterprise and a winning formula for its survival. By striving to build corporate integrity and create a good market environment, the company has enabled the long-term stable development of the enterprise and the brand; the company has also established a perfect procurement system covering supplier management, supplier access and green supply chain construction.

## **(II) Social Responsibility**

1. Government responsibility: As a state-controlled listed company and the controlling shareholder of Shuangxing Group, a thousand-headed group enterprise in Qingdao, the company not only bears the mission responsibility of preserving and increasing the value of state-owned assets, but also the development responsibility of promoting economic development, paying taxes according to the law and creating employment.

2. Staff responsibility: The company adheres to the concept of "people-oriented", strictly abides by labor laws and regulations, employs workers in accordance with the law, operates in good faith, and is committed to creating an equal, fair and harmonious working environment to promote the sustainable and healthy development of the company through building harmonious labor relations; in addition, the company integrates the spirit of "first, openness In addition, the company deeply integrates the spirit of "first, openness, innovation" with all activities, constantly innovates the content and form of cultural and sports activities, and enriches the spiritual and cultural life of workers; in terms of safeguarding the special rights and interests of female workers, the company has transferred front-line female workers to suitable positions during pregnancy and breastfeeding, and built and opened five love mother huts to provide a private, hygienic, safe and comfortable environment for female workers during pregnancy and breastfeeding. On the basis of the implementation of "Ten Care", the company has carried out centralized warmth delivery on the New Year's Day and Spring Festival, and has carried out household visits for employees in difficulty.

The company provides all-around assistance by visiting the door, building a file and applying for assistance for employees in need in a timely manner. At the same time, we apply for medical mutual insurance for employees to build up a second line of defense for employees who are in trouble due to illness.

3. Community responsibility: The company strengthens its responsibility, actively undertakes the social responsibility and public welfare responsibility of state-owned enterprises, carries forward the traditional virtue of "support from all sides when one side is in trouble", and has carried out a series of charitable donations and public welfare activities under the unified advocacy and organization of the controlling shareholder, Shuangxing Group, paying attention to the socially disadvantaged groups, helping to fight poverty, and contributing to the sustainable and healthy economic and social development of Qingdao. Qingdao City, to contribute to the sustainable and healthy development of the economy and society.

(1) In the Qingdao West Coast New Area Red Cross 2022 "5-8 Humanitarian Day" crowdfunding campaign, Shuangxing Tire ranked first among Red Cross group members, taking practical action to promote the concept of "everyone can participate" in public welfare, reflecting corporate social responsibility. The campaign was a great success.

(2) In May 2022, according to the requirements of "Notice on the "Charity One-Day Donation" Activity in Qingdao City in 2022", Shuangxing Group organized the "Charity One-Day Donation" donation action. The leading team of Shuangxing Group took the lead in making donations, and the party members, cadres and employees of Shuangxing Group participated enthusiastically and generously, with 1774 people donating 76,315.5 yuan. All the money collected has been paid to the Municipal Charity Federation for group relief work and disaster relief, East-West cooperation and other projects.

(3) to learn the Lei Feng volunteer service activities: to "learn the Lei Feng, civilization, a new style" as the theme of the organization staff to visit the Lei Feng Memorial Museum, into the community to help the community grid operator to carry out garbage classification publicity, community health and environmental management; joint participation in the civilized city joint construction activities, to Kangxin Hospice Center for special groups Sending gifts of love, cleaning rooms, while carrying forward the "spirit of Lei Feng", showing the image and quality of double star people.

### **(C) environmental responsibility**

The company strictly observes and implements national and provincial environmental protection laws and regulations, establishes environmental management system system, and strengthens environmental risk control mechanism through environmental protection pollution prevention responsibility mechanism. At the same time, through the energy saving, consumption reduction and emission reduction throughout the production activities, so as to achieve production efficiency and the implementation of the environmental protection system mechanism.

### **(D) the construction and operation of security management-related systems**

The Company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 - Disclosure of Industry Information

The company conscientiously implements the "Safety Production Law of the People's Republic of China", "enterprise safety production responsibility system five implementation five in place provisions" and "Shandong Province production and operation unit safety production main responsibility" and other relevant laws and regulations requirements, fully implement the main responsibility of safety production, and constantly improve the level of safety management, the overall situation of safety production this year has been stable to good.

#### **1. Security agency setup**

The company has set up a safety production committee, with the main leader as the director of the safety committee, and set up a safety committee work office, which is responsible for the daily work of the safety committee and the supervision and management of the company's safety production. Each subsidiary has set up a production safety committee, set up a safety and environmental management department, and equipped with full-time safety management personnel, including 9 registered safety engineers and 2 registered fire engineers.

#### **2. Safety production responsibility system**

The company strictly implements the production safety responsibility system for all employees, signs the production safety target responsibility letter at all levels, and the management personnel also sign the production safety performance responsibility list, decomposes the production safety responsibility at all levels and implements it to people, establishes the "layers of responsibility, everyone is responsible, each is responsible" production safety responsibility system, realizes the top-down safety target. The safety target is decomposed layer by layer, and the safety measures are guaranteed layer by layer from the bottom up.

### 3. Security Management System

The company has formulated the Compilation of Safety Management System, which includes: safety production responsibility system, safety target management system, safety production meeting system, safety production input guarantee system, safety production education and training system, facility safety management system, production safety hidden danger investigation and management system, safety production reward and punishment system and many other systems, forming a perfect safety management system.

### 4. Safety operating procedures

The company has formulated a "Compilation of Safety Operating Procedures", which are jointly reviewed by production, technology, process, equipment and safety departments to ensure that they are appropriate, adequate and effective, covering all processes and procedures, and are updated and revised in a timely manner as required.

### 5. Safety production input

The company has formulated an annual plan for safety investment, specifically for equipment essentialization safety, staff training and education, labor protection, safety monitoring and consulting, etc., to ensure that safety software and hardware configurations are in place.

### 6. Safety education training

The company has formulated an annual safety education and training plan, and all new employees have achieved three-level safety training and education to ensure that they are qualified to work after examination; all special operators have been trained and certified to ensure a 100% certification rate; the innovative implementation of the "9+N" training model has greatly improved the safety operation skills of employees; at the same time, the company has invited the line

Industry experts carry out special training on the new safety law, the main responsibility of safety, special operations, etc.; in addition, various forms of education and training are carried out in each factory, workshop and team.

#### 7. Intrinsic Security

The company has taken the initiative to eliminate the backward capacity equipment in the early stage, based on a total of more than 3,400 safety upgrades to existing equipment, and now basically realize "personnel misoperation, equipment misoperation, personnel are not harmed".

#### 8. Controlled security elements

Safety elements under control is the company's practice of "double system" characteristics, the safety elements have been built one by one, through the implementation of the safety elements under comprehensive control "strip + block" system and "four inspections Through the implementation of the "Article + Block" system and the "Four Inspection" system, the company has established a unique risk and hidden danger investigation and management system; and through the digital construction of safety elements, it has promoted the transformation of on-site inspection to online and offline inspection, one-time inspection to continuous monitoring, and improved the digital, networked and intelligent level of enterprise safety production.

#### 9. Emergency Management

The company strictly implements the requirements of "plans in place, personnel in place, materials in place, drills in place and summaries in place" to ensure that emergency response is in place. In addition, the company also conducted fire drills for key areas jointly with the local fire department and held a series of emergency rescue competitions **such as** "Enhancing emergency skills to build a safe double star".

#### 10. Production Safety Standardization

The company comprehensively promotes the construction of standardized enterprises of safety production, among which Qingdao Shuangxing Tire Industry Co., Ltd. has been rated as a secondary standardized enterprise of safety production in Shandong Province.

## Section 6 Important Matters

### I. Implementation of commitments

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

☒ Applicable ☐ Not applicable

Reasons for commitment	Committe d Parties	Comm itment Type	Commit ment content	Comm itment Time	Comm itment Period	Fulfill ment Situati on
Commitments made at the time of initial public offering or refinancing	Direct ors and senior manage ment of the Compan y	/	<p>1. I promise not to transfer benefits to other units or individuals without compensation or on unfair terms, or use other means to harm the interests of the company; 2. I promise to restrain my duty consumption behavior; 3. I promise not to use the company's assets for investment or consumption activities unrelated to the performance of my duties; 4. I promise that the remuneration system formulated by the Board of Directors or the Remuneration and Evaluation Committee will be linked to the company's measures to fill returns I undertake to link the remuneration system formulated by the Board of Directors or the Remuneration and Evaluation Committee to the implementation of the Company's measures to fill returns;</p> <p>5、 If the company subsequently launches the company's equity incentive policy, I I promise to link the exercise conditions of the company's equity incentive to the implementation of the measures to fill the return; 6. From the date of this promise to the completion of the implementation of the non-public offering of the company's shares, if the CSRC makes other new regulatory provisions on the measures to fill the return and its promise, and the above promise cannot meet such provisions of the CSRC, I promise to issue additional promise in accordance with the latest provisions of the CSRC. I undertake to issue additional undertakings in accordance with the latest regulations of the CSRC. As one of the responsible parties in relation to the measures to fill returns, if I violate the above undertaking or refuse to fulfill the above undertaking, I agree to be punished or subject to relevant management measures in accordance with the relevant regulations and rules formulated or issued by the CSRC and the Shenzhen Stock Exchange and other securities regulatory authorities.</p>	2018 Year 02 Sep 09	/	Normal perf orm anc e

Other commitments to small and medium-sized shareholders of the Company	Double Star Group Limited Liability Company	/	1. As Qingdao Shuangxing still has a large capital demand in business development and actual operation, in order to relieve the capital pressure of the listed company, make more effective use of the listed company's capital and safeguard the interests of all shareholders of the listed company, the acquisition of part of the equity interest in Kumho Tire is jointly financed by Shuangxing Group and other investors. Double Star Group undertakes to resolve the competition in a lawful and compliant manner in the future. 2. Double Star Group undertakes to eliminate the competition in a lawful and compliant manner, including but not limited to asset injection, within a period of not more than five years after the completion of the project delivery, subject to the relevant laws and regulations. If asset injection is implemented at that time, approval from Qingdao Shuangxing's board of directors, shareholders' meeting or relevant regulatory authorities will be required.	2018 Year 04 Sep 09	5 years	Normal performance
Whether the commitment is fulfilled on time	Yes					
If the commitment is overdue, the specific reasons for not completing the performance and the next work plan should be explained in detail.	Not applicable					



**2. If the company's assets or projects have profitability forecasts and the reporting period is still in the profitability forecast period, the company makes a statement on the assets or projects meeting the original profitability forecast and its reasons**

☐ Applicable ☒ Not applicable

**II. Non-operating appropriation of funds by controlling shareholders and other related parties to the listed company**

☐ Applicable ☒ Not applicable

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

**III. Non-compliance with external guarantees**

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

**V. Explanation by the Board of Directors, the Supervisory Committee and the independent directors (if any) on the "non-standard audit report" of the accounting firm for the current reporting period**

☐ Applicable ☒ Not applicable

**VI. Description of changes in accounting policies, accounting estimates or corrections of significant accounting errors compared to the previous year's financial report**

☐ Applicable ☒ Not applicable

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

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

☒ Applicable ☐ Not applicable

During the reporting period, the scope of consolidated statements was changed due to the establishment/reduction of new/reduced subsidiaries, and the reduced subsidiaries were: Beijing Star Monkey Auto Service Company Limited, Star Heng (Hong Kong) International Trading Company Limited, Huainan Star Monkey Express Auto Service Company Limited, Qingdao Star Luck Trading Company Limited, Shahe City Star Monkey Express Commercial Vehicle Service Company Limited, Inner Mongolia Star Monkey Express Commercial Vehicle Sales Company Limited, Harbin Ltd., Wuhan Star Monkey Express Commercial Vehicle Service Co.

## VIII. Appointment and dismissal of accounting firm

The accounting firm currently engaged

Name of domestic accounting firm	Lixin CPA (Special General Partnership)
Compensation of domestic accounting firm (RMB million)	190
Consecutive years of audit services for domestic accounting firms	10
Name of Certified Public Accountant of the domestic accounting firm	Dong Hongjun, Zhao Jun
Consecutive years of audit services of certified public accountants of domestic accounting firms	Dong Hongjun 5 years, Zhao Jun 1 year

Whether to change the accounting firm in the current period

☐ Yes ☒ No

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

☒ Applicable ☐ Not applicable

During the year, the Company engaged Lixin CPA (special general partnership) as the Company's internal control audit accounting firm for the internal control audit, and paid a total fee of RMB0.7 million during the period.

## IX. Annual report disclosure after facing delisting situation

☐ Applicable ☒ Not applicable

## X. Bankruptcy reorganization-related matters

☐ Applicable ☒ Not applicable

The Company did not have any bankruptcy reorganization-related matters during the reporting period.

## XI. Significant litigation and arbitration matters

☐ Applicable ☒ Not applicable

The Company had no significant litigation or arbitration matters during the reporting period.

## XII. Penalties and rectification

☐ Applicable ☒ Not applicable

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

## XIII. Integrity of the company and its controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

## XIV. Significant connected transactions

### 1. Related transactions related to daily operations

☒ Applicable ☐ Not applicable

Related parties	Affiliations	Type of connected transactions	Content of connected transactions	Pricing Principles for Connected Transactions	Related Transaction Price	Amount of connected transactions (million yuan)	Percentage of the amount of similar transactions	Amount of approved transactions (Million \$)	Whether the approved amount is exceeded	Settlement of connected transactions	Available market price for similar transactions	Date of Disclosure	Disclosure Index
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lxda (incl udin g sub sidi arie s)	Directl y or indirect ly controll ed by Shuan gxing Group, the control ling shareh older of the Comp any The son of the public	Sell Goo ds	Sell scra p tires	The price of a relat ed tran sacti on is follo wed by both parti es Public	/	975.5	2.57%	1,000	No	Cash on delivery	/	2022 Year 04 29th	2022- 009: On the expecte d daily connect ed transact ions of the compan y Announc ement
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	Division	Purchase of goods and services	Purchase of raw materials (Carbon Black)	The market principles of openness, fairness and equity are negotiated	/	145.39	1.14%	300		Cash on delivery	/	2022 Year 04 29th	2022-009: On the expected daily connected transactions of the company Announcement
Kumho Tires (including subsidiaries)	A subsidiary indirectly held by Shuangxing Group, the controlling shareholder of the Company	Sell Goods	Sale of tires, raw materials		/	30,578.93	80.64%	28,700	No	Payment by wire transfer 45 days from the last day of the month	/	2022 Year 04 29th	2022-009: On the expected daily connected transactions of the company Announcement
		Purchase of goods and services	Purchase of tires		/	3,058.13	23.98%	9,000		Payment by wire transfer 45 days from the last day of the month	/	2022 Year 04 29th	2022-009: On the expected daily connected transactions of the company Announcement
Hailu Equipment	A subsidiary directly or indirectly controlled by Shuangxing Group,	Purchase of goods and services	Purchase of machinery and equipment, maintenance Labor		/	6,595.2	51.72%	1,900	No	Pay 90% after installation and commissioning, the remaining 10% as warranty Gold	/	2022 Year 04 29th	2022-009: On the expected daily connected transactions of the company Announcement

Hailang Special	the controlling shareholder of the Company	Purchase of goods and services	Purchase of machinery and equipment		/	2,952.65	23.16%	19,000		Pay 90% after installation and commissioning, the remaining 10% as warranty Gold	/	2022 Year 04 29th	2022-009: On the expected daily connected transactions of the company Announcement
Double Star Group (including subsidiaries)	For the controlling shareholder of the company	Leasing of properties from related parties	Leasing Housing		/	582.67	7.04%	1,000	No	Immediate payment in the month after invoicing	/	2022 Year 04 29th	2022-009: On the expected daily connected transactions of the company Announcement
City Investment Group (including subsidiaries)	is the controlling shareholder of Shuangxing Group, the controlling shareholder of the Company	Sell Goods	Tire products for sale		/	6,365.93	18.79%	50,000	No	The buyer will pay the entire amount in one lump sum within 5 working days from the date of receipt of the Order Form signed and sealed by both parties. Payment for goods.	/	2022 Year 04 29th	2022-009: Announcement on the expected daily connected transactions of the company
		Rental Goods	Rental Tires		/	7,688.29	92.76%	50,000	No	The lessee follows Leasing	/	2022 Year 04 29th	2022-009: Off In the company

										<b>T h e "Lea se Fee Payme nt Metho d" agreed in the Order pays the lease in full and on time Gold</b>		Day	Annou nceme nt of Estima ted Routin e Conne cted Transa ctions
Total	--	--	58,94 2.69	--	160,9 00	--	--	--	--	--	--	--	--
Details of large sales returns	Not applicable												
If the total amount of daily connected transactions to be incurred in the current period is estimated by category, the total amount is reported in Actual performance during the period (if any)	For more information, please refer to the table above												
The difference between the transaction price and the market reference price is relatively Big reasons (if applicable)	Not applicable												

## 2. Asset or equity acquisition or sale of connected transactions occurring

☐ Applicable ☒ Not applicable

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

## 3. Related transactions of joint foreign investment

☐ Applicable ☒ Not applicable

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

## 4. Related debt transactions

☐ Applicable ☒ Not applicable

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

## 5. Transactions with finance companies with related relationships

☐ Applicable ☒ Not applicable

There is no deposit, loan, credit or other financial business between the company and the finance company with which the

relationship exists and related parties.

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

☐ Applicable ☒ Not applicable

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

## **7. Other significant connected transactions**

☐ Applicable ☒ Not applicable

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



## XV. Significant contracts and their performance

### 1. Trusteeship, contracting and leasing matters

#### (1) Escrow Status

☐ Applicable ☒ Not applicable

There is no escrow for the company in the reporting period.

#### (2) Contracting Status

☐ Applicable ☒ Not applicable

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

#### (3) Leasing Status

☐ Applicable ☒ Not applicable

The Company has no leases during the reporting period.

### 2. Material guarantee

☒ Applicable ☐ Not applicable

Unit: million yuan

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of guarantee object	Announcement related to the guarantee line Date of disclosure	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter Guarantee (e.g. Yes)	Guarantee Period	Is the performance completed	Whether to guarantee for related parties
Guangrao Caijin Equity Investment Fund Management Center (limited) (Partnership)	2018 02 Month 08 Day	10,000	2018 05 May 22 Day	10,000	General Guarantee	/	/	5 years	No	No
Total amount of external guarantees approved during		0		Total actual amount of external guarantees		0				

the reporting period (A1)			incurred during the reporting period (A2)							
Total amount of approved external guarantees at the end of the reporting period (A3)		10,000		Total actual external guarantee balance at the end of the reporting period (A4)		10,000				
Company's guarantees to subsidiaries										
Name of guarantee object	Announcement related to the guarantee line Date of disclosure	Guarantee amount	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter Guarantee (e.g. (Yes))	Guarantee Period	Is the performance completed	Whether to guarantee for related parties
Subsidiaries' guarantees to subsidiaries										
Guarantee on Elephant name	Guarantee amount Degree related	Guarantee amount degree	Actual issue Date of birth	Actual burden Insurance amount	Guarantee Class Type	Collateral (e.g.	Counter Guarantee Situation	Guarantee Period	Whether to fulfill Line completed	Is it Related Parties

	Announc ement Phi Date of disclosur e					(Yes)	(e.g. (Yes)			Guaran tee
Total company guarantees (i.e., total of the first three major items)										
Total amount of guarantee approved during the reporting period (A1+B1+C1)		0	Total actual amount of guarantees incurred during the reporting period (A2+B2+C2)							0
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)		10,000	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)							10,000
Total actual guarantees (i.e. A4+B4+C4) as a percentage of the Company's net assets Percentage of production			4.18%							
Among them:										
Provision of guarantees for shareholders, beneficial owners and their related parties The balance of (D)			0							
Directly or indirectly, the Company provides financial support to the investees with a gearing ratio of over 70%. Balance of debt guarantee provided by the insured object (E)			0							
Amount of total guarantees in excess of 50% of net assets (F)			0							
Total amount of the above three guarantees (D+E+F)			0							
For unexpired guarantee contracts, the guarantee liability occurred during the reporting period or there is evidence of the possibility of joint and several liability Information note on the (if any)			None							
Description of external guarantees provided in violation of prescribed procedures (e.g. (Yes)			None							

### 3. Entrusting others with cash asset management

#### (1) Entrusted financial management

☐ Applicable ☒ Not applicable

The company has no entrusted financial management in the reporting period.

**(2) Entrusted Loan Status**

☐ Applicable ☒ Not applicable

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

**4. Other major contracts**

☐ Applicable ☒ Not applicable

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

**XVI. Description of other significant matters**

☐ Applicable ☒ Not applicable

There are no other significant matters that need to be clarified by the Company during the reporting period.

## **XVII. Significant matters of the Company's subsidiaries**

☐ Applicable ☒ Not applicable

## Section VII. Changes in Shares and Shareholders

### I. Changes in shares

#### 1、Change of shares

Unit: Unit

	Before this change		Increase or decrease in this change (+, -)					After this change	
	Quantity	Proportion	Issue of new shares	Share Delivery	Transfer from provident fund	Other	Subtotal	Quantity	Proportion
I. Shares subject to limited sale	48,030	0.01%	0	0	0	13,875	13,875	61,905	0.01%
1、State shareholding	0	0.00%	0	0	0	0	0	0	0.00%
2、State-owned legal person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
3、Other domestic shareholdings	48,030	0.01%	0	0	0	13,875	13,875	61,905	0.01%
Of which: shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Domestic natural person shareholding	48,030	0.01%	0	0	0	13,875	13,875	61,905	0.01%
4、Foreign shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Of which: shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person shareholding	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares with unlimited sale conditions	816,744,457	99.99%	0	0	0	-13,875	-13,875	816,730,582	99.99%
1. RMB ordinary shares	816,744,457	99.99%	0	0	0	-13,875	-13,875	816,730,582	99.99%
2、Domestic listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3、Foreign shares listed abroad	0	0.00%	0	0	0	0	0	0	0.00%
4、Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	816,792,487	100.00%	0	0	0	0	0	816,792,487	100.00%

Reasons for share changes

☒ Applicable ☐ Not applicable

Changes during the period were  
approved for changes in shares

due to changes in executive

lock-up shares

☐ Applicable ☒ Not applicable

Transfer of share changes

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

## 2、Change of restricted shares

☒ Applicable ☐ Not applicable

Unit: Unit

Shareholder Name	Number of restricted shares at the beginning of the period	Increase in restricted sales during the period Number of shares	Release of restricted sales during the period Number of shares	Number of restricted shares at the end of the period	Reason for Restricted Sale	Release date
Zhao Zengmin	0	13,875	0	13,875	Executive lock-up shares	/
Total	0	13,875	0	13,875	—	—

## II. Securities Issuance and Listing

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

### 3. Status of existing internal employee shares

☐ Applicable ☒ Not applicable

## III. Shareholders and actual controllers

### 1. Number of shareholders and shareholdings of the Company

Unit: Unit

Total number of ordinary shareholders at the end of the reporting period	58,175	Total number of ordinary shareholders at the end of the previous month before the date of disclosure of the annual report	62,586	Total number of preferred shareholders whose voting rights were restored at the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders whose voting rights were restored at the end of the previous month prior to the date of disclosure of the annual report, if any (see Note 8)	0
Shareholders holding more than 5% or the top 10 shareholders' shareholdings							
Sharehold	Nature of	Sharehold	Number of	Increase or	Shares held with	Number of	Pledged, tagged or frozen



er Name	Sharehold er	ng ratio	shares held at the end of the reporting period	decrease in the reporting period	limited selling conditions Quantity	shares held under unlimited sale conditions	Share Status	Qua ntity
Double Star Group Limited Liability Compan y Company	State- owned legal entities	32.40%	264,644,199	0	46,589,000	218,055,199	Pledges	46,589,000
Qingdao Guoxin Financial Holdings Ltd.	State- owned legal entities	5.41%	44,164,797	11,504,797	0	44,164,797		
Qingdao Guoxin Capital Investme nt Ltd.	State- owned legal entities	3.54%	28,944,104	0	0	28,944,104		
Jinan Guohui Xinglu Equity Investme nt Fund Partners hip (Limited Cooperation (Partner)	Domestic general legal person	1.55%	12,638,231	0	0	12,638,231		
Hu Zuping	Nature in the territory People	1.11%	9,038,000	0	0	9,038,000		

#Devin	Nature in the territory People	1.10%	8,994,139	-63,700	0	8,994,139		
# Xu Guo	Nature in the territory People	0.61%	5,000,000	0	0	5,000,000		
CITIC Securities Co. Company	State-owned legal entities	0.40%	3,226,401	0	0	3,226,401		
Huatai Securities Co. Company	State-owned legal entities	0.36%	2,969,159	0	0	2,969,159		
Xu Yichuan	Nature in the territory People	0.30%	2,469,332	0	0	2,469,332		
Strategic investors or general legal entities becoming top 10 shareholders as a result of the placement of new shares (if any) (See Note 3)		In addition to Shuangxing Group, Jinan Guohui Xinglu Equity Investment Fund Partnership (Limited Partnership) subscribed to the Company's non-public The shares issued became the top 10 shareholders of the company.						
The above shareholders are related or a Note to Action		Ltd. and Qingdao Guoxin Capital Investment Co. The remaining shareholders are not known to be related or acting in concert with each other.						
The above shareholders are involved in proxy/proxy voting and abstention from voting. Description of the situation		Not applicable						
Special instructions for the existence of repurchase special accounts among the top 10 shareholders (e.g. (Yes) (See Note 10)		None						
Shareholdings of the top 10 shareholders with unlimited sales conditions								
Shareholder Name	Number of shares held under unlimited sale conditions at the end of the reporting period					Type of shares		
						Type of shares	Quantity	
Double Star Group Limited Liability Company	218,055,199					Renminbi Pu Tong Unit	218,055,199	
Qingdao Guoxin Financial Holding Co. Company	44,164,797					Renminbi Pu Tong Unit	44,164,797	
Qingdao Guoxin Capital Investment Co. Company	28,944,104					Renminbi Pu Tong Unit	28,944,104	

Jinan Guohui Xinglu Equity Investment Fund Partnership (Limited Partnership) (Partner)	12,638,231	RMB Ordinary Shares	12,638,231
Hu Zuping	9,038,000	Renminbi Pu Tong Unit	9,038,000
#Devin	8,994,139	Renminbi Pu Tong Unit	8,994,139
#Xuguo	5,000,000	Renminbi Pu Tong Unit	5,000,000
CITIC Securities Co.	3,226,401	Renminbi Pu Tong Unit	3,226,401
Huatai Securities Co.	2,969,159	Renminbi Pu Tong Unit	2,969,159
Xu Yichuan	2,469,332	Renminbi Pu Tong Unit	2,469,332
Top 10 shares with unlimited shares outstanding between the East and the top 10 without Relationship between shareholders with limited outstanding shares and the top 10 shareholders or Notes on Consistent Action	Ltd. and Qingdao Guoxin Capital Investment Co., Ltd. are acting in concert with each other among the top 10 shareholders with unlimited shares for sale, and it is unknown whether there is any relationship or concerted action among the remaining shareholders.		
Participation of the first 10 common shareholders	Among the top 10 shareholders with unlimited shares for sale: Dai Wen holds 8,843,239 shares of the Company through a financing and financing credit account and 8,843,239 shares through ordinary securities.		

Fact sheet on financing and financing business (if any) (see Note 4)

Xu Guo holds 5,000,000 shares of the Company through his financing and financing credit account.

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

☐ Yes ☒ No

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

## 2、Company's controlling shareholders

Nature of controlling

shareholder: Local state-

owned controlling shareholder

type: Legal person

Name of controlling shareholder	Legal Representative Head of /Unit	Date of Establishment	Organization code	Main Businesses
Double Star Group Limited Liability Company	Chai Yongsan	September 12, 1980	91370200163576098R	Operation of state-owned assets, etc.
Shareholdings in other domestic and foreign listed companies in which the controlling shareholder held and participated during the reporting period	The controlling shareholder, Double Star Group, acquired Korea Kumho Tire in 2018 and holds 45% of its equity			

Change in controlling shareholder during the reporting period

☐ Applicable ☒ Not applicable

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

## 3、The actual controller of the company and his concerted action

Nature of actual controller: Local

state-owned assets management

institutions Type of actual controller:

Legal person

Name of the actual controller	Legal representative/unit in charge People	Date of Establishment	Organization code	Main Businesses
State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's	Li Wei	/	00511887-6	Supervision and management of state-owned assets, etc.

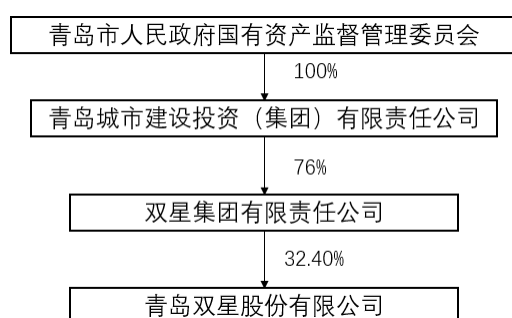
Government				
Other domestic and foreign listed companies controlled by the actual controller during the reporting period Shareholdings in listed companies	/			

Change in effective control during the reporting period

☐ Applicable ☒ Not applicable

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

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



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

☐ Applicable ☒ Not applicable

**4. The controlling shareholder or the largest shareholder of the company and its concert parties have pledged a total of 80% of their shares in the company**

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

Progress of implementation of share repurchase

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

## Section VIII Preferred Stock Related Information

☐ Applicable ☒ Not applicable

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

## Section 9: Bond-related information

☐ Applicable ☒ Not applicable



## Section X. Financial Reporting

### I. Audit Report

Type of audit opinion	Standard unqualified opinion
Audit Report Signing Date	March 29, 2023
Name of the auditor	Lixin CPA (Special General Partnership)
Audit Report Document Number	The Company's business is to provide the following services
Name of Certified Public Accountant	Dong Hongjun, Zhao Jun

#### Audit Report Body

#### All shareholders of Qingdao

#### Shuangxing Company

#### Limited: I. Audit opinion

We have audited the financial statements of Qingdao Shuangxing Co., Ltd (hereinafter referred to as Qingdao Shuangxing), 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 cash flow statements, 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 financial position of Qingdao Shuangxing as of December 31, 2022, in accordance with the provisions of the Accounting Standards for Business Enterprises.

The consolidated and parent company's financial position and the consolidated and parent company's results of operations and cash flows for the year

#### 2022. II. Basis for forming the 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 audit report. We are independent of Qingdao Shuangxing in accordance with the Code of Ethics for Certified Public Accountants in China and have fulfilled our other responsibilities in respect of professional ethics. 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.

A summary of the key audit matters identified in our audit is as follows:

Key Audit Matters	How the matter was responded to in the audit
Revenue Recognition	

<p>In FY2022, Qingdao Shuangxing's tire sales revenue is RMB3,691 million, accounting for 94.40% of the total operating revenue, which is one of the main revenue sources and key performance indicators of Qingdao Shuangxing, thus there is an inherent risk that the management will manipulate the revenue recognition point in order to achieve specific targets or expectations; secondly, Qingdao Shuangxing has various sales channels, and different sales channels have different revenue recognition conditions and points. Secondly, Qingdao Shuangxing has multiple sales channels, and different sales channels have different revenue recognition conditions and timing points, so we considered the revenue recognition of tire sales as a key audit matter.</p> <p>The accounting policy on revenue recognition is described in "V. Significant Accounting Policies and Accounting Estimates 26, Revenue".</p>	<p>The audit procedures we performed for revenue recognition from tire sales consisted primarily of Includes:</p> <p>(1) Understood, assessed and tested the effectiveness of the design and operation of key internal controls related to sales revenue recognition;</p> <p>(2) Select a sample to examine sales contracts, identify the contractual terms and conditions related to the transfer of control of goods, and evaluate whether the point of revenue recognition is in compliance with the requirements of corporate accounting standards;</p> <p>(3) Conduct comparative analysis of revenues and gross margins for the same period, monthly, and in the same industry, analyze changes in relevant financial indicators, and review the reasonableness of changes in revenues;</p> <p>(4) Select a sample of revenue recognition and perform detail tests to check sales orders, shipment records, shipping documents, customs declarations, 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 presentation of information related to revenue recognition in the financial statements</p> <p>The adequacy and appropriateness of reporting and disclosure.</p>
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#### IV. Other Information

Qingdao Shuangxing's management (hereinafter referred to as management) is responsible for other information. Other information includes the information covered in Qingdao Shuangxing'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 Qingdao Shuangxing's ability to continue as a going concern, disclosing matters related to going concern, if applicable, and applying the going concern assumption unless liquidation is planned, discontinued operations are discontinued or there is no other realistic alternative.

The governance is responsible for overseeing the financial reporting process of Qingdao Shuangxing. VI.

#### Responsibilities of the CPA 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:

- (i) 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 collusion, forgery, intentional omissions, misrepresentation, or override of internal control.
- (ii) Understand internal controls relevant to the audit in order to design appropriate audit procedures.
- (iii) Evaluate the appropriateness of management's selection of accounting policies and the reasonableness of the accounting estimates made and related disclosures.
- (iv) To draw conclusions on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, we reach a conclusion as to whether there is a material uncertainty about the matters or circumstances that may give rise to a significant doubt about Qingdao Shuangxing'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 audit report; if the disclosures are not adequate, we should express a non-qualified 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 Qingdao Shuangxing to fail to continue as a going concern.
- (v) 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.
- (vi) Obtain sufficient and appropriate audit evidence about the financial information of the entities or business activities in Qingdao Shuangxing to express an audit opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the group audit, and we assume 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

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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.

## II. Financial Statements

The units of the statements in the financial notes are: \$

### 1. Consolidated balance sheet

Prepared by: Qingdao Shuangxing

Co.

December 31, 2022

Unit: Yuan

Projects	December 31, 2022	January 1, 2022
Current assets:		
Monetary Funds	1,344,991,209.02	1,567,050,450.71
Settlement Allowance		
Unwinding funds		
Financial assets held for trading	981,420.88	
Derivative financial assets		
Notes receivable	571,187,500.47	705,927,530.96
Accounts Receivable	633,271,109.50	732,545,533.56
Receivables financing	64,865,423.48	380,024,389.42
Prepayments	88,643,190.28	74,221,965.83
Premiums receivable		
Sub-insurance receivables		
Reserves for reinsurance contracts receivable		
Other receivables	54,762,233.60	54,715,342.03
Of which: Interest receivable		
Dividend receivable		
Buy-back financial assets		
Inventory	1,220,871,888.44	1,187,443,675.07
Contract Assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	73,263,707.95	130,528,405.69
Total current assets	4,052,837,683.62	4,832,457,293.27
Non-current assets:		
Issuance of loans and advances		
Debt Investment		
Other debt investments		
Long-term receivables		
Long-term equity investments	716,456,080.18	661,197,088.37
Investments in other equity instruments	12,371,371.99	28,558,000.00
Other non-current financial assets		
Investment properties		
Fixed Assets	1,275,052,278.50	1,360,086,083.12

Oil and gas assets		
Right-of-use assets	5,731,262.12	6,172,575.09
Intangible assets	383,943,700.74	402,858,903.86
Development Expenses		
Goodwill		
Long-term amortized expenses	1,895,407.47	862,741.13
Deferred income tax assets	135,038,854.11	139,267,772.39
Other non-current assets	29,809,643.03	56,457,729.92
Total non-current assets	5,810,500,460.91	6,011,580,199.05
Total Assets	9,863,338,144.53	10,844,037,492.32
Current liabilities:		
Short-term borrowings	3,903,699,009.57	3,754,517,452.06
Borrowing from the central bank		
Unwinding funds		
Trading financial liabilities		
Derivative financial liabilities		
Notes Payable	526,179,453.56	601,828,344.21
Accounts Payable	848,170,067.89	930,132,218.92
Receipts in advance	1,811,715.63	3,342,564.35
Contractual Liabilities	156,512,157.06	121,388,242.07
Sale of repurchased financial assets		
Deposit-taking and interbank deposits		
Securities trading agency		
Underwriting securities		
Employee compensation payable	106,517,677.59	79,365,199.92
Taxes Payable	8,256,717.24	6,665,867.20
Other payables	173,469,155.46	173,896,769.99
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	434,945,427.21	445,705,751.85
Other current liabilities	354,432,253.17	265,788,041.55
Total current liabilities	6,513,993,634.38	6,382,630,452.12
Non-current liabilities:		
Reserve for insurance contracts		
Long-term borrowings	486,516,256.14	836,544,256.14
Bonds Payable		
Of which: Preferred shares		
Perpetual Debt		
Lease liabilities	574,518.27	2,040,400.45

Long-term payables	57,941,262.81	52,047,868.23
Long-term employee compensation payable		
Projected liabilities		
Deferred revenue	417,475,421.98	434,931,266.62
Deferred income tax liabilities	3,789,931.55	5,387,275.06
Other non-current liabilities		
Total non-current liabilities	966,297,390.75	1,330,951,066.50
Total liabilities	7,480,291,025.13	7,713,581,518.62
Owner's Equity:		
Share Capital	816,792,487.00	816,792,487.00
Other equity instruments		
Of which: Preferred shares		
Perpetual Debt		
Capital surplus	1,920,774,172.21	1,939,802,729.30
Less: Treasury shares	104,185.00	104,185.00
Other comprehensive income	46,650,292.42	-9,743,713.89
Specialized reserves		
Surplus reserves	63,736,427.75	63,736,427.75
General risk allowance		
Undistributed earnings	-454,423,344.35	155,672,969.81
Total equity attributable to owners of the parent company	2,393,425,850.03	2,966,156,714.97
Minority interests	-10,378,730.63	164,299,258.73
Total Owner's Equity	2,383,047,119.40	3,130,455,973.70
Total liabilities and owner's equity	9,863,338,144.53	10,844,037,492.32

Legal representative: Chai Yongsan  
institution in charge: Wang Yujian

Person in charge of accounting work: Su Ming      Accounting

## 2. Parent company balance sheet

Unit: Yuan

Projects	December 31, 2022	January 1, 2022
Current assets:		
Monetary Funds	394,960,903.63	49,779,610.89
Financial assets held for trading		
Derivative financial assets		
Notes receivable		143,700,000.00
Accounts Receivable		
Receivables financing	45,268.00	53,000,000.00
Prepayments		7,659.00
Other receivables	2,082,447,569.94	4,067,766,583.97
Of which: Interest receivable		
Dividend receivable		
Inventory		
Contract Assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	170,587.04	7,773,323.69

Non-current assets:		
Debt Investment		
Other debt investments		
Long-term receivables		
Long-term equity investments	3,161,124,157.04	2,602,883,306.42
Investments in other equity instruments		
Other non-current financial assets		
Investment properties		
Fixed Assets	5,455,384.98	5,901,647.23
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	48,326.21	73,539.89
Development Expenses		
Goodwill		
Long-term amortized expenses		
Deferred income tax assets	112,322.69	115,001.30
Other non-current assets		
Total non-current assets	3,166,740,190.92	2,608,973,494.84
Total Assets	5,644,364,519.53	6,931,000,672.39
Current liabilities:		
Short-term borrowings	2,187,877,382.39	2,774,072,703.32
Trading financial liabilities		
Derivative financial liabilities		
Notes Payable	241,281,990.77	241,097,509.52
Accounts Payable		
Receipts in advance		
Contractual Liabilities		
Employee compensation payable	3,801,024.37	3,058,551.50
Taxes Payable	231,825.51	221,542.22
Other payables	194,200,816.15	640,483,648.84
Of which: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		190,249,489.58
Other current liabilities		
Total current liabilities	2,627,393,039.19	3,849,183,444.98
Non-current liabilities:		
Long-term borrowings		
Bonds Payable		
Of which: Preferred shares		



Perpetual Debt		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Projected liabilities		
Deferred revenue		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	2,627,393,039.19	3,849,183,444.98
Owner's Equity:		
Share Capital	816,792,487.00	816,792,487.00
Other equity instruments		
Of which: Preferred shares		
Perpetual Debt		
Capital surplus	1,943,123,709.57	1,947,052,533.17
Less: Treasury shares	104,185.00	104,185.00
Other comprehensive income		
Specialized reserves		
Surplus reserves	62,132,507.38	62,132,507.38
Undistributed earnings	195,026,961.39	255,943,884.86
Total Owner's Equity	3,016,971,480.34	3,081,817,227.41
Total liabilities and owner's equity	5,644,364,519.53	6,931,000,672.39

### 3. Consolidated income statement

Unit: Yuan

Projects	Year 2022	Year 2021
I. Total operating revenue	3,910,397,748.47	3,924,521,010.35
Of which: Operating income	3,910,397,748.47	3,924,521,010.35
Interest income		
Earned premiums		
Handling fee and commission income		
II. Total operating costs	4,576,439,673.08	4,557,107,540.15
Of which: Operating costs	3,859,061,773.39	3,789,988,554.74
Interest expense		
Handling fees and commission expenses		
Surrender premium		
Net benefit expense		
Withdrawal of net reserve for insurance liability contracts forehead		
Policy Dividend Payments		
Reinsurance costs		
Taxes and surcharges	25,023,160.08	25,801,728.70

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Selling expenses	155,789,390.75	176,573,734.11
Overhead	168,609,206.73	199,512,955.66

R&D expenses	202,389,052.51	203,035,514.94
Finance costs	165,567,089.62	162,195,052.00
Of which: Interest expense	181,397,373.15	167,537,389.06
Interest income	13,373,862.93	8,185,684.52
Add: Other gains	62,564,330.64	117,957,872.89
Investment income (loss is filled with a "-" sign) (column)	40,887,849.19	207,510,034.05
Of which: for associates and joint ventures	22,325,779.07	1,882,535.10
Investment income of enterprises		
Measured at amortized cost		528,901.29
Gain on derecognition of financial assets		
Foreign exchange gain (loss is filled in with a "-" sign) (column)		
Net exposure hedge gain (loss to (The "-" sign is filled in)		
Gain (loss) on change in fair value to (The "-" sign is filled in)	-28,080,349.84	-6,665,501.79
Credit impairment losses (losses are marked with a "-") (Fill in the column)	-3,424,505.72	-11,853,560.97
Impairment loss on assets (loss marked with a "-") (Fill in the column)	-98,018,818.56	-45,824,783.26
Gain on disposal of assets (loss marked with a "-") (Fill in the column)	4,624,802.37	2,207,481.97
C. Operating profit (Loss is filled with "-" sign) (column)	-687,488,616.53	-369,254,986.91
Add: Non-operating income	911,625.22	421,829.23
Less: Non-operating expenses	342,557.94	1,486,913.60
IV. Total profit (total loss is marked with a "-") (Fill in the column)	-686,919,549.25	-370,320,071.28
Less: Income tax expense	4,931,469.35	24,533,894.91
V. Net profit (net loss is filled with a "-" sign) (column)	-691,851,018.60	-394,853,966.19
(i) Classification by business continuity		
1. Net profit (net loss) from continuing operations to (The "-" sign is filled in)	-702,463,785.24	-582,831,672.40

2. Net profit from discontinued operations (net loss of less than (The “-” sign is filled in)	10,612,766.64	187,977,706.21
(ii) Classification by ownership attribution		
1. Net profit attributable to shareholders of the parent company	-601,932,269.69	-320,301,809.26
2. Minority interests in profit or loss	-89,918,748.91	-74,552,156.93
VI. Other comprehensive income, net of tax	56,394,576.30	-10,162,488.66
Other comprehensive income attributable to owners of the parent company Net after-tax amount of	56,394,006.31	-10,161,269.48
(i) Others that cannot be reclassified to profit or loss Comprehensive income		-1,000,000.00
1. Remeasurement of defined benefit plan changes forehead		
2. Others that cannot be transferred to profit or loss under the equity method Comprehensive income		
3. Fair value of investments in other equity instruments		-1,000,000.00

Change		
4. Fair value of the enterprise's own credit risk		
Change		
5. Other		
(ii) Other comprehensive income to be reclassified to profit or loss	56,394,006.31	-9,161,269.48
Combined revenue		
1. Other consolidation of transferable gains and losses under the equity method		
Combined revenue		
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	56,405,285.00	-9,065,749.13
7. Other	-11,278.69	-95,520.35
of other comprehensive income attributable to minority shareholders	569.99	-1,219.18
Net income after tax		
VII. Total comprehensive income	-635,456,442.30	-405,016,454.85
Total comprehensive income attributable to owners of the parent company	-545,538,263.38	-330,463,078.74
forehead		
Total comprehensive income attributable to minority shareholders	-89,918,178.92	-74,553,376.11
VIII. Earnings per share		
(i) Basic earnings per share	-0.74	-0.39
(ii) Diluted earnings per share	-0.74	-0.39

In the case of business combination under the same control in the current period, the net profit realized by the party being consolidated before the merger was: Yuan, and the net profit realized by the party being consolidated in the previous period was: Yuan. Legal representative: Chai Yongsen      Person in charge of accounting work: Su Ming      Head of Accounting Institution: Wang Yujian

#### 4. Income statement of the parent company

Unit: Yuan

Projects	Year 2022	Year 2021
I. Operating income	0.00	0.00
Less: Operating costs	0.00	0.00
Taxes and surcharges	105,015.22	229,739.90
Selling expenses		
Overhead	12,978,504.06	18,677,268.79
R&D expenses		
Finance costs	40,778,774.18	20,045,092.48
Of which: Interest expense	39,000,322.59	30,790,466.67

Interest income	2,487,275.41	3,447,475.34
Add: Other gains	1,056,099.88	1,275,680.88
Investment income (loss is filled with a "+" sign) (column)	33,508.85	83,776,508.86
Of which: Investment income in associates and joint ventures	33,508.85	
Gain on derecognition of financial assets measured at amortized cost (loss is presented with a "-" sign)		
Gain on net exposure hedge (loss is presented with a "+" sign)		

Gain (loss) on change in fair value to (The "—" sign is filled in)		-9,367,001.79
Credit impairment losses (losses marked with a "-") (Fill in the column)	10,714.44	4,598.12
Impairment loss on assets (loss marked with a "-") (Fill in the column)		
Gain on disposal of assets (loss marked with a "-") (Fill in the column)		
II. Operating profit (Loss is filled with "—" sign) (column)	-52,761,970.29	36,737,684.90
Add: Non-operating income	11,769.90	
Less: Non-operating expenses		
III. Total profit (total loss is marked with a "—") (Fill in the column)	-52,750,200.39	36,737,684.90
Less: Income tax expense	2,678.61	7,535,608.98
IV. Net profit (net loss is filled with a "—" sign) (column)	-52,752,879.00	29,202,075.92
(i) Net income from continuing operations (net loss to (The "—" sign is filled in)	-52,752,879.00	29,202,075.92
(ii) Net profit from discontinued operations (net loss to (The "—" sign is filled in)		
V. Other comprehensive income, net of tax		
(i) Others that cannot be reclassified to profit or loss Comprehensive income		
1. Remeasurement of defined benefit plan changes forehead		
2. Others that cannot be transferred to profit or loss under the equity method Comprehensive income		
3. Fair value of investments in other equity instruments Change		
4. Fair value of the enterprise's own credit risk Change		
5. Other		
(ii) Other comprehensive income to be reclassified to profit or loss Combined revenue		
1. Other consolidation of transferable gains and losses under the equity method		

Combined revenue		
2. Changes in fair value of other debt investments		
3. Reclassification of financial assets to other comprehensive income		
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		
VI. Total comprehensive income	-52,752,879.00	29,202,075.92
VII. Earnings per share		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

## 5. Consolidated statement of cash flows

Unit: Yuan

Projects	Year 2022	2021
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I. Cash flows from operating activities:		
Cash received from the sale of goods and provision of services	3,120,841,733.01	2,469,864,369.11
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance operations		
Net increase in policyholders' savings and investment funds		
Cash received for interest, fees and commissions		
Net increase in funds transferred in		
Net increase in funding for repo operations		
Net cash received from agency purchases and sales of securities		
Tax refunds received	198,610,579.78	206,989,073.55
Other cash received in connection with operating activities	175,263,029.52	225,381,400.26
Subtotal cash inflow from operating activities	3,494,715,342.31	2,902,234,842.92
Cash paid for the purchase of goods and services	2,331,542,640.91	2,034,854,676.14
Net increase in loans and advances to customers		
Net increase in deposits with central banks and interbank		
Cash payment of benefits from the original insurance contract		
Net increase in funds transferred out		
Cash paid for interest, fees and commissions		
Cash paid as policy dividends		
Cash paid to and for employees	546,532,904.64	669,454,873.39
All taxes paid	32,273,736.76	42,351,093.02
Other cash paid in connection with operating activities	247,629,651.25	242,156,412.36
Subtotal cash outflow from operating activities	3,157,978,933.56	2,988,817,054.91
Net cash flows from operating activities	336,736,408.75	-86,582,211.99
II. Cash flows from investing activities:		
Cash received from the recovery of investments	18,369,479.11	281,149,663.76
Cash received from obtaining investment income	92,658.23	4,244,714.57
Disposal of fixed assets, intangible assets and other long	5,337,637.52	54,548,680.19
Net cash recovered from assets in the period		

Disposal of subsidiaries and other operating units received Net cash		325,604,814.70
Other cash received in connection with investing activities		
Subtotal cash inflow from investing activities	23,799,774.86	665,547,873.22
Purchase and construction of fixed assets, intangible assets and other long Cash paid for assets in the period	162,281,944.90	174,517,179.89
Cash paid for investments		910,035,170.00
Net increase in pledged loans		
Acquisition of subsidiaries and other business units paid Net cash		1,304,747.29
Other cash paid in connection with investing activities		
Subtotal cash outflow from investing activities	162,281,944.90	1,085,857,097.18
Net cash flows from investing activities	-138,482,170.04	-420,309,223.96
III. Cash flows from financing activities:		
Cash received from absorption of investments		52,150,000.00
Of which: Receipts from minority shareholders' investments in subsidiaries Cash arrivals		52,150,000.00
Cash received for obtaining loans	4,895,246,682.78	4,782,449,474.31
Other cash received in connection with financing activities	77,700,865.00	109,852,687.00
Subtotal cash inflow from financing activities	4,972,947,547.78	4,944,452,161.31

Cash paid for debt service	5,017,292,700.00	3,928,432,745.61
Distribution of dividends, profits or repayment of interest paid	164,577,407.55	158,482,773.54
Cash		
Of which: Shares paid by subsidiaries to minority shareholders		
Profit, profit		
Other cash paid in connection with financing activities	230,568,073.04	77,073,258.22
Subtotal cash outflow from financing activities	5,412,438,180.59	4,163,988,777.37
Net cash flows from financing activities	-439,490,632.81	780,463,383.94
IV. Effect of exchange rate changes on cash and cash equivalents	14,070,627.27	-20,747,419.95
Impact		
V. Net increase in cash and cash equivalents	-227,165,766.83	252,824,528.04
Add: Cash and cash equivalents balance at the beginning of the period	1,273,488,908.11	1,020,664,380.07
VI. Cash and cash equivalents at the end of the period	1,046,323,141.28	1,273,488,908.11

## 6. Parent company cash flow statement

Unit: Yuan

Projects	Year 2022	2021
I. Cash flows from operating activities:		
Cash received from the sale of goods and provision of services		
Tax refunds received	548,698.60	779,064.46
Other cash received in connection with operating activities	2,264,760,745.51	645,300,352.21
Subtotal cash inflow from operating activities	2,265,309,444.11	646,079,416.67
Cash paid for the purchase of goods and services		
Cash paid to and for employees	12,508,936.34	12,849,415.02
All taxes paid	105,500.00	6,205,610.68
Other cash paid in connection with operating activities	474,899,333.12	311,100,637.73
Subtotal cash outflow from operating activities	487,513,769.46	330,155,663.43
Net cash flows from operating activities	1,777,795,674.65	315,923,753.24
II. Cash flows from investing activities:		
Cash received from the recovery of investments		100,000,000.00
Cash received from obtaining investment income	92,658.23	105,022.83
Disposal of fixed assets, intangible assets and other long		
Net cash recovered from assets in the period		
Disposal of subsidiaries and other operating units received		311,751,000.00
Net cash		
Other cash received in connection with investing activities		
Subtotal cash inflow from investing activities	92,658.23	411,856,022.83
Purchase and construction of fixed assets, intangible assets and other long		
Cash paid for assets in the period		131
Cash paid for investments	550,000,000.00	716,534,408.00

Subtotal cash outflow from financing activities	3,318,250,146.84	3,070,621,435.70
Net cash flows from financing activities	-917,945,766.84	-206,632,135.70
IV. Effect of exchange rate changes on cash and cash equivalents Impact	38,635.98	787,284.00
V. Net increase in cash and cash equivalents	309,981,202.02	-194,599,483.63
Add: Cash and cash equivalents balance at the beginning of the period	47,466,124.53	242,065,608.16
VI. Cash and cash equivalents at the end of the period	357,447,326.55	47,466,124.53

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

Amount for the period

Unit: Yuan

Proj ects	Year 2022														
	Equity attributable to owners of the parent company												Mino rity inter ests	Total Own er's Equi ty	
	Share Capit al	Other equity instruments			Capi tal surpl us	Less : Trea sury stoc k	Othe r com preh ensi ve inco me	Spe cializ ed rese rves	Surp lus rese rves	Gen eral risk allo wan ce	Undi strib uted earn ings	Other			Subto tal
		Prior ity Shares	Perp etual Debt	Other											
I. End of previ ous year Balanc e	816. 792. 487. 00				1,93 9,80 2,72 9.30	104. 185. 00	- 9,74 3,71 3.89		63,7 36,4 27.7 5		155. 672. 969. 81		2,96 6,15 6,71 4.97	164. 299. 258. 73	3,13 0,45 5,97 3.70
Ad Change in acco untin g polic y more															
Peri od Erro r Corr ectio n															

Positive															
A controlled business Merger															
He															
II. At the beginning of the current year Balance	816.792.487.00				1,939.802.729.30	104.185.00	-9,743.713.89		63,736.427.75		155.672.969.81		2,966.156.714.97	164.299.258.73	3,130.455.973.70
III. Amount of increase or decrease in the current period (Reduces the number of characters starting with "-") o. fill (column)					-19,028,557.09		56,394,006.31				-610.096.314.16		-572.730.864.94	-174.677.989.36	-747.408.854.30

(I) Total comprehensive income forehead							56,3 94,0 06.3 1				- 601. 932. 269. 69		- 545. 538. 263. 38	- 89,9 18,1 78.9 2	- 635. 456. 442. 30
(II) Owner input and reduction of capital This					- 19,0 28,5 57.0 9								- 19,0 28,5 57.0 9	- 84,7 59,8 10.4 4	- 103. 788. 367. 53
1. Owner input general Share															
2. Inputs from holders of other equity instruments This															
3. Share- based payments included in owners'					- 3,92 8,82 3.60								- 3,92 8,82 3.60		- 3,92 8,82 3.60

equity Amount															
4. Other					- 15,099,733.49							- 15,099,733.49	- 84,759,810.44	- 99,859,543.93	
(III) Profit share Matching										- 8,164,044.47		- 8,164,044.47		- 8,164,044.47	
1. With draw al of surplus Accumulation															
2. Extr action of gen eral risks Prepa ration															
3. For all Those who have										- 8,164,044.47		- 8,164,044.47		- 8,164,044.47	

(or shareholder) of the Matching											4.47		4.47		4.47
4. Other															
(IV) ) With in Owner's Equity Carry over															
1. Transfer of capital surplus to capital (or Unit) (Ben)															
2. Transfer of surplus to capital (or Unit) (Ben)															
3. Surplus reserves to cover Losses															



4. Changes in defin ed ben efit plan s carr y forw ard retai ned earn ings Benef it															
5. Othe r com preh ensi ve inco me carr yfor ward retai ned Earni ngs															
6. Other															
(V) ) Speci alized															

Xiang Stora ge Prep aratio n															
1. This perio d Extrac tion															
2. This peri od Use															
(VI) ) its He															
IV. Clos ing bala nce of the peri od	816. 792. 487. 00				1,92 0,77 4,17 2.21	104. 185. 00	46,6 50,2 92.4 2		63,7 36,4 27.7 5		- 454. 423. 344. 35		2,39 3,42 5,85 0.03	- 10,3 78,7 30.6 3	2,38 3,04 7,11 9.40

Amount of previous period

Unit: Yuan

Proje cts	2021														
	Equity attributable to owners of the parent company												Mino rity inter ests	Total Own er's Equi ty	
	Share Capit al	Other equity instruments			Capi tal surpl us	Less : Trea sury stoc k	Othe r com pre hensi ve inco me	Spe cializ ed rese rves	Surp lus rese rves	Gen eral risk allo wan ce	Undi strib uted eami ngs	Other			Subto tal
Prior ity Share		Perp etual Debt	Other												
I. End of previ ous year Balanc e	822. 259. 233. 00				1,95 8,94 7,40 1.54	17,1 05,7 65.0 6	417. 555. 59	15,0 40,7 26.1 5	63,7 36,4 27.7 5		484. 192. 071. 97		3,32 7,48 7,65 0.94	193. 092. 993. 10	3,52 0,58 0,64 4.04

Additional Change in accounting policy more															
Period Error Correction Positive															
A controlled business Merger															
He															
II. At the beginning of the current year Balance	822. 259. 233. 00				1,95 8,94 7,40 1.54	17,1 05,7 65.0 6	417. 555. 59	15,0 40,7 26.1 5	63,7 36,4 27.7 5		484. 192. 071. 97		3,32 7,48 7,65 0.94	193. 092. 993. 10	3,52 0,58 0,64 4.04
III. Changes in the current period Amount	- 5,46 6,74 6.00				- 19,1 44,6 72.2 4	- 17,0 01,5 80.0 6	- 10,1 61,2 69.4 8	- 15,0 40,7 26.1 5			- 328. 519. 102. 16		- 361. 330. 935. 97	- 28,7 93,7 34.3 7	- 390. 124. 670. 34

(Reduces the number of characters starting with "-")															
(I) Total comprehensive income forecast							- 10,1 61,2 69.4 8				- 320. 301. 809. 26		- 330. 463. 078. 74	- 74,5 53,3 76.1 1	- 405. 016. 454. 85
(II) Owner input and reduction of capital This	- 5,46 6,74 6.00				- 19,1 44,6 72.2 4	- 17,0 01,5 80.0 6		- 15,6 48,9 02.7 7					- 23,2 58,7 40.9 5	46,7 48,8 31.9 1	23,4 90,0 90.9 6
1、Owner input general Share	- 5,46 6,74 6.00				- 11,4 80,1 66.6 0	- 17,0 01,5 80.0 6							54,6 67.4 6	52,1 50,0 00.0 0	52,2 04,6 67.4 6
2. Inputs from holders of other equity															

instru- ments This															
3. Shar- e- base d pay men ts inclu ded in own ers' equit y Amou nt					2,57 0,82 3.60								2,57 0,82 3.60		2,57 0,82 3.60
4. Oth er					- 10,2 35,3 29.2 4			- 15,6 48,9 02.7 7					- 25,8 84,2 32.0 1	- 5,40 1,16 8.09	- 31,2 85,4 00.1 0
(III) ) Profi t shar e Matc hing										- 8,21 7,29 2.90			- 8,21 7,29 2.90	- 1,14 4,12 8.67	- 9,36 1,42 1.57
1. With draw al of surpl us Accu mulati on															
2. Extrac tion															

General Risk s Prepa ration															
3. To the own er (or shar ehol der) of the Matc hing											- 8,21 7,29 2.90		- 8,21 7,29 2.90	- 1,14 4,12 8.67	- 9,36 1,42 1.57
4. Other															
(IV) ) With in Own er's Equi ty Carry over															
1. Tran sfer of capit al surpl us to capit al (or Unit) (Ben)															
2. Tran sfer of surpl us to capit al (or Unit) (Ben)															

3. Surplus reserves to cover Losses															
4. Changes in defined benefit plans carry forward retained earnings Benefit															
5. Other comprehensive income carry forward Remain															

Earnings															
6. Other															
(V) Special storage Preparation							608.176.62					608.176.62	154.938.50	763.115.12	
1. This period Extraction							801.971.70					801.971.70	178.741.01	980.712.71	
2. This period Use							193.795.08					193.795.08	23,802.51	217.597.59	
(VI) Its He															
IV. End of the period Balance	816.792.487.00				1,939.802.729.30	104.185.00	-9,743.713.89	63,736.427.75		155.672.969.81		2,966.156.714.97	164.299.258.73	3,130.455.973.70	

## 8. Parent company statement of changes in owners' equity

Amount for the period

Unit: Yuan

Project s	Year 2022											
	Share Capital	Other equity instruments			Capi tal surpl us	Less : Trea sury shar es	Othe r com preh ensi ve inco me	Spe cializ ed rese rves	Surp lus rese rves	Undi strib uted earn ings	Other	Tota l Own er's Equi ty Count
		Pref err ed Sh are s	Perp etu al De bt	Other								
I. End of previ ous	816,7 92,48 7.00				1,947 ,052. 533.1 7	104,1 85.00			62,13 2,507 .38	255,9 43,88 4.86		3,081 ,817. 227.4 1



year Balance												
Ad d Cha nge in acco untin g polic y more												
Peri od Erro r Corr ectio n Positiv e												
He												
II. At the begi nnin g of the curr ent year Balance	816,7 92,48 7.00				1,947 ,052. 533.1 7	104,1 85.00			62,13 2,507 .38	255,9 43,88 4.86		3,081 ,817. 227.4 1
III, Current Issue					- 3,928					- 60,91		- 64,84

Incr ease or decr ease in the amo unt of chan ge (Red uces the num ber of char acte rs starti ng with "- ••N o. fill (colum n)					,823. 60					6,923 .47		5,747 .07
(I) Tota l com preh ensi ve inco me forehea d										- 52,75 2,879 .00		- 52,75 2,879 .00
(II) Own er input and redu ction of capit al This					- 3,928 ,823. 60							- 3,928 ,823. 60
1、 Owne r input of the gener al Tong												

Unit												
2. Inputs from holders of other equity instruments												
Capital												
3. Share-based payments included in owners' equity					- 3,928,823.60							- 3,928,823.60
forehead												
4. its												
He												
(III)										- 8,164,044.47		- 8,164,044.47
) Profit share Matching												
1. Withdrawal of surplus long												
2. To the owner										- 8,164,044.47		- 8,164,044.47

(or shareholder) of the Matching												
3. its He												
(IV) ) With in Owner's Equity Carryover												
1. Transfer of capital surplus to capital (or Unit) (Ben)												
2. Transfer of surplus to capital (or Unit) (Ben)												
3. Surplus reserves to cover deficit damage												
4. Changes in defined benefit plans												

carried forward for retention Earnings												
5. Other comprehensive income carryforward of retained earnings Benefit												
6. its He												
(V) ) Specialized Xiang Storage												

Preparation												
1. The current period take												
2. This period make Use												
(VI) its He												
IV. End of the period Balance	816,792,487.00				1,943,123,709.57	104,185.00			62,132,507.38	195,026,961.39		3,016,971,480.34

Amount of previous period

Unit: Yuan

Project s	2021											
	Share Capital	Other equity instruments			Capi tal surpl us	Less : Trea sury stoc k	Othe r com preh ensi ve inco me	Spe cializ ed rese rves	Surp lus rese rves	Undi strib uted earn ings	Other	Tota l Own er's Equi ty Count
		Pref err ed Sh are s	Perp etu al De bt	Other								
I. End of previ ous year Balance	822,259,233.00				1,955,961,876.17	17,105,765.06			62,132,507.38	234,959,101.84		3,058,206,953.33
Ad  Cha nge in acco untin g polic y more												

Period Error Correction Positive												
He												
II. At the beginning of the current year Balance	822,259,233.00				1,955,961.876.17	17,105,765.06			62,132,507.38	234,959,101.84		3,058,206.953.33
III. Amount of increase or decrease in the current period (Reduces the number of characters starting with "N") o. fill (column)	-5,466,746.00				-8,909,343.00	-17,001,580.06				20,984,783.02		23,610,274.08
(I)										29,20		29,20

Total comprehensive income forehad										2,075.92		2,075.92
(II) Owner input and reduction of capital This	- 5,466,746.00				- 8,909,343.00	- 17,001,580.06						2,625,491.06
1、Owner input of the general Tong Unit	- 5,466,746.00				- 11,480,166.60	- 17,001,580.06						54,667.46
2. Inputs from holders of other equity instruments Capital												
3. Share-based payments included in owners' equity forehad					2,570,823.60							2,570,823.60
4. its He												



(III) ) Profi t shar e Matchi ng										- 8,217 ,292. 90		- 8,217 ,292. 90
1. Withd rawal of surplu s long												
2. To the owner (or shar ehol der) of the Matchi ng										- 8,217 ,292. 90		- 8,217 ,292. 90
3. its He												
(IV) (The) Institute Those who have												

Intra- Equity Carryover												
1. Transfer of capital surplus to capital (or Unit) (Ben)												
2. Transfer of surplus to capital (or Unit) (Ben)												
3. Surplus reserves to cover deficit damage												
4. Changes in defined benefit plans carried forward for retention Earnings												

5. Other com prehen sive incom e carryf orwar d of retain ed earn ings Benefit												
6. its He												
(V) ) Spe cial stor age Prepar ation												
1. The curre nt perio d take												
2、 This perio d make Use												
(VI) ) its He												

IV. End of the peri od Balance	816,7 92,48 7.00			1,947 ,052. 533.1 7	104,1 85.00			62,13 2,507 .38	255,9 43,88 4.86		3,081 ,817. 227.4 1
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### III. Basic information of the company

(hereinafter referred to as the "Company" or the "Company") is a joint-stock company established by the Qingdao Municipal People's Government by way of fund raising with the approval of Qingzhengzhi [1995] No. 64, with Shuangxing Group Co. Ltd. The Company's unified social credit code is 913702002646064362, and was first issued to the public on April 10, 1996 with the approval of China Securities Regulatory Commission (CSRC) No. [1996] 22. 32,000,000 shares and listed on the Shenzhen Stock Exchange on April 30, 1996, stock short name: Qingdao Shuangxing; stock code: 000599; public

The total share capital of the company is 100,000,000.00 Yuan. The industry is rubber products industry.

In July 1997, by resolution of the shareholders' meeting, the Company gave all shareholders 2 bonus shares for every 10 shares on the basis of the total share capital at the end of 1996, increasing the total number of shares

The total share capital of the Company after the share distribution is \$120,000,000.00.

On September 14, 1997, the Company implemented the first allotment of shares, increasing the number of public shares by 9,600,000 shares, and the state-owned legal person shares renounced the allotment of shares to the public.

In February 2001, the Company implemented a second share allotment to increase the number of shares of the Company.

After the completion of the allotment, the total share capital of the Company will be NT\$147,189,642.00. The Company will have 15,136,071 public shares **and the** state-owned legal person shares will be renounced.

In 2001, with the approval of China Securities Regulatory Commission's document "2001" No. 50, the company issued a fixed-term loan to the former Qingdao Huaqing Industrial Group Co.

Ltd. was issued 23,325,000 common shares in the ratio of 1:1 and merged with Qingdao Huaqing Industrial Group Co.

The share exchange procedures were completed on September 30, 2012. The total share capital of the Company increased to NT\$170,514,642.00 after the completion of the merger.

In June 2002, the 2001 annual general meeting of the Company approved the issuance of a new share capital of \$170,514,642.00 to all shareholders of the Company based on the total share capital of \$170,514,642.00 at the end of 2001.

The shareholders were given 1 bonus share for every 10 shares, which increased the capital by NT\$17,051,464.00 in total. The total share capital of the Company after the bonus shares was NT\$187,566,106.00.

In August 2003, the 2002 Annual General Meeting of Shareholders approved the capitalization of the Company's share capital of \$187,566,106.00 as of the end of 2002.

The capital stock of the Company was increased by 2 shares for every 10 shares transferred from the Company's common stock to all shareholders, for a total increase of NT\$37,513,221.00. After the transfer, the total capital stock of the Company was NT\$225,079,327.00.

In January 2005, with the approval of the China Securities Regulatory Commission (CSRC) Document No. 158 [2004], the Company implemented the third share allotment to the public shares.

The total share capital of the Company became RMB 252,793,599.00 after the implementation of the share placement. 2005

In April, the Company transferred 8 shares for every 10 shares from its capital reserve to all shareholders on the basis of the total share capital of 252,793,599 shares after the share allotment on January 21, 2005, for a total of

The share capital of the Company was increased by RMB 202,234,879.00, and the total share capital of the Company was RMB 455,028,478.00 after the transfer.

In December 2005, the company implemented the share reform, after the completion of the share reform, the total share capital of

the company remained unchanged and the share capital structure changed to: shares with limited sale conditions in circulation 118,300,076 shares, accounting for 26% of the total share capital, and 336,728,402 shares, accounting for 74% of the total share capital, were outstanding under unlimited conditions.

On April 17, 2008, the Company was approved by the China Securities Regulatory Commission (CSRC) for a non-public offering of 69.8 million shares of A-shares under Securities Regulatory License [2008] No. 557.

On October 16, 2014, the Company was approved by the China Securities Regulatory Commission (CSRC) for the non-public issuance of A shares in the form of SFC License [2014] No. 1047

149,750,415 shares.

On January 26, 2018, the Company was approved by the China Securities Regulatory Commission SEC License [2017] No. 1435 for the non-public offering of A shares

142,180,094 shares.

On February 8, 2018, the company granted 18,868,662 restricted shares to 287 incentive recipients at a price of RMB 3.14/share, and the company received a total of 3,868,662 restricted shares from the incentive recipients.

The Company's registered capital was changed to RMB59,247,598.68, of which RMB18,868,662.00 was credited to the share capital of the Company.

835,627,649.00 Yuan;

On July 15, 2019, the Company repurchased and cancelled 7,124,458 restricted shares at a price of RMB 3.12 per share, reducing the registered capital by RMB

The registered capital was changed to RMB828,503,191.00 after the reduction of capital contribution of RMB7,124,458.00 from the outstanding shares with limited selling conditions.

On July 3, 2020, the Company repurchased and cancelled 6,277,458 restricted shares at a price of RMB 3.11 per share, reducing the registered capital by RMB

6,277,458.00, of which the capital contribution of RMB 6,277,458.00 was reduced by the outstanding shares with limited sale conditions, and the changed registered capital was RMB 6,277,458.00.

822,225,733.00 Yuan.

On June 10, 2021, the Company repurchased and cancelled 5,466,746 restricted shares at a price of RMB 3.10 per share, reducing its share capital by RMB

5,466,746.00, of which RMB 5,466,746.00 was reduced by the contribution of outstanding shares with limited sale conditions, and the changed share capital was RMB 816,792,487.00

Yuan.

The business scope is: manufacturing and sales of rubber tires, machinery, embroidery; domestic and foreign trade, foreign investment of own funds; manufacturing and sales of labor protective equipment.

(Projects subject to approval in accordance with the law, approved by the relevant departments before business activities can be carried out)

Registered office and head office address: No. 666, Lianghe Road, Huangdao District, Qingdao City, Shandong Province.

The parent company of the Company is Shuangxing Group Limited Liability Company, and the effective controller of the Company is the State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government. These financial statements were approved by the Board of Directors of the Company on March 29, 2023.

As of December 31, 2022, the subsidiaries included in the scope of the Company's consolidated financial statements were as follows

Subsidiary Name
Qingdao Shuangxing Tire Industry Co.
Double Star Dongfeng Tire Co.
Qingdao Shuangxing Marketing Co.
Qingdao Shuangxing Overseas Trading Co.
Hong Kong Double Star International Industries Limited
MicroCloud International (Qingdao) Data Co.
Shandong Shuangxing Tire Co.
Guangrao Jixing Tire Co.
Guangrao Youchuang III Development Fund Management Center (Limited Partnership)
Qingdao Starlink Automotive Technology Co.
Qingdao Shuangxing Chemical Materials Procurement Co.
Jilin Shuangxing Technology Co.
Laixi Shuangxing Tire Sales Co.
Double Star Investment (Hainan) Co.
Qingdao Shuangxing International Business Co.
Qingdao Starhang Rubber Technology Co.
Double Star (Hubei) Tire Sales Co.
Double Star International Trade (Hong Kong) Co.
Qingdao Star Monkey Tire Co.
Qingdao Star Monkey Auto Service Co.
Jinan Star Monkey Express Auto Service Co.
Nanchang Star Monkey Express Auto Service Co.
Shiyan Star Monkey Express Auto Service Co.
Xinjiang Star Monkey Express Auto Service Co.
Star Monkey Express (Beijing) Trading Co.
Zhengzhou Star Monkey Express Commercial Vehicle Service Co.

Haicheng Star Monkey Express Commercial Vehicle Service Co.
Rizhao Star Monkey Express Auto Service Co.
Zhengzhou Star Monkey Trading Co.

Hangzhou Star Monkey Express Co.
Jiangxi Star Monkey Express Passenger Car Co.
Weifang Star Monkey Express Auto Service Co.
Urumqi Star Monkey Tire Sales Co.
Hebei Star Monkey Auto Sales & Service Co.
Ningxia Star Monkey Express Commercial Vehicle Service Co.
Qinghai Star Monkey Express Auto Service Co.
Liaocheng Star Monkey Auto Service Co.
Qingdao Star Monkey Express Auto Service Co.
Liaoning Star Monkey Trading Co.
Hubei Star Monkey Express Commercial Vehicle Service Co.
Kunming Star Monkey Auto Repair Service Co.
Qingdao Anjestar Tire Co.
Qingdao Xingheng Tire Co.
Xingjin (Qingdao) Automotive Technology Co.

For details of the Company's subsidiaries, please refer to "IX.

Interests in other entities" in this note. 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.

## IV. Basis of preparation of financial statements

### 1、Basis of preparation

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、Continuing business

The financial statements have been prepared on a going concern basis. There are no matters or circumstances that may cast significant doubt about 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 estimate tips:

### **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 consolidated and parent company as of December 31, 2022 financial position and consolidated and parent company results of operations and cash flows for fiscal 2022.

### **2、Accounting period**

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

### **3、Business cycle**

The Company's business cycle is 12 months.

#### 4. The local currency of accounts

The Company adopts RMB as its local currency of account.

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

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

##### (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 Process

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. Internal transactions indicate the occurrence of related assets If there is an impairment loss, the full amount of such loss is recognized. If the accounting policies and accounting periods adopted by a subsidiary are different from 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 owners' equity, net profit or loss for the period and comprehensive income for the period attributable to minority shareholders are presented separately in the consolidated balance sheet under the item of owners' equity, in the consolidated income statement under the item of net profit and in the consolidated statement of total comprehensive income, respectively. The minority shareholders' share of the subsidiary's loss for the period exceeds the minority shareholders'

share of the subsidiary's net income for the period.

The balance resulting from the Company's share of 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 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 the related items in the comparative statements are adjusted as if the consolidated reporting entity had been in existence 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 date of purchase is remeasured at the fair value of the equity interest at the date of purchase, 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

general

processing

methods

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 the date of consolidation in proportion to the original shareholding and goodwill, is recognized as investment income in the period in which control is lost. Other comprehensive income and other changes in owner's equity under the equity method of accounting related to the equity investment in the original subsidiary that can be reclassified to profit or loss in the future are transferred to investment income in the period when control is lost.

#### 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 the effects of each other;
- ii. these transactions as a whole to achieve a complete business result;
- iii. The occurrence of a 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 a continuing 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 treatment of joint operations

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 individually 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 ) Recognize expenses incurred separately and expenses incurred in joint operations based on the Company's share.

The Company's investments in joint ventures are accounted for by the equity method, as described in Note 3 (XIV), "Long-term equity investments".

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

Cash, which refers to the Company's cash on hand and deposits that are readily available for payment. Cash equivalents, which are investments held by the Company with short maturities, high liquidity, easily convertible to known amounts of cash and subject to insignificant risk of changes in value.

## **9、 Foreign currency operations and translation of foreign currency statements**

### **(1) Foreign Currency Business**

Foreign currency operations are recorded in RMB using the spot rate or an approximate rate on the date of the transaction as the translation rate for foreign currency amounts.

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

The Company recognizes a financial asset, a financial liability or an equity instrument when it becomes a party to a financial instrument contract.

### (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 financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. A financial liability may be designated as a financial liability 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) Basis of recognition and measurement 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 not exceeding 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 financial assets occurs and substantially all the risks and rewards of ownership of the financial asset are retained. In determining whether a transfer of a financial asset meets the above conditions for derecognition of a financial asset, 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. When a transfer of a financial asset as a whole satisfies the derecognition condition, the difference between the following two amounts is recognized in profit or loss for the period:

- ① The carrying value of the financial assets 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 assets involved in the transfer are financial assets at fair value through other comprehensive income (debt instruments)).

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 current period:

① The carrying value of the derecognized portion;

② The sum of the consideration for the derecognition portion and the amount corresponding to the derecognition portion of 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 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 financial liability derecognized and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period. If the Company repurchases a portion 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 that continues to be recognized and the portion that is 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 for the period.

#### **(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 accounts for financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, either individually or in combination (debt instruments) and financial guarantee contracts, etc. Expected credit losses are estimated.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

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 entire 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 amount of expected credit losses during the month is measured as its provision for losses. The resulting increase or reversal of the loss allowance amount is recognized as an impairment loss or gain in profit or loss for the period. The Company determines the expected existence of a financial instrument by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition.

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by examining the relative change in the risk of default during the renewal period. The Company generally considers that the credit risk of a financial instrument has increased significantly if it is 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 credit impaired, the Company provides for impairment of that financial asset on a stand-alone basis.

For receivables and contract assets resulting from transactions governed by ASBE No. 14 - Revenue (2017), the Company consistently measures its allowance for losses at an amount equal to the expected credit loss over the entire life of the asset, whether or not it contains a significant financing component.

For lease receivables, the Company has elected to always measure its allowance for losses at an amount equal to the expected credit loss over the entire life of the receivable.

If the Company no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the carrying amount of the financial asset is written down directly.

## **11、Inventory**

### **(1) Classification and cost of inventories**

Inventory is classified as raw materials, working materials, work in process, and inventory goods.

Inventories are initially measured at cost. The cost of inventories includes the cost of purchase, processing costs and other expenditures incurred in bringing the inventories to their present location and condition.

**(2) Valuation method for issuing inventories**

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

**(3) Basis for determining the net realizable value of different categories of inventories**

At the balance sheet date, inventories should be measured at the lower of cost or net realizable value. When the cost of inventory is higher than its net realizable value, a provision for decline in value of inventory should be made. Net realizable value is the estimated selling price of inventories in the ordinary course of activities, less the estimated costs to be incurred to completion, estimated selling expenses and related taxes.

The net realizable value of inventories 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 by taking the estimated selling price of such inventories less estimated selling expenses and related taxes; the net realizable value of inventories of materials subject to processing is determined in the normal course of production and operation by taking the estimated selling price of the finished goods produced less estimated costs to be incurred to completion, estimated selling expenses and related taxes. The net realizable value of inventory held for the execution of sales contracts or labor contracts is calculated on the basis of the contract price. If the quantity of inventory held exceeds the quantity ordered in the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

After the provision for inventory decline, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying value, the provision for inventory decline is reversed within the amount originally provided for, and the reversal is credited to current profit or loss.

**(4) Inventory system for inventories**

The perpetual inventory system is used.

**(5) Amortization method for**

low-value consumables **and**

**packaging** 1) The one-time reversal

method is used for low-value consumables;

(2) The packaging uses the one-time resale method.

## **12. Contract assets**

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

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's unconditional (depending only on the passage of time) rights to receive consideration from customers are shown separately as receivables.

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

The method of determining expected credit losses on contract assets and the accounting treatment are described in detail in **Note "(c) X. Methods of testing and accounting treatment for impairment of financial assets"** in this note.

## **13. Assets held for sale**

A non-current asset or disposal group whose carrying amount is recovered principally through sale (including exchange of non-monetary assets with commercial substance) rather than through continuing use is classified as held for sale.

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 value of a non-current asset or disposal group classified as held for sale is higher than its fair value less costs to sell, the carrying value is written down to its 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.

## **14. Long-term equity investments**

### **(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 financial and operating decisions of the investee, but not being able to control or jointly control with other parties the formulation of these 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**

For long-term equity investments in subsidiaries resulting from business combinations under common control, the initial investment cost of long-term equity investments is determined at the date of consolidation based on the acquisition of the share of the ownership interest of the consolidated party in the carrying value of the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid is adjusted against the equity premium in capital surplus; if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted. If the Company is able to exercise control over an investee under the same control due to additional investment, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principle and the sum of the book value of the long-term equity investment before reaching the consolidation plus the book value of the consideration paid for further acquisition of shares at the date of consolidation is adjusted against equity premium, and if the equity premium is not sufficient for elimination, it is reduced against retained earnings.

For long-term equity investments in subsidiaries formed through business combinations not under common control, the initial investment cost of the long-term equity investment is based on the cost of the combination determined at the date of purchase. If it is possible to exercise control over the investee under non-same control due to additional investment, etc., the sum of the book value of the originally held equity investment plus the cost of the additional investment is used as the initial investment cost.

### **② Long-term equity investments acquired through means other than business combinations**

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.

## **(3) Subsequent measurement and profit or loss recognition method**

### **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 on the basis of its 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.

(iii) 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., other comprehensive income recognized on the former equity investment due to the adoption of the equity method of accounting is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method of accounting, and all changes in other owners' equity are transferred to current profit or loss upon the termination of the equity method of accounting.

If control over the investee is lost due to disposal of part of the equity investment, etc., in preparing the individual financial statements, the remaining equity interest that is capable of exercising 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 of the investee is recognized using the same basis as that used for the direct disposal of the investee. For the other comprehensive income recognized prior to the acquisition of control of the investee, it is carried forward proportionately on the same basis as the disposal of the related assets or liabilities by 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 equity interests recognized before control of the investee is obtained, the difference is recognized in profit or loss for the current period.

All of the other comprehensive income and other changes in owner's equity recognized were 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.

## **15. Investment properties**

Investment property

measurement model

Cost method of

measurement

Depreciation or amortization method

Investment properties are real estate held for rental income or capital appreciation, or both, including land use rights



that have been leased, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased (including buildings that will be used for leasing after completion of self-construction or development activities and buildings that will be used for leasing in the future while under construction or development).

Subsequent expenditures related to investment properties are included in the cost of investment properties when the inflow of related economic benefits is probable and their costs can be measured reliably; otherwise, they are recognized in profit or loss when incurred.

The Company uses the cost model to measure existing investment properties. The same depreciation policy as that for the Company's fixed assets is applied to investment properties - buildings for lease that are measured under the cost model, and land use rights for lease are subject to the same amortization policy as that for intangible assets.

## 16. Fixed assets

### (1) Confirmation conditions

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.

Fixed assets are initially measured at cost (taking into account the effect of expected abandonment cost factors).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when it is probable that the economic benefits associated with them will flow and their cost can be measured reliably; for the replaced portion, the carrying amount is derecognized; all other subsequent expenditures are recognized in profit or loss as incurred.

### (2) Depreciation Method

Category	Depreciation Method	Depreciable life	Residual Value Rate	Annual depreciation rate
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Houses and Buildings	Annual averaging method	10-40	3-5	2.375-9.5
Machinery and equipment	Annual averaging method	8-14	3-5	6.786-12.125
Transportation	Annual averaging method	5-14	3-5	6.786-19.40
Office equipment and others	Annual averaging method	5-14	3-5	6.786-19.40

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.

The Company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 - Disclosure of Industry Information

## 17. Projects in progress

The Company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 - Disclosure of Industry Information

## 18. Borrowing costs

### (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 when capitalization of borrowing costs begins to the point when capitalization ceases, excluding the period when capitalization of borrowing costs is suspended.

Borrowing costs are 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, transfer of non-cash assets or assumption of interest-bearing debt for the acquisition or production of assets eligible for capitalization;

② Borrowing costs have been incurred;

(iii) 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) Period of suspended capitalization

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 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.

### **19. Intangible assets**

#### **(1) Valuation methods, useful life, impairment testing**

##### **① Valuation method of intangible assets**

a 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 that are directly attributable to bringing the asset to its intended use. b 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 over the period in which they bring economic benefits to the enterprise; if the period in 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.

## ② Estimated useful life of intangible assets with finite useful life

Proj ects	Expected service life	Based on
Land use rights	40-50 years	Legal Right of Use
Proprietary Technology	10 years	Contract Duration
Trademark rights	10 years	Term of Use Rights
Software	10 years	Benefit period

As of the balance sheet date, the Company had no intangible assets with indefinite useful lives.

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

### ① Specific criteria for classifying the research and development phases

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.

### ② Specific conditions for capitalization of development stage expenditures

Research expenditures are recognized in profit or loss as incurred. Expenditures in the development stage are recognized as intangible assets if the following conditions are met, and expenditures in the development stage that do not meet the following conditions are recognized in profit or loss:

a. It is technically feasible to complete the intangible asset so that it can be used or sold; b. There is an intent to complete the intangible asset and use it or sell it;

c. 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;

d. Sufficient technical, financial and other resources are available to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset; and e. Expenditures attributable to the development phase of the intangible asset can be measured reliably.

If it is not possible to distinguish research stage expenditures from development stage expenditures, all research and development expenditures incurred are recognized in profit or loss for the current period.

## 20. Impairment of long-lived assets

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-term assets are tested for impairment if there is an indication of impairment at the balance sheet date. The result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount.

The difference between the fair value of an asset and its carrying amount is recognized as an impairment loss. The recoverable amount is the higher of the fair value of an asset, 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 able to be apportioned from the business combination

The group of assets or combination of groups of assets that benefit from the synergies.

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 on a pro rata basis according to the proportion of the carrying amount of each asset group or group of 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.

## **21. Long-term amortized expenses**

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. The Company's long-term amortization expense is amortized on a straight-line basis over the period of benefit.

## **22. Contractual liabilities**

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.

## **23. Employee compensation**

### **(1) Accounting for short-term compensation**

The Company recognizes the actual short-term compensation incurred by employees as a liability in the accounting period in which the employees provide services to the Company, and recognizes it in the current profit or loss or 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 the regulations, are recognized as liabilities in the period in which the employees provide services to the Company.

The corresponding amount of employee compensation is calculated and determined in accordance with the prescribed accrual basis and accrual rate for the accounting period in which the services are rendered.

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**

#### **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.

#### **② Defined benefit plan**

The Company attributes benefit obligations arising from defined benefit plans to employees in the period in which

the employees render services, based on a 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 transferred 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**

When the Company provides termination benefits to employees, it recognizes a liability for employee compensation arising from termination benefits in profit or loss at the earlier of: when the Company is unable to unilaterally withdraw termination benefits provided as a result of a plan to terminate employment or a proposal to reduce employment; and when the Company recognizes costs or expenses related to a restructuring involving the payment of termination benefits.

## 24. Projected liabilities

The Company recognizes a contingent obligation as a projected liability when both of the following conditions are met:

- (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.

The projected liability is initially measured at the best estimate of the expenditure required to settle the related present obligation.

In determining the best estimate, the risks associated with contingencies, uncertainties and the time value of money are taken into account. For those with a significant impact on the time value of money, the best estimate is determined by discounting the related future cash outflows.

Where a continuous range of required expenditures exists and the likelihood of various outcomes within that range is equal, the best estimate is determined by the midpoint of the range; in other cases, the best estimate is treated separately as follows:

- When a contingency involves a single item, it is determined by the most probable amount.
- If the contingencies involve multiple items, they are determined according to various possible outcomes and the related probabilities.

When 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.

The Company reviews the carrying amount of the estimated liability at the balance sheet date and adjusts the carrying amount in accordance with the current best estimate if there is conclusive evidence that the carrying amount does not reflect the current best estimate.

## 25. Share-based payment

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 provided by employees or other parties. The Company's share-based payments are classified as equity-settled share-based payments and cash-settled share-based payments.

### (1) Equity-settled share-based payments and equity instruments

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees. For share-based payment transactions that become exercisable immediately after the grant, the fair value of the equity instruments is recorded at the grant date as the related cost or expense, with a corresponding increase in capital surplus. For share-based payment transactions in which the services are completed within the waiting period after the grant or the required performance conditions are met before the rights become exercisable, at each balance sheet date during the waiting period, the Company recognizes the services acquired during the period as related costs or expenses based on the best estimate of the number of exercisable equity instruments, based on the fair value at the date of grant, and increases capital surplus accordingly.

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 the equity instrument granted is cancelled during the waiting period, the Company treats the cancelled equity instrument granted as an accelerated exercise, and the amount to be recognized over the remaining waiting period is



immediately recognized in profit or loss, together with capital surplus. 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.

## **(2) Cash-settled share-based payments and equity instruments**

Share-based payments that are settled in cash are measured at the fair value of the liability assumed by the Company determined on the basis of shares or other equity instruments. For share-based payment transactions that become exercisable immediately after the grant, the Company recognizes the related cost or expense at the grant date at the fair value of the liability assumed, increasing the liability accordingly. For share-based payment transactions that are not exercisable until the completion of the waiting period after the grant or when the specified performance conditions are met, at each balance sheet date during the waiting period, the Company recognizes the services acquired during the period at the relevant cost or expense based on the Company's best estimate of the circumstances of exercisability and the fair value of the liability assumed, with a corresponding increase in the liability. 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 period.

If the Company modifies the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment, on the date of the modification (whether occurring during or after the end of the waiting period), the Company measures the equity-settled share-based payment at the fair value on the date of the equity instrument granted, and will have acquired

The services are recorded in capital surplus and the liability recognized at the date of modification for cash-settled share-based payments is derecognized, and the difference between the two is recognized in profit or loss for the current period. If the waiting period is extended or shortened due to the modification, the Company accounts for the difference according to the modified waiting period.

## 26. Revenue

The Company is required to comply with the disclosure requirements of the chemical industry in the "Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 - Disclosure of Industry Information

## 27. Contract Costs

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 goods or services related to the asset; however, for contract acquisition costs amortized over a period not exceeding one year, the Company recognizes them in profit or loss as incurred.

If the carrying value of an asset related to contract costs is higher 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 received for the transfer of the goods or services associated with the asset;
- (2) The estimated costs to be incurred to transfer the related 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.

## 28. Government grants

### (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.

### (2) Confirm time point

Government grants are recognized when the Company is able to meet the conditions attached to them and is able to receive them.

### (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 the related costs or losses are recognized; to compensate the Company for related costs or losses already incurred. 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.

The Company distinguishes between the following two scenarios for accounting for policy-based preferential loan subsidies obtained:

① Finance will be discounted funds allocated to the lending bank, the lending bank to provide loans to the Company at the policy preferential interest rate, the Company to the actual amount of borrowing received as the recording value of the loan, in accordance with the principal amount of the loan and the policy preferential interest rate to calculate the relevant borrowing costs.

② If the financial subsidies are directly allocated to the Company, the Company will offset the corresponding subsidies against the related borrowing costs.

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

Income taxes consist of current income taxes and deferred income taxes. The Company recognizes current income tax and deferred income tax in profit or loss, except for income tax arising from business combinations and transactions or events directly recognized in owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are recognized based on the difference between the tax basis of the assets and liabilities and their carrying amounts (temporary differences).

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 tax liabilities are recognized, except in special cases. The special cases in which deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;
- A transaction or event that is neither a business combination nor, when it occurs, affects accounting profit and taxable income (or deductible loss).

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates applicable to the periods when the related assets are expected to be recovered or the related liabilities settled, in accordance with the provisions of the tax law.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available against which the benefit of the deferred tax assets can be utilized in future periods. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

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.

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented as net of offsetting amounts when both of the following conditions are met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax

authority on the same taxable entity or on different taxable entities, but in each future period in which it is significant that the deferred income tax assets and liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or acquire the assets and settle the liabilities at the same time.

### 30、Leasing

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 in connection with existing leases that are directly triggered by the macro environment and 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 reduction is only for the lease payments payable before June 30, 2022, and the increase in lease payments payable after June 30, 2022 will not affect the full amount of the lease payments.
- (a) The condition is satisfied and the condition is not satisfied by the decrease in lease payments payable after June 30, 2022;

- The other terms and conditions of the lease were determined to have not changed significantly after considering qualitative and quantitative factors together.

### (1) The Company as the lessee

#### ① Right-to-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 3(20), "Impairment of Long-lived Assets".

#### 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;
- The amount required to be paid to exercise the option to terminate the lease is 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 based on a fixed periodic interest rate and recognizes it in current profit or loss or the cost of the related asset. Variable lease payments that are not included in the measurement of the lease liability are charged to 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, 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 leases of low-value assets

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 each period 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 a company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

### ④ Change of lease

A company accounts for a change in a lease as a separate lease if the change occurs and both of the following conditions are met:

- The lease modification expands the lease by adding the right to use one or more of the 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

For those using the simplified method of related rent reductions, the Company does not assess whether a lease change has occurred, continues to calculate interest expense on the lease liability at a discount rate consistent with that before the reductions and includes it in current profit or loss, and continues to depreciate the right-of-use asset at a rate consistent with that before the reductions. If a rent reduction occurs, the Company treats the reduced rent as variable lease payments and reduces the cost or expense of the relevant asset 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 liability accordingly; if the rent payment is deferred, the Company reduces the lease liability recognized in prior periods when the actual payment is 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 a payable in the original payment period and reduces the payable recognized in the prior period when the actual payment is 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, the lease will be classified as a finance lease, and the Company will account for it in accordance with the policy of amending or renegotiating the contract as described in Note 3(j) "Financial Instruments" herein.

### ③ Rent concessions

- For operating leases using the simplified method of relevant rent reductions, the Company continues to recognize the original contractual rent as lease income in the same manner as before the reductions; in the event of rent reductions, the Company treats the reduced rent as variable lease payments and eliminates lease income in the period of the reductions; in the event of deferred rent collection, the Company recognizes the rent receivable in the original collection period and eliminates it when it is actually received the receivable recognized in the previous period.

- For finance leases that use the simplified method of related rent reductions, the Company continues to calculate interest and recognize it as lease income at a discount rate consistent with that before the reductions. In the event of rent reductions, the Company treats the reduced rent as variable lease payments and reduces the originally recognized lease income by the undiscounted or pre-reduction discount rate when the original right to receive rent is waived, such as when a reduction agreement is reached, and the shortfall is credited to investment income and the finance lease receivable is adjusted accordingly; in the event of deferred rent collection, the Company reduces the previously recognized finance lease receivable when it is actually received. 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 3(26), "Revenue".

#### ① As a lessee

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 3 (J) Financial Instruments.

#### ② As 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 of "2. If the transfer of assets in a sale and leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred assets but recognizes a financial asset equal to the transfer proceeds. For details of the accounting treatment of financial assets, please refer to **Note 3 (J) Financial Instruments**.

## 31、Discontinued operation

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) This component is a subsidiary acquired exclusively for resale.

Gains or losses from continuing operations and gains or losses from discontinued operations are presented separately in the income statement. Gains or losses from operations such as impairment losses and reversals of amounts from discontinued operations and gains or losses on disposals are reported as gains or losses from discontinued operations. For discontinued operations presented in the current period, the Company restates the information previously reported as gain or loss from continuing operations in the current financial statements as gain or loss from discontinued operations in the comparable accounting period.

## **32. Hedge accounting**

### **(1) Classification of hedging**

① Fair value hedges are hedges of recognized assets or liabilities that have not yet been recognized for the risk of changes in fair value of firm commitments (**other** than foreign exchange risk).

② Cash flow hedges are hedges of the risk of changes in cash flows arising from a particular type of risk associated with a recognized asset or liability, a highly probable forecast transaction, or a foreign exchange risk embedded in an unrecognized firm commitment.

③ Hedge of net investment in foreign operations refers to the hedge of foreign exchange risk of net investment in foreign operations. Net investment in foreign operations, which is the enterprise's equity share in net assets of 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

An assessment of the effectiveness of the hedging instrument. Hedge effectiveness is the extent to which changes in the fair value or cash flows of a 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 satisfies the requirements for effectiveness in applying hedge accounting in the accounting period in which the hedge relationship is designated. If not, the hedge relationship is terminated.

The application of hedge accounting should meet the following requirements for hedge effectiveness:

- ① There is an economic relationship between the hedged item and the hedging instrument.
- ② The effect of credit risk is not dominant in the value changes arising from the economic relationship between the hedged item and the hedging instrument.

(iii) An appropriate hedge ratio is used that does not create an imbalance in the relative weights of the hedged item and the hedging instrument that would produce an accounting result inconsistent with the hedge accounting objective. If the hedge ratio is no longer appropriate, but the hedge risk management objective has not changed, the number of hedged items or hedging instruments should be adjusted to make the hedge ratio meet the effectiveness requirements again.

### **(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 hedge**

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 profit or loss for the current period. 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 portion of other comprehensive income that is The amount recognized is transferred to current profit or loss. If the hedged item is the cost of a non-financial asset or a 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, if 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 other comprehensive income 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 Hedge 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 an ineffective hedge is recognized in current profit or loss. Upon disposal of a foreign operation, any cumulative gain or loss included in other comprehensive income is reversed and recognized in profit or loss for the period.

## **33. Changes in significant accounting policies and accounting estimates**

### **(1) Changes in significant accounting policies**

☐ Applicable ☒ Not applicable

### **(2) Changes in significant accounting estimates**

☐ Applicable ☒ Not applicable

### 34. Other

## VI. Taxes

### 1. Main tax types and tax rates

Taxes	Taxation basis	Tax rate
Value Added Tax	The output tax is calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law, and after deducting the input tax allowed to be deducted in the current period, the difference Classified as VAT payable	5%, 6%, 9%, 13%
City Maintenance and Construction Tax	Based on the actual VAT and consumption tax paid	7%
Corporate Income Tax	Payment based on taxable income	15%, 20%, 25%
Profits tax	Hong Kong subsidiaries are taxed on the basis of taxable income	16.5%

### 2. Tax benefits

- (1) The subsidiary Qingdao Shuangxing Tire Industry Co., Ltd. was again recognized as a high-tech enterprise in December 2020 and enjoys a preferential income tax rate of 15%.

Valid for 3 years.

- (2) Ltd., a subsidiary of Shuangxing Dongfeng Tire Co., Ltd. was again recognized as a high-tech enterprise in November 2022, enjoying a preferential income tax rate of 15%, effectively

The period is 3 years.

(3) According to the Announcement of the State Administration of Taxation on Matters Relating to the Implementation of Preferential Income Tax Policies to Support the Development of Small and Microprofit Enterprises and Individual Entrepreneurs (State Administration of Taxation Announcement No. 8 of 2021), the portion of the annual taxable income of small and microprofit enterprises not exceeding 1 million yuan shall be reduced by 12.5% of the taxable income. Corporate income tax shall be paid at a rate of 20%. Implementation period: Effective from January 1, 2021 and will be terminated on December 31, 2022. According to the Ministry of Finance Taxation Announcement of the General Administration of Taxation on Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (Announcement No. 13 of 2022 by the Ministry of Finance and the General Administration of Taxation), the portion of the annual taxable income of small and micro enterprises exceeding RMB1 million but not exceeding RMB3 million shall be reduced by 25% of the taxable income and subject to corporate income tax at a rate of 20%. Implementation period: January 1, 2022 to December 31, 2024. If the Company's subsidiaries meet the prescribed conditions, their income is reduced by 12.5% of the taxable income and subject to a 20% tax rate.

- (4) Subsidiary Shuangxing Dongfeng Tire Co., Ltd. is a high-tech enterprise, and according to Efa [2021] No. 20, from January 1, 2021 to December 2025

On 31st, the urban land use tax for manufacturing high-tech enterprises in Hubei Province was levied at 40% of the prescribed tax rate.

## VII. Notes to the Consolidated Financial Statements

## 1、Money funds

Unit: Yuan

Projects	Closing balance	Opening balance
Cash on hand	162,640.94	270,326.81
Bank deposits	1,046,157,998.40	1,295,844,433.89
Other monetary funds	298,670,569.68	270,935,690.01
Total	1,344,991,209.02	1,567,050,450.71
Of which: Total amount deposited abroad	10,404,743.98	508,794.57
Total amount restricted for use due to mortgage, pledge or freeze	298,668,067.74	293,561,542.60

Other notes:

Projects	Closing balance	Prior year-end balance
Bank Acceptance Deposit	172,799,349.55	245,262,604.20
Letter of Credit Margin	113,033,069.39	20,893,992.00
Performance Bond		63,757.00
Guarantee deposit	7,217,212.14	18,964,291.46
Migrant Workers' Wage Deposit	783,523.00	783,523.00
Settlement margin, etc.	4,834,913.66	7,593,374.94
Total	298,668,067.74	293,561,542.60

## 2. Trading financial assets

Unit: Yuan

Projects	Closing balance	Opening balance
Financial assets at fair value through profit or loss	981,420.88	
Among them:		
Investments in equity instruments	51,920.88	
Derivative financial assets	929,500.00	
Among them:		
Total	981,420.88	

## 3. Notes receivable

### (1) Presentation of notes receivable by category

Unit: Yuan

Projects	Closing balance	Opening balance
Bankers' Acceptances	396,986,933.51	532,380,877.54
Commercial Acceptances	87,850,743.12	21,889,064.05
Finance Company Promissory Note	86,349,823.84	151,657,589.37
Total	571,187,500.47	705,927,530.96

Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion	Amount	Accrual rate		Amount	Proportion	Amount	Accrual rate	
Ammon										



g the m:										
Bad debt provisi on by portfoli o receiva ble Bills	88,292. 204.14	100.00%	441,461 .02	0.50%	87,850. 743.12	21,999. 059.33	100.00%	109,995 .28	0.50%	21,889. 064.05

its Middl e:										
Notes receiv able with provisi on for bad debts by credit risk charac teristic s Accordin g to	88,292. 204.14	100.00%	441,461 .02	0.50%	87,850. 743.12	21,999. 059.33	100.00%	109,995 .28	0.50%	21,889. 064.05
<b>Total</b>	<b>88,292. 204.14</b>	<b>100.00%</b>	<b>441,461 .02</b>	<b>0.50%</b>	<b>87,850. 743.12</b>	<b>21,999. 059.33</b>	<b>100.00%</b>	<b>109,995 .28</b>	<b>0.50%</b>	<b>21,889. 064.05</b>

Provision for bad debts by portfolio: Commercial acceptances

Unit: Yuan

Name	Closing balance		
	Book balance	Provision for bad debts	Accrual rate
Commercial acceptances	88,292,204.14	441,461.02	0.50%
<b>Total</b>	<b>88,292,204.14</b>	<b>441,461.02</b>	

If the provision for bad debts on notes receivable is based on the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about the provision for bad debts:

☐ Applicable ☒ Not applicable

## (2) Provision for bad debts charged, recovered or reversed during the period

Provision for bad debts for the period:

Unit: Yuan

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovery or reversal	Write-offs	Other	
Commercial acceptances	109,995.28	441,461.02	109,995.28			441,461.02
<b>Total</b>	<b>109,995.28</b>	<b>441,461.02</b>	<b>109,995.28</b>			<b>441,461.02</b>

Of which the amount of provision for bad debts recovered or reversed during the period is significant:

☐ Applicable ☒ Not applicable

## (3) Notes receivable pledged by the Company at the end of the period

Unit: Yuan

Projects	Pledged amount
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	at the end of the period
Bankers' Acceptances	25,533,885.67
Finance Company Promissory Note	11,170,522.98
Total	36,704,408.65

**(4) 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

Projects	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bankers' Acceptances	10,236,001.78	334,624,382.94
Commercial Acceptances		36,901,520.17
Total	10,236,001.78	371,525,903.11

## 4、Accounts receivable

## (1) Accounts receivable classification disclosure

Unit: Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion	Amount	Accrual rate		Amount	Proportion	Amount	Accrual ratio	
Accounts receivable for which bad debt provision is made on an individual basis	16,001.112.54	2.30%	16,001.112.54	100.00%	0.00		0.00%		0.00%	
Among them:										
The individual amounts are not material but a separate provision for bad debts should be Collections	16,001.112.54	2.30%	16,001.112.54	100.00%	0.00		0.00%		0.00%	
Accounts receivable with	678,609,677.49	97.70%	45,338,567.99	6.68%	633,271,109.50	805,992,491.53	100.00%	73,446,957.97	9.11%	732,545,533.56

provision for bad debts by portfolio										
Among them:										
Receivables with bad debt provision based on a combination of credit risk characteristics Accounts	678,609,677.49	97.70%	45,338,567.99	6.68%	633,271,109.50	804,931,698.59	99.87%	73,446,957.97	9.12%	731,484,740.62
Non-accrual of bad debt group Hop						1,060,792.94	0.13%			
Total	694,610,790.03	100.00%	61,339,680.53	8.83%	633,271,109.50	805,992,491.53	100.00%	73,446,957.97	9.11%	732,545,533.56

Provision for bad debts by individual items: 16,001,112.54

Unit: Yuan

Name	Closing balance			
	Book balance	Provision for bad debts	Accrual rate	Reason for accrual
First Place	6,507,421.71	6,507,421.71	100.00%	Customers listed as defaulted pedestrian
Second Place	3,957,363.83	3,957,363.83	100.00%	Customers listed as defaulted pedestrian
Third Place	1,709,338.00	1,709,338.00	100.00%	Customers listed as defaulted pedestrian
Fourth Place	1,157,508.00	1,157,508.00	100.00%	Customers listed as defaulted

				pedestrian
Fifth Place	1,038,560.00	1,038,560.00	100.00%	Customers listed as defaulted pedestrian
Other	1,630,921.00	1,630,921.00	100.00%	Customers listed as defaulted Pedestrian or revoked status
Total	16,001,112.54	16,001,112.54		

Provision for bad debts by portfolio: 45,338,567.99

Unit: Yuan

Name	Closing balance		
	Book balance	Provision for bad debts	Accrual rate
Bad debts are accrued based on a combination of credit risk characteristics Provision for accounts	678,609,677.49	45,338,567.99	6.68%
Total	678,609,677.49	45,338,567.99	

If the provision for bad debts of accounts receivable is based on the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about the provision for bad debts:

☐ Applicable ☒

Not applicable

Disclosed by  
age

Unit: Yuan

Age of accounts	Book balance
Within 1 year (including 1 year)	606,536,579.28
1 to 2 years	21,491,855.33
2 to 3 years	8,087,816.07
More than 3 years	58,494,539.35
3 to 4 years	10,083,660.61
4 to 5 years	7,608,343.55
More than 5 years	40,802,535.19
Total	694,610,790.03

## (2) Provision for bad debts charged, recovered or reversed during the period

Provision for bad debts for the period:

Unit: Yuan

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovery or reversal	Write-offs	Other	
Bad debts are		16,001,112.54				16,001,112.54

accrued on an individual basis Provision for accounts						
Bad debt accrual by portfolio Provision for accounts	73,446,957.97	2,091,317.91		3,533.55	30,196,174.34	45,338,567.99
Total	73,446,957.97	18,092,430.45		3,533.55	30,196,174.34	61,339,680.53

Other decrease of \$30,196,174.34 in the provision for bad debts by portfolio, including a decrease of \$15,150,189.70 in the provision for bad debts due to the reduction of subsidiaries, and translation differences in foreign currency statements

The provision for bad debts was increased by \$93,226.07 due to the change in the provision for bad debts and decreased by \$15,139,210.71 due to the change to a single accrual.

### (3) Actual write-off of accounts receivable during the period

Unit: Yuan

Projects	Write-off amount
Actual write-off of accounts receivable	3,533.55

#### (4) Top five accounts receivable with closing balances grouped by party in arrears

Unit: Yuan

Unit Name	Closing balance of accounts receivable	As a percentage of the total closing balance of accounts receivable	Closing balance of provision for bad debts
First Place	55,093,369.38	7.93%	275,466.85
Second Place	31,427,074.20	4.52%	157,135.37
Third Place	29,746,372.05	4.28%	148,731.86
Fourth Place	23,556,064.04	3.39%	130,575.47
Fifth Place	18,656,683.20	2.69%	93,283.42
Total	158,479,562.87	22.81%	

### 5. Receivables financing

Unit: Yuan

Projects	Closing balance	Opening balance
Notes receivable	64,865,423.48	380,024,389.42
Total	64,865,423.48	380,024,389.42

Changes in receivables financing during the period and changes in fair value

☒ Applicable ☐ Not applicable

Projects	Prior year-end balance	New in this period	Derecognition during the period	Closing balance
Notes receivable	380,024,389.42	1,587,176,143.96	1,902,335,109.90	64,865,423.48
Total	380,024,389.42	1,587,176,143.96	1,902,335,109.90	64,865,423.48

If the provision for impairment of receivables financing is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about the provision for impairment:

☐ Applicable ☒ Not applicable

### 6. Prepayments

#### (1) Prepayments by ageing

Unit: Yuan

Age of accounts	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	69,196,385.58	78.06%	57,449,296.54	77.40%
1 to 2 years	5,370,094.29	6.06%	3,666,601.74	4.94%
2 to 3 years	2,319,186.18	2.62%	8,147,126.96	10.98%
More than 3 years	11,757,524.23	13.26%	4,958,940.59	6.68%



Total	88,643,190.28		74,221,965.83	
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**(2) Top five prepayments with closing balances grouped by prepaid objects**

Prepaid Objects	Closing balance	As a percentage of the total closing balance of prepayments (%)
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First Place	13,461,213.79	15.19
Second Place	11,033,330.98	12.45
Third Place	6,479,398.54	7.31
Fourth Place	5,926,184.30	6.69
Fifth Place	5,270,946.35	5.95
Total	42,171,073.96	47.59

## 7. Other receivables

Unit: Yuan

Projects	Closing balance	Opening balance
Other receivables	54,762,233.60	54,715,342.03
Total	54,762,233.60	54,715,342.03

### (1) Other receivables

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

Unit: Yuan

Nature of payment	Closing book balance	Opening book balance
Security deposit, deposit	20,085,193.15	19,272,601.37
Employee Borrowing	1,018,905.54	1,111,408.41
Other correspondence	39,548,834.66	40,137,095.21
Total	60,652,933.35	60,521,104.99

#### 2) Provision for bad debts charged, recovered or reversed during the period

Provision for bad debts for the period:

Unit: Yuan

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovery or reversal	Write-offs	Other	
Bad debts are accrued on an individual basis Provision for accounts	371,226.54	20,892.15				392,118.69
Bad debt accrual by portfolio Provision for accounts	5,434,536.42	565,458.09			501,413.45	5,498,581.06
Total	5,805,762.96	586,350.24			501,413.45	5,890,699.75

## 3) Top five other receivables with closing balances, grouped by party in arrears

Unit: Yuan

Unit Name	Nature of the payment	Closing balance	Age of accounts	of the total ending balance of other receivables Proportion	Closing balance of provision for bad debts
First Place	Guarantee	15,360,987.68	Within 1 year	25.33%	76,804.94
Second Place	Relocation compensation	8,000,000.00	Less than 1 year, 1-2 years	13.19%	

Third Place	Current payments	7,160,376.50	Within 1 year	11.81%	35,801.88
Fourth Place	Current payments	3,617,685.05	Within 1 year	5.96%	18,088.43
Fifth Place	Current payments	2,309,817.00	Within 1 year	3.81%	11,549.09
Total		36,448,866.23		60.10%	142,244.34

## 8. Inventory

Whether the company is required to  
comply with the disclosure requirements  
of the real estate industry No

### (1) Inventory classification

Unit: Yuan

Projects	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying value
Raw Materials	188,136,603.41	8,948,540.74	179,188,062.67	209,419,082.34	891,324.04	208,527,758.30
In the product	53,170,550.07	2,215,984.64	50,954,565.43	52,906,686.64	385,779.96	52,520,906.68
Stock items	1,147,409,868.51	156,680,608.17	990,729,260.34	1,062,156,328.12	135,761,318.03	926,395,010.09
Total	1,388,717,021.99	167,845,133.55	1,220,871,888.44	1,324,482,097.10	137,038,422.03	1,187,443,675.07

### (2) Provision for decline in value of inventories and provision for impairment of contract performance costs

Unit: Yuan

Projects	Opening balance	Increase in the current period		Decrease for the period		Closing balance
		Accrual	Other	Reversal or write-back	Other	
Raw Materials	891,324.04	8,057,216.70				8,948,540.74
In the product	385,779.96	1,830,204.68				2,215,984.64
Stock items	135,761,318.03	65,586,628.43		41,967,275.46	2,700,062.83	156,680,608.17
Total	137,038,422.03	75,474,049.81		41,967,275.46	2,700,062.83	167,845,133.55

## 9. Other current assets

Unit: Yuan

Projects	Closing balance	Opening balance
Costs to be amortized	1,548,200.80	6,265,635.43
Advance tax payment	158,391.04	1,862,679.90
Input tax to be deducted, input tax to be certified, incremental Value tax credit, etc.	71,556,657.90	122,399,632.15
Other	458.21	458.21
Total	73,263,707.95	130,528,405.69

## 10. Long-term equity investments

Unit: Yuan

Investee Units	Opening balance (book value)	Change in the period								Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Reduction 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											
II. Affiliates											
Xinyu Zhike Carbon Neutral Equity Investment Partnership (limited) (Partnership)	20,000,000.00			33,508.85			92,658.23			19,940,850.62	
Beijing Hurricane Partner Network Technology Co. Company	6,713.130.48							6,713.130.48			6,713.130.48
Xingda Network Technology (Green Island) Yes Limited company	4,229.831.27			132,436.68						4,362.267.95	

Arab Haji Industr ies Ltd. Compan y	637,57 0.00				58,890 .00					696,46 0.00	
Kumho Tire Vietna m Co. Ltd.	591,19 0,962. 40			21,840 ,305.5 9	55,380 ,571.4 5					668,41 1,839. 44	
Qingd ao Wanch eng Metrop olis Real Estate Develo pment Co. Division	500,00 0.00		500,00 0.00								
China Overs eas Star Drago n Industr y (Qingd ao) has Limited compan y	384,51 7.60			- 384,51 7.60							
Hebei Dazhe ngren Autom obile Sales & Servic e Group Co. Compan y	33,810 ,900.0 0		200,46 0.00					15,000 ,000.0 0		18,610 ,440.0 0	18,713 ,341.0 3
Su Xing Auto Car Technol ogy	3,021. 951.36			612,92 2.87						3,634. 874.23	

(Green Island) Yes Limited company											
Beijing Xingjun Future Automotive Technology Co. Company	708,225.26			91,122.68						799,347.94	
Subtotal	661,197,088.37		700,460.00	22,325,779.07	55,439,461.45		92,658.23	21,713,130.48		716,456,080.18	25,426,471.51
Total	661,197,088.37		700,460.00	22,325,779.07	55,439,461.45		92,658.23	21,713,130.48		716,456,080.18	25,426,471.51

## 11. Investments in other equity instruments

Unit: Yuan

Projects	Closing balance	Opening balance
Jingtong Precision Repair (Wuhan) Auto Service Co.	10,000,000.00	10,000,000.00
Beijing Zhiweijie Shangxin Circulation Investment Center (Limited) (Partnership)	2,371,371.99	18,558,000.00
Shandong Xinhai Finance Guarantee Co.		
Total	12,371,371.99	28,558,000.00

Itemized disclosure of investments in non-trading equity instruments for the period

Unit: Yuan

Project Name	Dividend income recognized	Accumulated gains	Accumulated losses	Transfer from other comprehensive income to retained earnings	Originally designated as at fair value through other comprehensive income Because	Reasons for transferring other comprehensive income to retained earnings
Jingtong Precision Repair (Wuhan) Auto Service Ltd.					The company's strategic purpose holds	



Beijing Zhiweijie Shangxin Circulation Investment Center (Limited Cooperation) (Partner)					The company's strategic purpose holds	
Shandong Xinhai Financing Guarantee Co.			1,000,000.00		Company Strategic Objectives Hold	

## 12、Fixed assets

Unit: Yuan

Projects	Closing balance	Opening balance
Fixed Assets	4,275,052,278.59	4,359,716,962.44
Fixed assets liquidation		370,020.98
Total	4,275,052,278.59	4,360,086,983.42

## (1) Fixed Assets

Unit: Yuan

Projects	Land Assets	Houses and Buildings	Machinery and equipment	Transportation	Office equipment and others	Total
I. Original book value:						
1. Opening balance forehead		1,322,680,017.75	4,289,906,501.01	32,253,349.08	11,147,769.69	5,655,987,637.53
2. Increase in the current period		79,559,231.54	310,741,434.86	2,591,658.28	4,591,009.23	397,483,333.91
(1) Acquisition		5,293,447.67	195,424,025.04	1,142,402.83	236,581.23	202,096,456.77
(2) Transfer to construction in progress		74,265,783.87	115,317,409.82	918,282.00	4,354,428.00	194,855,903.69
(3) Increase in business combinations						
Other				530,973.45		530,973.45
3. Decrease in the current period		4,479,618.87	147,725,476.99	1,945,736.74	262,498.01	154,413,330.61
(1) disposal or scrap		4,479,618.87	112,107,979.32	1,945,736.74	206,789.03	118,740,123.96
Other			35,617,497.67		55,708.98	35,673,206.65
4. Ending balance forehead		1,397,759,630.42	4,452,922,458.88	32,899,270.62	15,476,280.91	5,899,057,640.83
II. Accumulated depreciation						
1. Opening balance forehead		117,564,869.72	1,154,394,330.91	16,701,881.36	7,609,593.10	1,296,270,675.09
2. Increase in the current period		35,044,929.28	351,799,382.79	3,509,226.35	931,401.33	391,284,939.75
(1) accrual		35,044,929.28	351,799,382.79	3,509,226.35	931,401.33	391,284,939.75
Other						
3. Decrease in		164,588.47	62,841,737.28	1,130,411.06	245,154.06	64,381,890.87

the current period						
(1) ) disposal or scrap		164,588.47	58,889,143.17	1,130,411.06	196,219.70	60,380,362.40
Other			3,952,594.11		48,934.36	4,001,528.47
4. Ending balance forehead		152,445,210.53	1,443,351,976.42	19,080,696.65	8,295,840.37	1,623,173,723.97
III. Provision for impairment						
1. Opening balance forehead						
2. Increase in the current period			831,638.27			831,638.27
(1) ) accrual			831,638.27			831,638.27

3. Decrease in the current period Less amount						
(1) ) disposal or scrap						
4. Ending balance forehead			831,638.27			831,638.27
IV. Book value						
1. Closing accounts Face Value		1,245,314.41 9.89	3,008,738.84 4.19	13,818,573.9 7	7,180,440.54	4,275,052.27 8.59
2. Opening accounts Face Value		1,205,115.14 8.03	3,135,512.17 0.10	15,551,467.7 2	3,538,176.59	4,359,716.96 2.44

## (2) Fixed assets without proper title certificate

Unit: Yuan

Projects	Carrying value	Reasons for not completing the title certificate
Houses and Buildings	529,629,971.00	Purchase and acquisition of property, title deeds in process Medium

## (3) Fixed Assets Liquidation

Unit: Yuan

Projects	Closing balance	Opening balance
Machinery and equipment		370,020.98
Total		370,020.98

## 13. Projects in progress

Unit: Yuan

Projects	Closing balance	Opening balance
Construction in progress	250,201,862.68	356,118,404.87
Total	250,201,862.68	356,118,404.87

## (1) Construction in progress

Unit: Yuan

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying alue
Dongfeng factory 4.0 intelligent environmental protection move Relocation Projects	120,415,630.51		120,415,630.51	125,987,405.07		125,987,405.07
Green Refining Center Projects	1,159,131.62		1,159,131.62	68,752,698.94		68,752,698.94
Dongjiakou equipment I Level renovation project	80,622,316.84		80,622,316.84	115,698,479.18		115,698,479.18
Other piecemeal projects	48,004,783.71		48,004,783.71	45,679,821.68		45,679,821.68

Total	250,201,862.68		250,201,862.68	356,118,404.87		356,118,404.87
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## (2) Changes in significant construction-in-progress projects during the period

Unit: Yuan

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: capitalized interest for the period foreheaded	Current interest capitalization rate	Funding Sources
Donghen Plant 4.0 Intelligent environmental relocation project Table of Contents	1,500,000.00	125,987.40	13,559,799.42	11,747,318.80	7,384,255.18	120,415,630.51	95.00%	95.00%				Other
Green Refining Center Projects	275,000.00	68,752,698.94	41,596,792.28	109,190,359.60		1,159,131.62	94.00%	94.00%	2,028,365.93	2,028,365.93	3.50%	Other
Dongjiakou equipment upgrade project Table	242,359.00	115,698,479.18	53,690,540.89	58,875,721.24	29,890,981.99	80,622,316.84	90.58%	90.58%				Other

of Con- tents												
Total	2,017,359.000.00	310,438.583.19	108,847.132.59	179,813.399.64	37,275,237.17	202,197,078.97			2,028,365.93	2,028,365.93		

#### 14. Right-to-use assets

Unit: Yuan

Projects	Other	Total
I. Original book value	6,503,559.83	6,503,559.83
1. Opening balance	6,503,559.83	6,503,559.83
2. Increase in the current period		
3. Decrease in the current period		
4. Closing balance	6,503,559.83	6,503,559.83
II. Accumulated depreciation		
1. Opening balance	330,984.74	330,984.74
2. Increase in the current period		
(1) Accrual		
	441,312.97	441,312.97

3. Decrease in the current period		
(1) Disposal		
4. Closing balance	772,297.71	772,297.71
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		
IV. Book value	5,731,262.12	5,731,262.12
1. Closing book value	6,172,575.09	6,172,575.09
2. Opening book value		

## 15. Intangible assets

### (1) Intangible assets

Unit: Yuan

Projects	Land use rights	Patents	Non-patented technology	Trademark rights	Software	Proprietary Technology	Total
I. Original book value							
1. Opening balance	338,470,480.80			126,242.00	125,075,493.10	19,709,143.39	483,381,359.29
2. Increase in the current period					6,034,890.78		6,034,890.78
(1) Acquisition					3,252,229.93		3,252,229.93
(2) In-house R&D							
(3) Increase in business combinations							
Construction in progress transfer					2,782,660.85		2,782,660.85



Enter							
3. Decrease in the current period	3,610,108. 74				13,773.58	5,541.53	3,629,423. 85
( 1) Disposal	3,610,108. 74				13,773.58	5,541.53	3,629,423. 85
4. Closing balance	334,860,37 2.06			126,242.00	131,096,61 0.30	19,703,601 .86	485,786,82 6.22
II. Accumulat ed amortization							

1. At the beginning of the period Balance	33,733,022.94			115,721.84	38,444,772.46	8,228,938.19	80,522,455.43
2. This period Increase amount	6,995,001.23			10,520.16	13,132,085.31	1,474,405.17	21,612,011.87
(1) Accrual	6,995,001.23			10,520.16	13,132,085.31	1,474,405.17	21,612,011.87
3. This period Reduction amount	285,800.29					5,541.53	291,341.82
(1) Disposal	285,800.29					5,541.53	291,341.82
4. Final Balance	40,442,223.88			126,242.00	51,576,857.77	9,697,801.83	101,843,125.48
III. Impairment quasi Preparation							
1. At the beginning of the period Balance							
2. This period Increase amount							
(1) Accrual							
3. This period Reduction amount							
(1) Disposal							
4. Final Balance							
IV. Book price Value							
1. Final Carrying value	294,418,148.18				79,519,752.53	10,005,800.03	383,943,700.74

2. At the beginning of the period	304,737,457.86			10,520.16	86,630,720.64	11,480,205.20	402,858,903.86
Carrying value							

The proportion of intangible assets formed through in-house research and development to the balance of intangible assets at the end of the period.

## 16. Long-term amortized expenses

Unit: Yuan

Projects	Opening balance	Increase in the current period	Amortization amount for the period	Other decrease amount	Closing balance
Outsourced labor costs	862,741.13	2,701,058.43	1,668,392.09		1,895,407.47
Total	862,741.13	2,701,058.43	1,668,392.09		1,895,407.47

**17. Deferred income tax assets/deferred income tax liabilities****(1) Deferred income tax assets without offsetting**

Unit: Yuan

Projects	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	141,960,943.51	27,003,177.59	141,654,201.48	26,926,492.08
Deductible losses	326,577,606.73	49,213,783.92	326,895,063.22	49,293,148.04
Deferred revenue	392,145,950.66	58,821,892.60	420,320,881.75	63,048,132.27
Total	860,684,500.90	135,038,854.11	888,870,146.45	139,267,772.39

**(2) Deferred income tax liabilities without offsetting**

Unit: Yuan

Projects	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	25,266,210.37	3,789,931.55	35,915,167.02	5,387,275.06
Total	25,266,210.37	3,789,931.55	35,915,167.02	5,387,275.06

**(3) Deferred income tax assets or liabilities presented as net of offsetting**

Unit: Yuan

Projects	Period-end mutual offset of deferred income tax assets and liabilities	Closing balance of deferred income tax assets or liabilities after offsetting	Opening offsetting amount of deferred income tax assets and liabilities	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		135,038,854.11		139,267,772.39
Deferred income tax liabilities		3,789,931.55		5,387,275.06

**(4) Details of unrecognized deferred income tax assets**

Unit: Yuan

Projects	Closing balance	Opening balance
Deductible temporary differences	144,211,065.44	69,967,148.18
Deductible losses	1,950,789,205.73	1,223,068,057.76
Total	2,095,000,271.17	1,293,035,205.94

(5) **Deductible losses on unrecognized deferred income tax assets will expire in the following years**

Unit: Yuan

Year	End of period amount	Opening amount	Remarks
2022		11,299,164.69	
2023	55,639,872.93	65,773,538.43	
2024	48,816,750.46	65,151,254.37	
2025	101,727,683.53	156,777,156.41	
2026	229,414,852.37	242,750,468.38	
2027	277,609,671.86		
After 2027	1,237,580,374.58	681,316,475.48	

Total	1,950,789,205.73	1,223,068,057.76	
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## 18. Other non-current assets

Unit: Yuan

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Prepaid long-term assets Acquisition	29,809,643.03		29,809,643.03	56,457,729.92		56,457,729.92
Total	29,809,643.03		29,809,643.03	56,457,729.92		56,457,729.92

## 19. Short-term loans

### Classification of short-term borrowings

Unit: Yuan

Projects	Closing balance	Opening balance
Pledged loans	905,864,867.10	277,426,881.63
Collateralized Borrowing		75,000,000.00
Guaranteed Borrowing	2,984,616,110.76	3,154,896,150.00
Credit Borrowing	10,000,000.00	237,719,166.42
Interest Payable	3,218,031.71	9,475,254.01
Total	3,903,699,009.57	3,754,517,452.06

Notes to the classification of short-term borrowings:

Note 1: The pledges of pledged loans are deposits and bankers' acceptances.

Note 2: The guaranteed loans are jointly and severally guaranteed by the controlling shareholder, Shuangxing Group Co.

## 20. Trading financial liabilities

Unit: Yuan

Projects	Closing balance	Increase in the current period	Decrease for the period	Opening balance
Trading financial liabilities		29,012,896.84	29,012,896.84	
Among them:				
Derivative financial liabilities		29,012,896.84	29,012,896.84	
Total		29,012,896.84	29,012,896.84	

## 21. Notes payable

Unit: Yuan

Category	Closing balance	Opening balance
Commercial acceptances	524,897,462.79	601,641,923.41

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Bank Acceptance	1,281,990.77	186,420.80
Total	526,179,453.56	601,828,344.21

Total notes payable that were due and unpaid at the end of the period were \$.

## 22. Accounts payable

### (1) Presentation of accounts payable

Unit: Yuan

Projects	Closing balance	Opening balance
Within 1 year (including 1 year)	684,227,512.76	757,745,474.75
1 to 2 years	57,052,713.18	128,750,877.36
2 to 3 years	75,184,656.44	6,787,062.85
More than 3 years	31,705,185.51	36,848,803.96
Total	848,170,067.89	930,132,218.92

### (2) Significant accounts payable aged over 1 year

Unit: Yuan

Projects	Closing balance	Reasons for non-reimbursement or carry-forward
First Place	88,115,640.89	Not yet settled
Second Place	8,842,192.96	Not yet settled
Third Place	5,133,903.46	Not yet settled
Fourth Place	3,043,835.55	Not yet settled
Fifth Place	2,862,440.75	Not yet settled
Total	107,998,013.61	

## 23. Receipts in advance

### Presentation of receipts in advance

Unit: Yuan

Projects	Closing balance	Opening balance
Pre-paid rent	1,811,715.63	3,342,564.35
Total	1,811,715.63	3,342,564.35

## 24. Contractual liabilities

Unit: Yuan

Projects	Closing balance	Opening balance
Payment for goods	156,512,157.06	121,388,242.07
Total	156,512,157.06	121,388,242.07

## 25. Employee compensation payable

### (1) Presentation of employee compensation payable

Unit: Yuan

Projects	Opening balance	Increase in the	Decrease for the	Closing balance
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		current period	period	
I. Short-term compensation	79,339,215.93	532,565,983.70	525,934,686.91	85,970,512.72
II. Post-employment benefits - defined contribution plan	15,483.99	53,882,208.08	33,350,527.20	20,547,164.87

III. Termination benefits	10,500.00		10,500.00	
Total	79,365,199.92	586,448,191.78	559,295,714.11	106,517,677.59

## (2) Presentation of short-term compensation

Unit: Yuan

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
1、Salary, bonuses, allowances and subsidies	34,877,938.69	451,318,095.37	440,237,573.38	45,958,460.68
2、Employee welfare expenses	123,975.51	25,591,570.84	25,691,461.85	24,084.50
3、Social insurance premiums	10,922.03	28,266,007.16	27,335,071.32	941,857.87
Of which: medical insurance Fee	10,475.55	26,339,499.05	26,340,216.52	9,758.08
Worker's Compensation Insurance Fee	15.26	1,925,399.33	993,653.06	931,761.53
Maternity Insurance Fee	431.22	1,108.78	1,201.74	338.26
4. Housing Provident Fund	1,067,425.73	16,846,507.71	16,955,339.44	958,594.00
5. Trade union expenses and employee education expenses	43,258,953.97	8,630,677.13	13,802,115.43	38,087,515.67
6、Short-term paid absence from work		1,913,125.49	1,913,125.49	
Total	79,339,215.93	532,565,983.70	525,934,686.91	85,970,512.72

## (3) Defined contribution plan presentation

Unit: Yuan

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
1、Basic pension insurance	14,846.19	51,636,475.00	31,965,447.20	19,685,873.99
2、Unemployment insurance premiums	637.80	2,245,733.08	1,385,080.00	861,290.88
Total	15,483.99	53,882,208.08	33,350,527.20	20,547,164.87

## 26. Taxes and fees payable

Unit: Yuan

Projects	Closing balance	Opening balance
Value Added Tax	617,529.20	104,064.83
Corporate Income Tax	627,324.55	23,415.15
Personal Income Tax	945,945.54	1,072,437.52
City Maintenance and Construction Tax	14,151.90	8,926.12
Property Tax	3,537,741.97	3,301,912.27
Land use tax	1,355,611.57	1,355,816.89
Education surcharge and local education surcharge	9,458.06	5,724.07
Stamp duty	1,144,857.44	790,987.01
Other taxes and fees	4,097.01	2,583.34
Total	8,256,717.24	6,665,867.20

**27. Other payables**

Unit: Yuan

Projects	Closing balance	Opening balance
Other payables	173,469,155.46	173,896,769.99
Total	173,469,155.46	173,896,769.99

**(1) Other payables****1) Presentation of other payables by nature of payment**

Unit: Yuan

Projects	Closing balance	Opening balance
Other payables	173,469,155.46	173,896,769.99
Total	173,469,155.46	173,896,769.99

**2) Significant other payables aged over 1 year**

Unit: Yuan

Projects	Closing balance	Reasons for non-reimbursement or carry-forward
First Place	6,682,984.61	Not yet settled
Second Place	6,472,429.73	Not yet settled
Third Place	2,785,840.00	Not yet settled
Fourth Place	1,964,532.62	Not yet settled
Fifth Place	1,000,000.00	Not yet settled
Total	18,905,786.96	

**28. Non-current liabilities due within one year**

Unit: Yuan

Projects	Closing balance	Opening balance
Long-term loans due within one year	373,584,000.00	362,500,000.00
Long-term payables due within one year	57,683,701.17	78,265,692.83
Lease liabilities due within one year	1,465,882.24	2,143,398.34
Interest Payable	2,211,843.80	2,796,660.68
Total	434,945,427.21	445,705,751.85

**29. Other current liabilities**

Unit: Yuan

Projects	Closing balance	Opening balance
Taxes to be transferred	5,197,534.38	5,504,293.77
Liabilities not derecognized for	349,234,718.79	260,283,747.78

endorsement of notes		
Total	354,432,253.17	265,788,041.55

### 30. Long-term loans

#### Classification of long-term loans

Unit: Yuan

Projects	Closing balance	Opening balance
Collateralized Borrowing	860,100,256.14	570,294,256.14
Guaranteed Borrowing		628,750,000.00
Long-term loans due within one year	-373,584,000.00	-362,500,000.00
Total	486,516,256.14	836,544,256.14

Notes to the classification of long-term borrowings:

Note 1: The mortgage loan of \$115,266,256.14 was secured by the land use right and the building on the ground of Lu (2021) Pingdu City Real Estate Right No. 0014727.

The carrying value of the mortgaged property was \$72,218,941.17 and the carrying value of the mortgaged land use right was \$24,401,685.26 at the end of the period. The loan is jointly and severally guaranteed by Shuangxing Group Co.

Note 2: The mortgage loan is RMB 328,584,000.00 and the mortgage is Ru (2019) Qingdao Huangdao District Real Estate Right No. 0048410 and Ru (2019) Qingdao City Real Estate Right No. 0048410.

Huangdao District Immovable Property Right No. 0048411, Lu (2019) Qingdao Huangdao District Immovable Property Right No. 0048412, Lu (2019) Qingdao Huangdao District Immovable Property Right No.

No. 0048413, Lu (2019) Qingdao Huangdao District Immovable Property Right No. 0048414, Lu (2020) Qingdao Huangdao District Immovable Property Right No. 0085048, Lu

( The land use right and the buildings on the ground of No. 0087760 of Qingdao Huangdao District Real Estate Right (2020). The carrying value of the mortgaged properties at the end of the period was RMB714,492,778.79.

The carrying value of the mortgaged land use rights was \$149,844,558.66.

Note 3: Mortgage loan of 416,250,000.00 Yuan, the mortgage is E (2019) Shiyang City Real Estate Right No. 0029619, E (2019) Shiyang City Real Estate

The land use right and the building on the ground of the mortgage No. 0031029. The carrying value of the mortgaged properties at the end of the period was \$229,790,846.04 and the carrying value of the mortgaged land use rights was The loan was guaranteed by Shuangxing Group Co. The loan is jointly and severally guaranteed by Shuangxing Group Co.

### 31. Lease liabilities

Unit: Yuan

Projects	Closing balance	Opening balance
Lease payment amount	2,040,400.51	4,183,798.79
Less: Lease liabilities due within one year	-1,465,882.24	-2,143,398.34
Total	574,518.27	2,040,400.45

### 32. Long-term payables

Unit: Yuan

Projects	Closing balance	Opening balance
Long-term payables	57,941,262.81	52,047,868.23

Total	57,941,262.81	52,047,868.23
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**Presentation of long-term payables by nature of payment**

Unit: Yuan

Projects	Closing balance	Opening balance
China Development Fund Ltd.	34,300,000.00	42,600,000.00
Qingdao Jinzhiqiao Investment Management Co.	23,641,262.81	9,447,868.23

### 33. Deferred revenue

Unit: Yuan

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance	Reasons for formation
Technical transformation funds	66,985,751.84	17,375,650.00	11,885,772.44	72,475,629.40	Government Grants
Compensation for demolition and relocation	367,945,514.78		34,747,375.92	333,198,138.86	Government Grants
Industry Support Funds		11,900,000.00	98,346.28	11,801,653.72	Government Grants
Total	434,931,266.62	29,275,650.00	46,731,494.64	417,475,421.98	--

Projects involving government grants:

Unit: Yuan

Liability items	Opening balance	Amount of new grants for the period	Included in non-operating income for the period Income amount	Included in other income during the period Amount	Current period elimination of costs and expenses Amount	Other changes	Closing balance	Asset-related/revenue-related Related
Technical transformation Funding	66,985,751.84	17,375,650.00		11,885,772.44			72,475,629.40	With assets Off
Compensation for demolition and relocation paragraph	367,945,514.78			34,747,375.92			333,198,138.86	With assets Off
Industry Support Funding		11,900,000.00		98,346.28			11,801,653.72	With assets Off

### 34. Equity

Unit: Yuan

	Opening balance	Increase or decrease in this change (+, -)					Closing balance
		Issue of new shares	Share Delivery	Transfer from provident fund	Other	Subtotal	
Total number of shares	816,792,487.00						816,792,487.00

### 35. Capital surplus

Unit: Yuan



Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
Capital premium (equity premium)	1,917,921,073.49			1,917,921,073.49
Other capital surplus	21,881,655.81		19,028,557.09	2,853,098.72
Total	1,939,802,729.30		19,028,557.09	1,920,774,172.21

Other explanations, including changes in the current period and reasons for the changes:

Note 1: As approved by the Fifth Meeting of the Ninth Session of the Board of Directors and approved by the First Extraordinary General Meeting of 2020, the Company implemented the

The 2020 Stock Option Incentive Plan (Draft). During the period, the Company recorded the services acquired during the period in capital surplus based on the best estimate of the number of exercisable options and the fair value of the equity instruments on the date of grant, resulting in a decrease in capital surplus of \$3,928,823.60.

Note 2: 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 in proportion to the newly acquired shareholding on an ongoing basis from the date of consolidation was reduced by capital surplus of \$15,099,733.49.

### 36. Inventory Unit

Unit: Yuan

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
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Restricted stock repurchase obligation	104,185.00			104,185.00
Total	104,185.00			104,185.00

### 37. Other comprehensive income

Unit: Yuan

Projects	Opening balance	Current Period Incurred						Closing balance
		Incurred before income tax for the period	Less: Transfer from prior period to profit or loss in other comprehensive income	Less: Transfer to retained earnings in the current period from prior periods charged to other comprehensive income	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss	- 1,000,000.00							- 1,000,000.00
Changes in fair value of investments in other equity instruments	- 1,000,000.00							- 1,000,000.00
II. Other comprehensive income to be reclassified to profit or loss	- 8,743,713.89	56,394,576.30				56,394,006.31	569.99	47,650,292.42

Translation differences on foreign currency financial statements	- 8,754,992.58	56,405,854.99				56,405,285.00	569.99	47,650,292.42
Credit impairment on receivables financing Preparation	11,278.69	- 11,278.69				- 11,278.69		
Total other comprehensive income	- 9,743,713.89	56,394,576.30				56,394,006.31	569.99	46,650,292.42

### 38. Surplus reserve

Unit: Yuan

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
Legal reserve	63,736,427.75			63,736,427.75
Total	63,736,427.75			63,736,427.75

### 39. Undistributed earnings

Unit: Yuan

Projects	This issue	Previous period
Unallocated profit at the end of the previous period before adjustment	155,672,969.81	484,192,071.97
Adjustment to unappropriated earnings at the beginning of the period	155,672,969.81	484,192,071.97

Add: Net profit attributable to owners of the parent company for the period	-601,216,463.58	-320,301,809.26
Dividends payable on common stock	8,164,044.47	8,217,292.90
Undistributed earnings at the end of the period	-454,423,344.35	155,672,969.81

#### 40. Operating income and operating costs

Unit: Yuan

Projects	Current Period Incurred		Prior Period Incurrence	
	Revenue	Cost	Revenue	Cost
Main Business	3,807,760,266.63	3,772,507,525.07	3,858,204,284.49	3,723,239,976.32
Other Businesses	102,637,481.84	86,554,248.32	66,316,725.86	66,748,578.42
Total	3,910,397,748.47	3,859,061,773.39	3,924,521,010.35	3,789,988,554.74

Whether the lower of audited net income before or after extraordinary gain or loss is negative

☒Yes ☐No

Unit: Yuan

Projects	Current year	Specific deductions	Previous Year	Specific deductions
Amount of operating income	3,910,397,748.47	None	3,924,521,010.35	None
Total amount of operating income deductions	102,637,481.84	Rental of fixed assets, sale of energy, sale of raw materials and other inventories, management fees, technical service fees, etc.	66,316,725.86	Rental of fixed assets, sale of energy, inventory for exchange of non-monetary assets, entrusted management fees, technical services Fees, etc.
Total amount of operating income deductions as a percentage of operating income	2.62%		1.69%	
I. Business income not related to the main business				

1. Income from business other than normal operation. Such as rental of fixed assets, intangible assets. The Company's income from production and packaging, sales of materials, exchange of materials for non-monetary assets, operation of fiduciary management business, etc., as well as income that is included in the main business income but is outside the normal operation of the listed company.	102,637,481.84	Rental of fixed assets, sale of energy, sale of raw materials and other inventories, management fees, technical service fees, etc.	66,316,725.86	Rental of fixed assets, sale of energy, inventory for non-monetary asset exchange, entrusted management fees, technical service fees, etc.
Subtotal operating income not related to the main business	102,637,481.84	Rental of fixed assets, sale of energy, sale of raw materials and other inventories, management fees, technical service fees, etc.	66,316,725.86	Rental of fixed assets, sale of energy, inventory for exchange of non-monetary assets, entrusted management fees, technical services Fees, etc.
II. Income without commercial substance				
Subtotal revenue without commercial substance	0.00	None	0.00	None
Amount of operating income after deductions	3,807,760,266.63	None	3,858,204,284.49	None

## 41. Taxes and surcharges

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
City Maintenance and Construction Tax	915,113.55	489,599.61
Education Fee Surcharge	655,009.25	349,809.38
Resource Tax	63,975.00	319,778.40
Property Tax	13,744,717.24	15,046,482.37
Land use tax	5,422,563.92	5,887,079.03
Stamp duty	4,077,121.35	3,681,984.17
Other taxes and fees	144,659.77	26,995.74
Total	25,023,160.08	25,801,728.70

## 42. Selling expenses

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Employee Compensation	72,074,132.69	98,993,244.70
Advertising Fee	15,979,335.41	14,547,513.45
Repair Fee	16,343,497.98	5,046,698.68
Travel expenses	11,431,456.72	13,229,720.51
Business Hospitality	2,490,773.28	1,484,608.64
Insurance premiums	4,786,614.38	3,016,521.27
Agency Fee	4,841,364.92	12,204,701.92
Other	27,842,215.37	28,050,724.94
Total	155,789,390.75	176,573,734.11

## 43. Overhead

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Employee Compensation	94,811,042.21	122,217,358.39
Depreciation of fixed assets	17,043,213.94	14,447,788.37
Amortization of intangible assets	14,303,791.13	16,320,029.11
Vehicle Fees	2,498,840.61	3,109,831.53
Utilities	3,664,504.51	7,208,568.67
Hiring agency fees	4,720,480.98	6,834,992.32
Fund Management Fee	6,426,613.27	6,426,613.27
Other	25,140,720.08	22,947,774.00
Total	168,609,206.73	199,512,955.66

## 44. R&D expenses

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Material Costs	79,726,552.00	64,778,515.20
Personnel costs	78,397,573.10	87,891,551.46
Other Fees	44,264,927.41	50,365,448.28
Total	202,389,052.51	203,035,514.94

**45. Finance costs**

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Interest costs	181,397,373.15	167,537,389.06
Less: Interest income	13,373,862.93	8,185,684.52
Foreign exchange gains and losses	-8,363,702.44	-1,297,353.26
Other	5,907,281.84	4,140,700.72
Total	165,567,089.62	162,195,052.00

**46. Other gains**

Unit: Yuan

Generating other sources of revenue	Current Period Incurred	Prior Period Incurrence
Government Grants	62,564,330.64	117,957,872.89

**47. Investment income**

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Income from long-term equity investments accounted for by the equity method	22,325,779.07	1,882,535.10
Investment income from disposal of long-term equity investments	17,874,619.91	204,859,508.32
Investment income from disposal of financial assets held for trading	840,258.88	-160,100.00
Dividend income earned on investments in other equity instruments during the holding period		399,189.34
Gain on debt restructuring	-152,808.67	
Investment income earned from entrusted wealth management		528,901.29
Total	40,887,849.19	207,510,034.05

**48. Gain on changes in fair value**

Unit: Yuan

Sources of gains from changes in fair value	Current Period Incurred	Prior Period Incurrence
Financial assets held for trading	932,547.00	
Trading financial liabilities	-29,012,896.84	-6,665,501.79



Total	-28,080,349.84	-6,665,501.79
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#### 49. Credit impairment losses

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Bad debt losses on other receivables	-586,350.24	-1,855,186.12
Bad debt loss on notes receivable	-331,465.74	-109,995.28
Bad debt losses on accounts receivable	-2,506,689.74	-9,984,074.90
Impairment losses on receivables financing		95,695.33
Total	-3,424,505.72	-11,853,560.97

## 50. Impairment loss on assets

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
II. Loss on decline in value of inventories and impairment loss on contract performance costs	-75,474,049.81	-45,824,783.26
III. Impairment loss on long-term equity investments	-21,713,130.48	
V. Impairment loss on fixed assets	-831,638.27	
Total	-98,018,818.56	-45,824,783.26

## 51. Gain on disposal of assets

Unit: Yuan

Sources of proceeds from asset disposal	Current Period Incurred	Prior Period Incurrence
Gain on disposal of fixed assets	808,065.92	2,207,481.97
Gain on disposal of intangible assets	3,816,736.45	

## 52. Non-operating income

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence	Amount included in non-recurring profit or loss for the period
Government Grants	1,000.00		1,000.00
Other	910,625.22	421,829.23	910,625.22
Total	911,625.22	421,829.23	911,625.22

Government grants included in current profit or loss:

Unit: Yuan

Subsidized Projects	Issuing body	Reason for issuance	Type of nature	Does the subsidy affect the current year profit and loss	Whether special subsidies	Amount incurred during the period	Amount incurred in the previous period	Asset-related/revenue-related Related
The "four on" enterprise concentration	Laoshan District Bureau of Commerce	Anti* funding grants	Government Grants	Yes	Yes	1,000.00	0.00	Related to revenue

resistance * benefit enterprise capital Gold								
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### 53. Non-operating expenses

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence	Amount included in non- recurring profit or loss for the period
Loss on destruction and retirement of non-current assets	14,857.45	31,127.95	14,857.45
Other	327,700.49	1,455,785.65	327,700.49
Total	342,557.94	1,486,913.60	342,557.94

**54. Income tax expense****(1) Income tax expense table**

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Current income tax expense	2,299,894.58	629,966.20
Deferred income tax expense	2,631,574.77	23,903,928.71
Total	4,931,469.35	24,533,894.91

**(2) Accounting profit and income tax expense adjustment process**

Unit: Yuan

Projects	Current Period Incurred
Total profit	-686,919,549.25
Income tax expense at statutory/applicable tax rates	-171,381,657.31
Effect of different tax rates applied to subsidiaries	45,061,102.30
Effect of adjustments to income taxes of prior periods	1,690,041.04
Effect of non-deductible costs, expenses and losses	452,954.25
Effect of deductible losses on the use of deferred tax assets not recognized in prior periods	-596,513.25
Deductible temporary differences or deductible deferred income tax assets not recognized in the current period	173,287,797.12
Impact of losses	
Impact of deductible items under the tax law	-30,241,894.46
Effect of deferred income tax liabilities	-1,597,343.51
Effect of write-off of provision for bad debts and reversal of provision for decline in value of inventories	-6,958,330.26
Other	-4,436,456.57
Income tax expense	4,931,469.35

**55. Other comprehensive income**

See Note 49 for details.

**56. Cash flow statement items****(1) Other cash received in connection with operating activities**

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Government Grants	45,109,486.00	103,465,686.57
Interest income	9,507,840.47	7,392,112.67
Current payments	85,321,427.12	62,719,564.37

Other	35,324,275.93	51,804,036.65
Total	175,263,029.52	225,381,400.26

**(2) Other cash paid in connection with operating activities**

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Expense	127,516,278.24	145,443,873.52
Bank charges	4,232,329.08	2,657,362.78
Current payments	63,524,671.73	44,162,006.98
Other	52,356,372.20	49,893,169.08
Total	247,629,651.25	242,156,412.36

### (3) Other cash received in connection with financing activities

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Loan Deposit		35,000,000.00
Funds received from intercompany loans	77,700,865.00	74,852,687.00
Total	77,700,865.00	109,852,687.00

### (4) Other cash paid in connection with financing activities

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Cash paid for acquisition of minority interests	100,000,000.00	
Funds returned from intercompany loans	93,068,073.04	47,636,615.62
Repurchase of restricted stock		15,439,692.60
Cash paid for repayment of derivative financial instruments		13,996,950.00
Loan Deposit	37,500,000.00	
Total	230,568,073.04	77,073,258.22

## 57. Supplementary information on cash flow statement

### (1) Statement of Cash Flow Supplementary Information

Unit: Yuan

Additional Information	Amount for the period	Amount of previous period
1. Reconciliation of net income to cash flow from operating activities		
Net Profit	-691,851,018.60	-394,853,966.19
Add: Provision for asset impairment	101,443,324.28	57,678,344.23
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive	391,284,939.75	390,587,964.12

biological assets		
Depreciation of right-to-use assets	441,312.97	330,984.74
Amortization of intangible assets	21,612,011.87	18,607,038.29
Amortization of long-term amortization	1,668,392.09	197,681.53
Loss on disposal of fixed assets, intangible assets and other long-lived assets (gain is presented with a "+" sign)	-4,624,802.37	-2,207,481.97
Loss on scrapping of fixed assets (gain is presented with a "+" sign)	14,857.45	31,127.95
Loss on changes in fair value (gain is presented with a "+" sign)	28,080,349.84	6,665,501.79
Finance costs (income is filled with a "+" sign)	173,033,670.71	188,284,809.01

(column)		
Investment loss (gain is filled with a "—" sign) (column)	-40,887,849.19	-207,510,034.05
Decrease (increase) in deferred income tax assets by (The "—" sign is filled in)	4,228,918.28	26,818,565.83
Increase (decrease) in deferred income tax liabilities by (The "—" sign is filled in)	-1,597,343.51	-2,914,637.12
Decrease in inventories (additions marked with a "—") (Fill in the column)	-106,202,200.35	-46,089,648.56
Decrease (increase) in operating receivables (filled in with a "—" sign)	370,660,877.12	-530,243,529.00
Increase (decrease) in operating payables (filled in with a "—" sign)	93,359,792.01	405,464,243.81
Other	-3,928,823.60	2,570,823.60
Net cash flows from operating activities	336,736,408.75	-86,582,211.99
2. Significant investments and financing that do not involve cash receipts or disbursements Events		
Conversion of debt to capital		
Convertible bonds due within one year		
Finance leased fixed assets		
3. Net change in cash and cash equivalents:		
Closing balance of cash	1,046,323,141.28	1,273,488,908.11
Less: Opening balance of cash	1,273,488,908.11	1,020,664,380.07
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-227,165,766.83	252,824,528.04

## (2) Composition of cash and cash equivalents

Unit: Yuan

Projects	Closing balance	Opening balance
I. Cash	1,046,323,141.28	1,273,488,908.11
Of which: cash on hand	162,640.94	270,326.81



Bank deposits readily available for disbursement	1,046,157,998.40	1,269,966,087.88
Other monetary resources readily available for payment Gold	2,501.94	3,252,493.42
c. Cash and cash equivalents balances at the end of the period	1,046,323,141.28	1,273,488,908.11

## 58. Assets with restricted ownership or use rights

Unit: Yuan

Projects	Carrying value at the end of the period	Restricted Reasons
Monetary Funds	298,668,067.74	Margin, etc.
Notes receivable	408,230,311.76	Endorsements or discounts not terminated, pledged
Fixed Assets	1,016,502,566.00	Mortgage

Intangible assets	245,051,398.71	Mortgage
Total	1,968,452,344.21	

## 59. Foreign currency monetary items

### (1) Foreign currency monetary items

Unit: Yuan

Projects	Foreign currency balance at the end of the period	Converted exchange rate	End of period translated RMB balance
Monetary Funds			474,708,072.44
Of which: USD	63,591,394.71	6.9646	442,888,627.60
Euro	4,074,413.48	7.4229	30,243,963.82
Hong Kong Dollars	678.95	0.8933	606.51
British Pound	341.17	8.3941	2,863.82
Japanese Yen	30,000,204.00	0.0524	1,572,010.69
Accounts Receivable			175,601,347.13
Of which: USD	21,817,488.97	6.9646	151,950,083.68
Euro	3,186,256.51	7.4229	23,651,263.45
Hong Kong Dollars			
Other receivables		—	25,014.82
Of which: USD	3,591.71	6.9646	25,014.82
Short-term borrowings		—	20,906,887.67
Of which: USD	3,001,879.17	6.9646	20,906,887.67
Long-term borrowings			279,143,245.47
Of which: USD	40,080,298.29	6.9646	279,143,245.47
Euro			
Hong Kong Dollars			
Accounts Payable		—	35,506,951.19
Of which: USD	5,040,140.77	6.9646	35,102,564.41
Japanese Yen	7,717,305.00	0.0524	404,386.78
Other payables		—	25,959,252.81
Of which: USD	3,332,966.69	6.9646	23,212,779.81
Euro	370,000.00	7.4229	2,746,473.00

(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

Company Name	Main business locations	Local currency of accounts	Basis for choosing the local currency of accounts
Hong Kong Double Star International Industries Limited	Hong Kong	USD	Investment Currency
Double Star International Trade (Hong Kong)	Hong Kong	USD	Investment Currency

Co.			
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**60. Government grants**

Unit: Yuan

Category	Amount	Reported items	Amount charged to current profit or loss
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Asset-related government grants	643,542,235.17	Deferred revenue	46,731,494.64
Revenue-related government grants	15,832,836.00	Other gains	15,832,836.00
Revenue-related government grants	1,000.00	Non-operating income	1,000.00

## VIII. Changes in scope of consolidation

### 1. Changes in the scope of consolidation for other reasons

Description of changes in the scope of consolidation due to other reasons (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and related information: The number of subsidiaries decreased by 8 during the period, as follows:

1. Beijing Star Monkey Auto Service Co., Ltd, which was cancelled on December 19, 2022;
2. Star Heng (Hong Kong) International Trading Limited, which was cancelled on June 24, 2022;
3. Huainan Star Monkey Express Auto Service Co., Ltd. was cancelled on November 22, 2022;
4. Ltd., which was cancelled on July 4, 2022;
5. Shahe City Star Monkey Express Commercial Vehicle Service Co., Ltd. with equity transfer in December 2022;
6. Inner Mongolia Star Monkey Express Commercial Vehicle Sales Co., Ltd. with equity transfer in December 2022;
7. Harbin Star Monkey Commercial Vehicle Service Co., Ltd. with equity transfer in December 2022;
8. Wuhan Star Monkey Express Commercial Vehicle Service Co., Ltd. with equity transfer in August 2022.

## IX. Interests in other subjects

### 1. Interests in subsidiaries

#### (1) Composition of an enterprise group

Subsidiary Name	Main business locations	Place of registration	Business Nature	Shareholding ratio		Acquisition method
				Direct	Indirect	
Qingdao Shuangxing Tire Industry Co.	Qingdao	66 Gangxing Avenue, Poli Town, Huangdao District, Qingdao City, Shandong Province No.	Tire Manufacturing	100.00%		Consolidation under non-same control
Double Star Dongfeng Tire Co.	Shiyan City	Xicheng, Industrial New District, Zhangwan District, Shiyan City 66 Main Road	Tire Manufacturing	96.00%	4.00%	Establishment or investment
Qingdao Shuangxing Marketing Co.	Qingdao	Lianghe Road, Huangdao District,	Wholesale and retail	20.00%	80.00%	Establishment or investment

		Qingdao City, Shandong Province No. 666				
Qingdao Shuangxing Overseas Trading Co.	Qingdao	Lianghe Road, Huangdao District, Qingdao City, Shandong Province No. 666	Wholesale and retail		100.00%	Establishment or investment
Hong Kong Double Star International Industries Limited	Hong Kong	RM1401, 14/F COMMERCE TRH ARBOUR CITY7- 11CANTON RD TS TKLN HONGKONG	Investment and Trade	100.00%		Establishment or investment
Micro Cloud International (Qingdao) Data Co. Company	Qingdao	Lianghe Road, Huangdao District, Qingdao City, Shandong Province No. 666	Wholesale and retail	51.39%		Establishment or investment
Shandong Shuangxing Tire	Dongying	Guangrao County Economic Development	Tire Manufacturing	100.00%		Establishment or investment

Ltd.		Hair area				
Guangrao Jixing Tire Co.	Dongying	Guangrui, Guangrao Economic Development Zone, Guangrao County, Dongying City, Shandong Province No. 12 Road	Tire Manufacturing	3.61%	96.22%	Establishment or investment
Guangrao Yochuang III Development Fund Management Center (Limited Cooperation) (Partner)	Dongying	No. 787, Le'an Street, Guangrao County, Dongying City, Shandong Province	Investment Management	82%		Establishment or investment
Qingdao Starlink Automotive Technology Co.	Qingdao	Platinum Plaza, No.5 Wenling Road, Laoshan District, Qingdao City, Shandong Province Building A, Room 2007	Tire Rental		22.00%	Establishment or investment
Qingdao Shuangxing Chemical Materials Procurement Co. Company	Qingdao	Lianghe Road, Huangdao District, Qingdao City, Shandong Province No. 666	Wholesale and retail	51.00%		Establishment or investment
Jilin Shuangxing Technology Co.	Changchun	Office Building VII, No. 1999, Yumin Road, Chaoyang District, Changchun City Room 719, Building	Wholesale and retail		51.00%	Establishment or investment
Laixi City Shuangxing Tire Sales Co. Division	Lacey City	Rizhuang Town, Laixi City, Qingdao City, Shandong Province No.8 Fuqian Road	Wholesale and retail		100.00%	Establishment or investment

Double Star Investment (Hainan) Co.	Hainan Province	No.2 Office Building, Xinyingwan District Bonded Port, Yangpu Economic Development Zone, Hainan Province Room C515	Wholesale and retail		100.00%	Establishment or investment
Qingdao Shuangxing International Business Co.	Qingdao	2134, 1st Floor, East Office Building, No. 45, Beijing Road, Qianwan Free Trade Zone, Qingdao Pilot Free Trade Zone, China (Shandong) (Hosted by Business Secretary Company) Address)(A)	Wholesale and retail		100.00%	Establishment or investment
Qingdao Starhang Rubber Technology Co.	Qingdao	Mingcun Town, Pingdu City, Qingdao, Shandong Province No. 8, Industrial Road 3	Tire Manufacturing		51.00%	Establishment or investment
Double Star (Hubei) Tire Sales Co.	Shiyan City	West Industrial New Area, Huaguo Street, Zhangwan District, Shiyan City, Hubei Province 66 City Avenue	Wholesale and retail		100.00%	Establishment or investment
Double Star International Trade (Hong Kong) Limited	Hong Kong	4/F,, 5/F&1602 CENTRAL TOWER NO.28QUEEN'S RD CENTRAL HONGKONG	Wholesale and retail		100.00%	Establishment or investment
Qingdao Star Monkey Tire Co.	Qingdao	188 North Gaojiazhuang, Lingang Economic Development Zone,	Wholesale and retail		100.00%	Establishment or investment

		Huangdao District, Qingdao City, Shandong Province, China Room 207				
Qingdao Star Monkey Auto	Qingdao	Qingdao, Shandong Province	Wholesale and retail		100.00%	Establishment or investment



Service Co.		Lianghe Road, Huangdao District No. 666				
Jinan Star Monkey Express Auto Service Co.	Jinan City	Sanban Small, No. 2966 Chunhui Road, High- tech Zone, Jinan, Shandong Province Town Industrial Park 21 Building No. 15 Room 1509	Wholesale and retail		51.00%	Establishment or investment
Nanchang Star Monkey Express Auto Service Co.	Nanchang	1006 Hui ren Avenue, Xiaolan Economic and Technological Development Zone, Nanchang No.	Wholesale and retail		51.00%	Establishment or investment
Shiyan Star Monkey Express Auto Service Co. Company	Shiyan City	22 Renmin South Road, Maoyou District, Shiyan City No. 1-18-2, Building 3	Wholesale and retail		51.00%	Establishment or investment
Xinjiang Star Monkey Express Auto Service Co. Company	Urumqi	Midong, Middong District, Urumqi, Xinjiang 13466 North Road	Wholesale and retail		51.00%	Establishment or investment
Star Monkey Express (Beijing) Trading Co.	Beijing	Shilou Street, Shilou Village, Shilou Town, Fangshan District, Beijing 36 No.	Wholesale and retail		51.00%	Establishment or investment
Zhengzhou Star Monkey Express Commercial Vehicle Service Co.	Zhengzhou	Fuda Fortune Plaza, Eighth Street, Zhengzhou Economic and Technological Development Zone Room 1803	Wholesale and retail		51.00%	Establishment or investment

Haicheng Star Monkey Express Commercial Vehicle Service has Limited company	Anshan City	Haicheng Economic Development, Anshan City, Liaoning Province Erdaija Committee of Development Zone	Wholesale and retail		51.00%	Establishment or investment
Rizhao Star Monkey Express Auto Service Co.	Rizhao City	Unit 01, Building 007, South Home, North Yingbin Road, Donggang District, Rizhao City, Shandong Province Yuan 119	Wholesale and retail		51.00%	Establishment or investment
Zhengzhou Star Monkey Trading Co.	Zhengzhou	No.8 Shangdu Road, Zhengdong New District, Zhengzhou East 4 unit 22 Floor 2204	Wholesale and retail		51.00%	Establishment or investment
Hangzhou Star Monkey Express Co.	Hangzhou	Hangzhou Yuanye Auto Parts Hardware Market, Xiaoshan District, Hangzhou New Century Market Park No. 15-22	Wholesale and retail		51.00%	Establishment or investment
Jiangxi Star Monkey Express Passenger Car Co.	Nanchang	Lushan South Avenue, Nanchang Economic and Technological Development Zone, Jiangxi Province No. 1476	Wholesale and retail		51.00%	Establishment or investment
Weifang Star Monkey Express Auto Service Co.	Weifang	Jin Baosheng, 1988 Weizhou Road, Kuiwen District, Weifang City, Shandong Province, China Along the street of State Garden 2	Wholesale and retail		51.00%	Establishment or investment

		Commercial Building No. 41				
Urumqi Star Monkey Tire Sales Co.	Urumqi	699 Hetan North Road, Shaibak District, Urumqi, Xinjiang No. 1 Building No. 5 Face	Wholesale and retail		51.00%	Establishment or investment

Hebei Star Monkey Auto Sales & Service Co. Company	Baoding City	Limin Street, Lianchi District, Baoding City, Hebei Province No. 119	Wholesale and retail		51.00%	Establishment or investment
Ningxia Star Monkey Express Commercial Vehicle Service Co.	Lingwu City	Ningxia Lingwu City Renewable Resources Circular Economy Pilot Zone No. 5 No. 11, west side of the road	Wholesale and retail		51.00%	Establishment or investment
Qinghai Star Monkey Express Auto Service Co.	Xining	Xanadu Street, Chengdong District, Xining City 215 No. 1, Building 1, Unit 1 Yuan Room 1082	Wholesale and retail		51.00%	Establishment or investment
Liaocheng Star Monkey Auto Service Co.	Liaocheng	C3-4, Wanli International Auto Parts City, North Liuyuan Road, Liaocheng City Store No. 1	Wholesale and retail		51.00%	Establishment or investment
Qingdao Star Monkey Express Auto Service Co.	Qingdao	No.1 Luanhe Road, Economic and Technological Development Zone, Jiaozhou City, Qingdao, Shandong Province, China In the chemical road port	Wholesale and retail		51.00%	Establishment or investment
Liaoning Star Monkey Trading Co.	Dandong City	100 Jinjiang Street, Dandong City, Liaoning Province Room 704, 708 room	Wholesale and retail		51.00%	Establishment or investment

Hubei Star Monkey Express Commercial Vehicle Service Co.	Wuhan	No. 296 Xinhua Street, Jiangnan District, Wuhan Han River International No.1 Building 1 Unit 22 Floor 18	Wholesale and retail		51.00%	Establishment or investment
Kunming Star Monkey Auto Repair Service Co.	Kunming	Unit 2, Building G1, Shui Mu Qing Hua, New Asia Sports City, Guandu District, Kunming Pilot Free Trade Zone, China (Yunnan) No. 1103	Wholesale and retail		51.00%	Establishment or investment
Qingdao Anjestar Tire Co.	Qingdao	66 Gangxing Avenue, Poli Town, Huangdao District, Qingdao City, Shandong Province No.	Wholesale and retail		100.00%	Establishment or investment
Qingdao Xingheng Tire Co.	Qingdao	Moon Bay, Huangdao District, Qingdao City, Shandong Province No.1 Road	Wholesale and retail		100.00%	Establishment or investment
Xingjin (Qingdao) Automotive Technology Co.	Qingdao	Platinum Plaza, No.5 Wenling Road, Laoshan District, Qingdao City, Shandong Province Room 1706, Building A	Wholesale and retail		35.00%	Establishment or investment

Description of the percentage of shareholding in subsidiaries different from the percentage of voting rights:

Note 1: On December 9, 2019, Qingdao Shuangxing Marketing Co., Ltd, a subsidiary of the Company, and Shuangxing Group Co., Ltd, Qingdao Xingguan Investment Management Co., Ltd, a shareholder of the subsidiary Qingdao Xinglian Automobile Technology Co., Ltd, and some natural person shareholders signed a unanimous action undertaking to enable the Company to exercise control over the subsidiary Qingdao Xinglian Automobile Technology Co. Ltd. is included in the scope of consolidation.

Note 2: In March 2021, the Company's subsidiary MicroCloud International (Qingdao) Data Co., Ltd. signed a unanimous action undertaking with Qingdao Xinghe Investment Management Co., Ltd. and Qingdao Xingguan

Investment Management Co., Ltd. and natural shareholders to make the Company's voting rights ratio reach 55.00%, so that it can exercise control over its subsidiary Xingjin (Qingdao) Automotive Technology Co.

## (2) Significant non-wholly owned subsidiaries

Unit: Yuan

Subsidiary Name	Minority shareholding ratio	Profit or loss attributable to minority shareholders for the period	Dividends declared to minority shareholders during the period	Balance of minority interests at the end of the period
Micro Cloud International (Qingdao) Digital According to Ltd.	48.61%	-48,473,172.27		-80,855,944.70

## (3) Key financial information of significant non-wholly owned subsidiaries

Unit: Yuan

Subsidiary Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Micro Cloud International (Green) (Island) Data Limited Company	360,132,181.47	39,808,563.74	399,940,745.21	585,295,135.72		585,295,135.72	278,126,250.74	71,148,219.50	349,274,470.24	440,602,395.74		440,602,395.74

Unit: Yuan

Subsidiary Name	Current Period Incurred				Prior Period Incurrence			
	Operating income	Net Profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net Profit	Total comprehensive income	Cash flow from operating activities
MicroCloud International (Qingdao) Data Limited Company	941,879,316.21	-94,167,616.24	-94,166,921.08	-17,117,913.95	864,201,023.13	-66,914,928.97	-66,916,341.23	-43,156,219.18

## 2. Interest in joint venture arrangements or associates

## (1) Significant joint ventures or associates

				Sharehol	Accounting
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Name of joint venture or associate	Main business locations	Place of registration	Business Nature	ding ratio		for investments in joint ventures or associates Law
				Direct	Indirect	
Kumho Tire Vietnam Co. Ltd.	Vietnam	Vietnam	Manufacturing		42.41%	Equity method accounting

## (2) Key financial information of significant associates

Unit: Yuan

	Closing balance / current period's occurrence	Opening balance/previous period's occurrence
	Kumho Tire Vietnam Co., Ltd.	Kumho Tire Vietnam Co., Ltd.
Current assets	996,640,153.58	1,032,454,071.71
Non-current assets	2,348,868,095.40	1,189,679,670.71



Total assets	3,345,508,248.99	2,222,133,742.42
Current liabilities	1,281,029,968.60	230,863,434.76
Non-current liabilities	285,890,730.19	411,889,675.83
Total liabilities	1,566,920,698.80	642,753,110.59
Minority interests		
Equity attributable to shareholders of the parent company	1,778,587,550.19	1,579,380,631.83
Share of net assets based on percentage of shareholding	754,281,194.15	669,799,532.14
Adjustment matters		
--Goodwill		
- - Unrealized profit on internal transactions		
--Other	-85,869,354.71	-78,608,569.74
Carrying value of equity investments in associates	668,411,839.44	591,190,962.40
The existence of publicly quoted equity investments in affiliates Fair value		
Operating income	1,599,018,626.11	1,015,846,242.89
Net Profit	51,499,223.26	6,382,904.05
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from associates during the year		

## X. Risks associated with financial instruments

The Company is exposed to various financial risks in the course of its operations: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The Company's Board of Directors has overall responsibility and ultimate accountability for risk management objectives and policies, but the Board has delegated to the Company's functional heads the authority to design and implement procedures that will ensure that risk management objectives and policies are effectively implemented. The Board of Directors reviews the effectiveness of the implemented procedures and the reasonableness of the risk management objectives and policies through monthly reports submitted by each functional head. The Company's internal auditors also audit the risk management policies and procedures and report findings to the Audit Committee.

### (i) Credit risk

Credit risk is the risk of financial loss to the Company resulting from the failure of counterparties to meet their contractual obligations. The Company is primarily exposed to customer credit risk resulting from credit sales Risk. Before entering into a new contract, the Company will assess the credit risk of the new customer, including external credit ratings and, in some cases, bank credit references (When this information is available). The Company has established credit limits for its customers, which are the maximum amounts that do not require additional approval. The Company ensures that the Company's overall credit risk is manageable

through quarterly monitoring of credit ratings of existing customers 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.

## (ii) Liquidity risk

Liquidity risk is the risk of a shortage of funds in fulfilling an enterprise's obligation to settle by delivering cash or other financial assets. The Company's policy is to

Ensure that sufficient cash is available to meet debt obligations as they fall due. Liquidity risk is controlled centrally by the Company's finance department. The finance department ensures that the Company has sufficient funds to repay its debt under all reasonable projections by monitoring cash balances, readily realizable marketable securities and rolling projections 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	More than 1 year	Total
Short-term borrowings	3,903,699,009.57		3,903,699,009.57

Notes Payable	526,179,453.56		526,179,453.56
Accounts Payable	684,227,512.76	163,942,555.13	848,170,067.89
Other payables	82,812,860.33	90,656,295.13	173,469,155.46
Non-current liabilities due within one year	434,945,427.21		434,945,427.21
Long-term borrowings		486,516,256.14	486,516,256.14
Lease liabilities		574,518.27	574,518.27
Long-term payables		57,941,262.81	57,941,262.81
Total	5,631,864,263.43	799,630,887.48	6,431,495,150.91

&lt;continued

Proj ects	Prior year-end balance		
	Within 1 year	More than 1 year	Total
Short-term borrowings	3,754,517,452.06		3,754,517,452.06
Notes Payable	601,828,344.21		601,828,344.21
Accounts Payable	757,745,474.75	172,386,744.17	930,132,218.92
Other payables	106,259,485.05	67,637,284.94	173,896,769.99
Non-current liabilities due within one year	445,705,751.85		445,705,751.85
Long-term borrowings		836,544,256.14	836,544,256.14

**(iii) 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. 1、

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises mainly from long-term bank borrowings, etc. 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.

**2、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 mainly arises from financial assets and financial liabilities denominated in U.S. dollars. The amounts of foreign currency financial assets and foreign currency financial liabilities translated into RMB are listed as follows:

Proj ects	Closing balance			Prior year-end balance		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Monetary Funds	442,888,627.60	31,819,444.84	474,708,072.44	605,163,242.27	55,292,894.47	660,456,136.74
Accounts Receivable	151,950,083.68	23,651,263.45	175,601,347.13	164,299,923.67	156,087.46	164,456,011.13
Other	25,014.82		25,014.82	1,330,711.56	191,483.12	1,522,194.68

receivables						
Short-term borrowings	20,906,887.67		20,906,887.67	761,896,150.00		761,896,150.00
Accounts Payable	35,102,564.41	404,386.78	35,506,951.19	21,488,292.74	84,081.46	21,572,374.20
Other payables	23,212,779.81	2,746,473.00	25,959,252.81	8,219,596.88		8,219,596.88
Long-term borrowings	279,143,245.47		279,143,245.47			
Total	953,229,203.46	58,621,568.07	1,011,850,771.53	1,562,397,917.12	55,724,546.51	1,618,122,463.63

## xi. fair value disclosures

## 1. Closing fair value of assets and liabilities measured at fair value

Unit: Yuan

Projects	Fair value at end of period			
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
I. Ongoing fair value measurement	--	--	--	--
(i) Financial assets held for trading	51,920.88	929,500.00		981,420.88
1. Financial assets at fair value through profit or loss	51,920.88	929,500.00		981,420.88
(2) Investments in equity instruments	51,920.88			51,920.88
(3) Derivative financial assets		929,500.00		929,500.00
(ii) Receivables financing			64,865,423.48	64,865,423.48
(iii) Other equity instruments Investment			12,371,371.99	12,371,371.99
Total liabilities measured at fair value on an ongoing basis	51,920.88	929,500.00	77,236,795.47	78,218,216.35
ii. discontinued fair value measurements	--	--	--	--

## 2. Basis for determining the market value of ongoing and discontinued Level 1 fair value measurement items

Publicly quoted prices in active markets for financial assets at the end of the period.

## 3. ongoing and discontinued Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques and important parameters used

1. The fair value of forward foreign exchange contracts included in derivative financial assets or liabilities is determined by discounting the difference between the agreed price of the forward foreign exchange contracts and the market forward price. The discount rate used is the relevant RMB swap yield curve at the end of the reporting period.

2. The fair value of the foreign exchange option contracts is determined based on the Black-Scholes model using foreign exchange spot, currency yields, and exchange rate volatilities. The market data used is derived from active market quotes provided by partner banks.

3. The fair value of the interest rate swap contracts included in derivative financial assets is the discounted amount expected to be received or payable assuming termination of the swap contracts at the end of the reporting period. The discount rate used is the relevant RMB swap yield curve at the end of the reporting period.

## 4. ongoing and discontinued Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques and important parameters used

The Company's Level 3 fair value measurements include investments in other equity instruments and financing receivables. Investments in other equity instruments represent the **"three nil"** equity investments held by the Company that are not controlled, jointly controlled or significantly influenced and have a wide range of possible estimates of fair value, and the cost represents a reasonable estimate of the fair value within that range.

best estimate of value, the Company uses cost on an ongoing basis as its appropriate estimate of fair value within that distribution and uses all information available after the date of initial recognition about the investee's performance and operations to determine whether cost is representative of fair value.

The receivable financing represents promissory notes held by the Company. Due to the short remaining maturity of the notes, the carrying amount approximates the fair value, and the Company recognizes the fair value at the face amount of the notes.

## XII. Related parties and related transactions

### 1. The parent company of the enterprise

Parent Company Name	Place of registration	Business Nature	Registered Capital	Parent Company to the Company of shareholding	Parent Company to the Company of voting rights
Double Star Group Limited Liability YAM Corporation	Huangdao District, Qingdao City, two 666 River Road	State-owned Assets Operation	16,341.46 million yuan	32.40%	32.40%

Description of the parent company of the enterprise:

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government.

### 2. Information on the Company's subsidiaries

For details of the Company's subsidiaries, see Note 9.

### 3. Joint ventures and associates of the enterprise

See Note 9 for details of the Company's significant joint ventures or associates.

### 4. Other related parties

Name of other related parties	Relationship between other related parties and the enterprise
Qingdao Hailang Special Equipment Technology Co.	Same ultimate controlling party
Qingdao Jinke Mould Co.	Same ultimate controlling party
Qingdao Hailang Intelligent Equipment Co.	Same ultimate controlling party
Qingdao Xinghua Intelligent Equipment Co.	Same ultimate controlling party
Qingdao Shuangxing Environmental Protection Equipment Co.	Same ultimate controlling party
Double Star Luohe Zhongyuan Machinery Co.	Same ultimate controlling party
Shiyan Ixda Recycling Resources Co.	Same ultimate controlling party
Qingdao Ixda Technology Co.	Same ultimate controlling party
Qingdao Ixda Intelligent Equipment Co.	Same ultimate controlling party
Qingdao Ixda Recycling Resources Co.	Same ultimate controlling party
Qingdao Ixda Circular Economy Co.	Same ultimate controlling party
Qingdao Shuangxing Investment Management Co.	Same ultimate controlling party
Qingdao Jinzhiqiao Investment Management Co.	Same ultimate controlling party
Henan Ixda Recycling Resources Co.	Same ultimate controlling party
Nanjing Kumho Tire Co.	Same ultimate controlling party
Kumho Tire (Tianjin) Co.	Same ultimate controlling party
Kumho (China) Tire Sales Co.	Same ultimate controlling party
Kumho Tyre Australia Pty Limited	Same ultimate controlling party
Kumho Tire Vietnam Co., Ltd.	Same ultimate controlling party
KUMHO TIRE USA, INC.	Same ultimate controlling party
Kumho Tire Georgia, Inc.	Same ultimate controlling party
Kumho Tire Co., Inc.	Same ultimate controlling party
Qingdao Star Micro International Investment Co.	Same ultimate controlling party
Qingdao Shuangxing Jiaxin Property Management Co.	Same parent company
Qingdao Lunyun Design and Research Institute Co.	Same parent company
Qingdao Shuangxing Material Procurement Co.	Same parent company

Hailang International Venture Capital (Qingdao) Co.	Same parent company
Qingdao Hailang Holdings Co.	Same parent company
Beijing Hurricane Partner Network Technology Co.	Subsidiary Affiliates
Hebei Dazhengren Automobile Sales & Service Group Co.	Subsidiary Affiliates
Xingda Network Technology (Qingdao) Co.	Subsidiary Affiliates



Suzing Automotive Technology (Qingdao) Co.	Subsidiary Affiliates
Qingdao Xingzheng Auto Technology Co.	Subsidiary Affiliates
Qingdao Xing'ao Tire Co.	Affiliates of subsidiaries
Beijing Xingjun Future Automotive Technology Co.	Affiliates of subsidiaries
Huaian Green Wheel Resource Recycling Co.	Affiliates of subsidiaries under common control of the parent company
CIGC Heavy Industry (Qingdao) Co.	Affiliates of the parent company
Guangrao Caijin Equity Investment Fund Management Center (Limited Partnership)	Investors exerting significant influence over subsidiaries
Directors, Supervisors, Secretary of the Board of Directors, General Manager, Deputy General Manager, Treasurer People	Key Management Personnel

## 5. Related transactions

### (1) Related transactions for the purchase and sale of goods, provision and receipt of services

Purchase of goods/acceptance of services table

Unit: Yuan

Related Parties	Content of connected transactions	Current Period Incurred	Amount of approved transactions	Does it exceed the transaction amount degree	Prior Period Incurrence
Beijing Xingjun Future Auto Car Technology Co.	Purchase of goods	1,465,389.05			
Qingdao Shuangxing Environmental Protection Equipment Preparation Co.	Purchase of goods	3,115,044.24			
Qingdao Shuangxing Jiaxin Industry Management Co.	Purchase of goods	938,574.89			1,014,880.41
Qingdao Lunyun Design and Research Institute Co. Division	Purchase of goods				2,830,188.60
Qingdao Ixtarco Technology Co.	Purchase of goods	1,453,897.27			355,044.24
Qingdao Hailang special suit Ready Technology Co.	Purchase of goods	29,526,547.48			17,510,892.27
Qingdao Jinke Mould has Limited company	Purchase of goods, acceptance Labor	45,285,208.07			44,256,972.96
Qingdao Hailang intelligent installation Preparation Co.	Purchase of goods	11,279,346.08			163,861,044.24
Qingdao Xinghua intelligent	Purchase of goods	6,272,416.08			33,188,328.56

installation Preparation Co.					
Kumho Tire (Sky) (Tianjin) Co.	Purchase of goods	481,677.90			
Suzing Auto Technology (Qingdao) Co. Division	Purchase of goods				7,627,046.5
Double Star Group Limited Liability YAM Corporation	Acceptance of labor services	1,196,781.65			1,184,724.06

Sale of goods/provision of services

Unit: Yuan

Related Parties	Content of connected transactions	Current Period Incurred	Prior Period Incurrence
Kumho Tire Co., Inc.	Sell Goods	208,708,484.41	137,265,162.01
Kumho Tire Georgia, Inc.	Sell Goods	5,359,827.31	3,852,797.09
Kumho Tire USA., INC	Sell Goods	23,098,046.67	
Kumho Tire Vietnam Co.,Ltd.	Sell Goods	12,322,726.38	9,686,307.26
Kumho Tyre Australia Pty	Sell Goods	25,230,978.94	12,237,961.19

Limited			
Beijing Xingjun Future Automotive Technology Co. Company	Sell Goods	10,689,570.40	6,219,287.64
Hailang International Venture Capital (Qingdao) Co. Company	Sell Goods	139,092.64	25,952.84
Henan Ixda Recycling Resources Co. Company	Sell Goods	1,947,920.44	1,586,402.46
Kumho (China) Tire Sales Co. Company	Sell Goods	31,069,279.66	
Kumho Tire (Tianjin) Co.	Sell Goods		466,690.26
Qingdao Hailang Holdings Co.	Sell Goods	5,291.04	4,781.13
Qingdao Hailang Special Equipment Technology Co. Company	Sale of goods and provision of services	221,988.83	103,991.50
Qingdao Hailang Intelligent Equipment Co.	Sell Goods	1,733,604.48	1,301,959.70
Qingdao Jinke Mould Co.	Sale of goods and provision of services	4,538,918.28	1,360,783.88
Qingdao Jinzhiqiao Investment Management Co. Division	Sell Goods	63,659,285.96	66,418,307.02
Qingdao Lunyun Design and Research Institute Co. YAM Corporation	Sell Goods		224,469.48
Qingdao Shuangxing Environmental Protection Equipment Co.	Sell Goods	579.72	784.91
Qingdao Shuangxing Jiaxin Property Management Co. Company	Sell Goods	4,906.19	1,592.92
Qingdao Shuangxing Investment Management Co.	Sell Goods		530.97
Qingdao Xinghua Intelligent Equipment Co.	Sale of goods and provision of services	62,703.45	21,098.30
Qingdao Star Micro International Investment Co.	Sell Goods		265.49
Qingdao Ixda Technology Co.	Sell Goods	2,187.15	2,124.34
Qingdao Ixda Circular Economy Co. Company	Sell Goods	5,717.92	8,948.54
Qingdao Ixda Recycling Resources Co. Company	Sell Goods	22,948.47	
Qingdao Ixda Intelligent Equipment Co. Company	Sell Goods	183,559.74	4,189,670.63
Shiyan Ixda Recycling Resources Co. Company	Sell Goods	9,540,565.10	4,359,335.08
Double Star Group Limited Liability Company	Sale of goods and provision of services	3,647,735.05	177,088.59
Double Star Luohe Zhongyuan Machinery Co.	Sell Goods	43,274.33	

Suzing Automotive Technology (Qingdao) Co. Company	Sell Goods	15,940,378.62	22,946,235.77
Xingda Network Technology (Qingdao) Co. Company	Sell Goods	16,302,404.07	20,806,717.25
CIGC Heavy Industry (Qingdao) Co. Company	Sell Goods	820,044.66	541,592.92

## (2) Associated Leases

The Company as lessee:

Unit: Yuan

Lessors  Name	Lease Capital  Product Type	Short-term simplification of processing Leasing and low value assets Rental fees for property leasing Use (if applicable)		Not included in lease liabilities Measured variable leases Payment amount (if applicable) (Use )		Rent paid		Lease liabilities assumed Interest expense		Increased right-to-use capital Product	
		Issued in this issue	Previous Issue	Issued in this issue	Previous Issue	Issued in this issue	Previous Issue	Issued in this issue	Previous Issue	Issued in this issue	Previous Issue
		Raw amount	Raw amount	Raw amount	Raw amount	Raw amount	Raw amount	Raw amount	Raw amount	Raw amount	Raw amount
Double star set Group Limited	House rental lease	5,826.713.78	6,447.257.40								

Responsible Public Division											
Shiyan Ixda Recycling Resources Co. Company	Housing Rental	681,681.72	170,420.43								

### (3) Affiliated Guarantees

The Company as guarantor

Unit: Yuan

Secured party	Guarantee amount	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled Bi
Guangrao Caijin Equity Investment Fund Management Center (Limited Cooperation) (Partner)	100,000,000.00	May 22, 2018	May 21, 2023	No

The Company as the guaranteed party

Unit: Yuan

Guarantor	Guarantee amount	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled Bi
Double Star Group Limited Liability Company Division	95,000,000.00	January 13, 2022	January 12, 2026	No
Double Star Group Limited Liability Company Division	95,000,000.00	January 18, 2022	January 17, 2026	No
Double Star Group Limited Liability Company Division	280,000,000.00	January 27, 2022	January 26, 2026	No
Double Star Group Limited Liability Company Division	74,700,000.00	January 25, 2022	January 25, 2026	No
Double Star Group Limited Liability Company Division	200,000,000.00	April 20, 2022	April 20, 2026	No

Double Star Group Limited Liability Company Division	200,000,000.00	June 27, 2022	June 27, 2026	No
Double Star Group Limited Liability Company Division	150,000,000.00	August 30, 2022	August 30, 2026	No
Double Star Group Limited Liability Company Division	150,000,000.00	September 29, 2022	September 29, 2026	No
Double Star Group Limited Liability Company Division	150,000,000.00	September 30, 2022	September 30, 2026	No
Double Star Group Limited Liability Company Division	190,304,380.00	November 28, 2022	November 22, 2026	No
Double Star Group Limited Liability Company Division	300,000,000.00	December 16, 2022	December 15, 2026	No
Double Star Group Limited Liability Company Division	300,000,000.00	December 29, 2022	December 28, 2026	No
Double Star Group Limited Liability Company Division	187,500,000.00	November 22, 2022	November 22, 2026	No
Double Star Group Limited Liability Company Division	208,125,000.00	March 08, 2021	March 31, 2031	No
Double Star Group Limited Liability Company Division	69,375,000.00	April 02, 2021	March 31, 2031	No
Double Star Group Limited Liability Company Division	34,687,500.00	April 30, 2021	March 31, 2031	No

Double Star Group Limited Liability Company Division	104,062,500.00	April 30, 2021	March 31, 2031	No
Double Star Group Limited Liability Company Division	100,000,000.00	March 01, 2022	February 28, 2026	No
Double Star Group Limited Liability Company Division	10,000,000.00	March 28, 2022	March 28, 2026	No
Double Star Group Limited Liability Company Division	109,800,000.00	March 29, 2022	March 29, 2026	No
Double Star Group Limited Liability Company Division	126,000,000.00	June 16, 2022	June 16, 2026	No
Double Star Group Limited Liability Company Division	125,000,000.00	September 23, 2022	September 23, 2026	No
Double Star Group Limited Liability Company Division	150,000,000.00	July 29, 2022	July 29, 2026	No
Double Star Group Limited Liability Company Division	125,000,000.00	September 22, 2022	September 22, 2026	No
Double Star Group Limited Liability Company Division	42,600,000.00	December 28, 2015	December 28, 2030	No
Double Star Group Limited Liability Company Division	20,893,800.00	March 30, 2022	March 30, 2026	No
Double Star Group Limited Liability Company Division	100,000,000.00	November 18, 2022	November 16, 2026	No
Double Star Group Limited Liability Company Division	25,000,000.00	December 29, 2022	December 27, 2026	No
Double Star Group Limited Liability Company Division	127,061,349.58	April 21, 2022	April 19, 2026	No
Double Star Group Limited Liability Company Division	69,938,650.42	April 22, 2022	April 19, 2026	No
Double Star Group Limited Liability Company Division	20,000,000.00	May 25, 2022	May 24, 2026	No

Company Division				
Double Star Group Limited Liability Company Division	21,170,000.00	June 23, 2022	June 22, 2026	No
Double Star Group Limited Liability Company Division	140,000,000.00	September 14, 2022	September 14, 2026	No
Double Star Group Limited Liability Company Division	10,000,000.00	December 29, 2022	December 22, 2026	No
Double Star Group Limited Liability Company Division	25,000,000.00	December 31, 2021	May 08, 2027	No
Double Star Group Limited Liability Company Division	25,000,000.00	December 31, 2021	November 08, 2027	No
Double Star Group Limited Liability Company Division	40,000,000.00	December 31, 2021	May 08, 2028	No
Double Star Group Limited Liability Company Division	25,266,256.14	December 31, 2021	November 08, 2028	No

#### (4) Key Management Compensation

Unit: million yuan

Projects	Current Period Incurred	Prior Period Incurrence
Key Management Compensation	483.10	399.90



## 6. Amounts due from and to related parties

### (1) Receivable items

Unit: Yuan

Project Name	Related Parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivable					
	Suzing Auto Technology (Qingdao) Co. Division			500,000.00	
Accounts Receivable					
	KUMHO TIRE USA., INC.	4,502,836.49	22,514.18		
	Suzing Auto Technology (Qingdao) Co. Division	2,508,281.93	12,541.41	3,585,236.28	17,926.18
	Kumho Tire Vietnam Co., Ltd.			2,166,411.85	10,832.06
	Kumho Tire Co. Inc	31,427,074.20	157,135.37	41,199,320.22	205,996.60
	Beijing Hurricane Partner Network Contact Technology Co.	2,400,913.10	240,091.31	2,400,913.10	120,045.66
	Double Star Luohe Zhongyuan Machine Machinery Co.			72,300.00	361.50
	Henan Ixda re Health Resources Ltd.	2,789,115.95	73,628.47	1,566,134.29	7,830.67
	Qingdao Shuangxing Environmental Protection Equipment Preparation Co.			15,900.00	79.50
	Qingdao Hailang intelligent installation Preparation Co.			177,165.93	885.83
	Qingdao Xinghua intelligent installation Preparation Co.			20,585.65	102.93
	Shiyan Ixda re Health Resources Ltd.	6,842,134.26	36,928.48	4,252,871.24	21,264.36
	Qingdao Shuangxing Jiixin Industry			5,754.50	28.77

	Management Co.				
	Beijing Xingjun Future Auto Car Technology Co.	6,364,603.67	31,823.02		
	Kumho (China) Wheel Tire Sales Co.	29,746,372.05	148,731.86		
	CIGC Heavy Industry (Qingdao) Co. Division	147,547.84	737.74		
	Qingdao Xing'ao Tire has Limited company	527,174.25	48,482.72	482,598.41	24,129.92
Other receivables					
	Hailang International Venture Capital (Qingdao) Co. Division	107,328.00	536.64	532.71	2.66
	Qingdao Hailang intelligent installation Preparation Co.	421,408.00	2,107.04		
	Qingdao Shuangxing Jiixin Industry Management Co.	1,792.00	8.96		

	Qingdao Ixdachi Energy Equipment Co.	18,720.00	93.60		
	Double Star Group Limited Liability YAM Corporation	3,617,685.05	18,088.43		
Other non-current assets					
	Qingdao Hailang intelligent installation Preparation Co.	5,892,867.66			
	Qingdao Shuangxing Environmental Protection Equipment Preparation Co.			934,513.27	
	Qingdao Hailang special suit Ready Technology Co.			3,841,752.22	
Prepayments					
	Suzing Auto Technology (Qingdao) Co. Division	35,454.00			
	Beijing Xingjun Future Auto Car Technology Co.	2,974,206.24		944,220.22	
	Qingdao Hailang special suit Ready Technology Co.			23,348.00	
	Qingdao Jinke Mould has Limited company			23,700.00	

## (2) Payable items

Unit: Yuan

Project Name	Related Parties	Closing book balance	Opening book balance
Prepayments			
	Beijing Xingjun Future Automotive Technology Co. Company	28,965.88	
Accounts Payable			
	Kumho (China) Tire Sales Co. Company	8,134,195.27	
	Nanjing Kumho Tire Co.	10,780.00	
	Beijing Hurricane Partner Network Technology Co. Company	2,593,111.01	2,593,111.01
	Suzing Automotive Technology (Qingdao) Co. Company	587,297.11	1,257,639.78

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	Qingdao Jinke Mould Co.	18,348,974.71	17,986,672.58
	Qingdao Hailang Intelligent Equipment Co.	102,012,780.04	124,953,984.73
	Qingdao Hailang Special Equipment Technology Co. Company	9,660,518.19	7,621,029.36
	Qingdao Xinghua Intelligent Equipment Co.	44,577,420.94	16,567,046.81
	Qingdao Ixda Technology Co.		214,237.20
	Double Star Luohe Zhongyuan Machinery Co.		190,052.87
	Qingdao Shuangxing Environmental Protection Equipment Co.	388,960.00	
	Qingdao Ixda Technology Co.	580,516.98	
Contractual Liabilities			
	Kumho Tyre Australia Pty Limited	452,250.13	
	Huaian Green Wheel Resource Recycling Co. Company	18,161.82	
	Qingdao Jinzhiqiao Investment Management Co. Division	5,102,541.58	
	Suzing Automotive Technology (Qingdao) Co. Company	550,374.78	
	Xingda Network Technology (Qingdao) Co.	1,290,410.65	579,387.07

	Company		
	CIGC Heavy Industry (Qingdao) Co. Company		135,398.23
Other payables			
	Qingdao Hailang Intelligent Equipment Co.	66,300.00	
	Qingdao Hailang Special Equipment Technology Co. Company	2,827,433.63	
	Qingdao Ixda Technology Co.	20,000.00	
	Double Star Group Limited Liability Company		946,146.34
	Beijing Xingjun Future Automotive Technology Co. Company	46,200.00	
	Hebei Dazhengren Automobile Sales and Service Set Group Ltd.	300,000.00	
Other current liabilities			
	Huaian Green Wheel Resource Recycling Co. Company	2,361.04	
	Qingdao Jinzhiqiao Investment Management Co. Division	663,330.40	
	Xingda Network Technology (Qingdao) Co. Company	167,753.38	
Non-current liabilities due within one year			
	Qingdao Jinzhiqiao Investment Management Co. Division	49,383,701.17	60,094,359.47
Long-term payables			
	Qingdao Jinzhiqiao Investment Management Co. Division	23,641,262.81	9,447,868.23

## 7. Other

As of December 31, 2022, the balance of borrowings of its subsidiary Qingdao Starlink Automobile Technology Co. The Company's total assets were \$75,615,153.23.

## XIII. Share-based payment

### 1. General situation of share-based payment

☒ Applicable ☐ Not applicable

Unit: Yuan

Total amount of each equity instrument granted by the Company during the period	0.00
Total amount of each equity instrument exercised by the	0.00

Company during the period	
Total amount of equity instruments lapsed by the Company during the period	17,885,692.00
Range of exercise prices of stock options issued and outstanding at the end of the period and contractual remaining Period	None
Range and contract of exercise price of other equity instruments issued and outstanding at the end of the period of the company Remaining term	None

## 2. Equity-settled share-based payments

☒ Applicable ☐ Not applicable

Unit: Yuan

Method of determining the fair value of equity instruments at the date of grant	Based on Black-Scholes model
Basis for determining the number of exercisable equity instruments	Estimated by the performance conditions of each period and the assessment results of the incentive recipients
Reasons for significant differences between current and prior period estimates	None
Accumulated amount of equity-settled share-based payments charged to capital surplus	0
Total expense recognized for equity-settled share-based payments during the period	-3,928.823.60

### 3. Cash-settled share-based payments

☐ Applicable ☒ Not applicable

## XIV. Commitments and Contingencies

### 1. Important commitment matters

Significant commitments in existence at the balance sheet date

As of December 31, 2022, the breakdown of domestic letters of credit opened by subsidiaries is as follows

Issuing Subsidiary	Amount	Starting Date	Expiration date
Qingdao Shuangxing Tire Industry Co.	10,000,000.00	2022/3/28	2023/3/26
Qingdao Shuangxing Tire Industry Co.	109,800,000.00	2022/3/29	2023/3/26
Qingdao Shuangxing Tire Industry Co.	125,000,000.00	2022/9/23	2023/9/18
Qingdao Shuangxing Chemical Materials Procurement Co.	187,500,000.00	2022/11/22	2023/11/21
Qingdao Shuangxing Tire Industry Co.	125,000,000.00	2022/9/22	2023/9/20

### 2. Contingencies

#### (1) Significant contingencies existing at the balance sheet date

##### (1) Pending Litigation

The Company has no material pending litigation that requires disclosure.

##### (2) External Guarantee

As of December 31, 2022, the Company's external guarantees were as follows:

Secured party	Guarantee amount	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
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## XV. Events after the balance sheet date

### Profit Distribution

Unit: Yuan

Profit or dividends to be distributed	0.00
Profit or dividends declared after consideration and approval	0.00
Profit Distribution Plan	No cash dividends, no capital increase by way of capitalization

## XVI. Other important matters

### 1、Termination of business

Unit: Yuan

Projects	Revenue	Fees	Total profit	Income tax expense	Net Profit	Profit from discontinued operations attributable to owners of the parent company
Gain or loss from discontinued operations		733.87	-733.87		-733.87	5,453,968.83

## XVII. Notes to the main items of the parent company's financial statements

### 1. Other receivables

Unit: Yuan

Projects	Closing balance	Opening balance
Other receivables	2,082,447,569.94	4,067,766,583.97
Total	2,082,447,569.94	4,067,766,583.97

#### (1) Other receivables

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

Unit: Yuan

Nature of payment	Closing book balance	Opening book balance
Current payments	2,082,749,919.27	4,066,027,499.13
Withholding payments	42,698.56	35,966.81
Other	104,242.86	2,163,123.22
Total	2,082,896,860.69	4,068,226,589.16

##### 2) Provision for bad debts charged, recovered or reversed during the period



Provision for bad debts for the period:

Unit: Yuan

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recovery or reversal	Write-offs	Other	
Bad debts are accrued on an individual basis Provision for accounts	371,226.54					371,226.54

Bad debt accrual by portfolio Provision for accounts	88,778.65	-10,714.44				78,064.21
Total	460,005.19	-10,714.44				449,290.75

## 2. Long-term equity investments

Unit: Yuan

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investment in subsidiaries	3,141,183.30 6.42		3,141,183.30 6.42	2,582,883.30 6.42		2,582,883.30 6.42
Investment in associates and joint ventures	19,940,850.6 2		19,940,850.6 2	20,000,000.0 0		20,000,000.0 0
Total	3,161,124.15 7.04		3,161,124.15 7.04	2,602,883.30 6.42		2,602,883.30 6.42

### (1) Investment in subsidiaries

Unit: Yuan

Investee Units	Opening balance (Book value)	Change in the period				Closing balance (Book value)	Closing balance of provision for impairment
		Additional investment	Reduce investment	Provision for impairment	Other		
Qingdao Shuangxing Tire Industry Co. Company	1,510,716.543.42	8,300,000.00				1,519,016.543.42	
Double Star East Wind Wheel Tire Co.	30,000,000.00	450,000.00				480,000.00	
Qingdao Double Star Camp Sales Co.	1,000,000.00					1,000,000.00	
Hong Kong Double Star International Industries	606,221.763.00					606,221.763.00	

Limited Company							
MicroCloud International (Qingdao) Number According to Ltd.	7,400,000.00					7,400,000.00	
Qingdao Shuangxing Chemical Materials Procurement Ltd.	510,000.00					510,000.00	
Shandong Double Star Wheel Tire Co.	5,000,000.00					5,000,000.00	
Guangrao Jixing Wheel Tire Co.	22,035,000.00					22,035,000.00	
Guangrao U-Tech III Development Fund Management Center (Limited Cooperation (Partner))	400,000.00	100,000.00				500,000.00	
Total	2,582,883.306.42	558,300.00				3,141,183.306.42	

## (2) Investment in associates and joint ventures

Unit: Yuan

Investment unit	Opening balance (book value)	Change in the period								Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Reduce 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											
II. Affiliates											
Xinyu Zhike Carbon Neutral Equity Investment Partnership (limited) (Partnership)	20,000,000.00			33,508.85			92,658.23			19,940,850.62	
Subtotal	20,000,000.00			33,508.85			92,658.23			19,940,850.62	
Total	20,000,000.00			33,508.85			92,658.23			19,940,850.62	

## 3. Investment income

Unit: Yuan

Projects	Current Period Incurred	Prior Period Incurrence
Income from long-term equity investments accounted for by the equity method	33,508.85	
Investment income from disposal of long-term equity investments		83,677,560.99
Other		98,947.87
Total	33,508.85	83,776,508.86

## XVIII. Additional information

### 1. Breakdown of non-recurring gains and losses for the period

☒ Applicable ☐ Not applicable

Unit: Yuan

Projects	Amount	Description
Gain or loss on disposal of non-current assets	22,499,422.28	
Government subsidies (closely related to the company's normal business operations, in accordance with national policies, and in accordance with certain standards, on a fixed or quantitative basis) that are recognized in the current period's profit or loss (Except for the government subsidies enjoyed)	62,565,330.64	
Gain or loss on debt restructuring	-152,808.67	
Except for the effective hedging business related to the Company's normal business operations, the Company holds trading gold financing Fair value arising from property, plant and equipment and financial liabilities held for trading	-27,240,090.96	

Gains or losses on changes in, and disposal of trading financial assets trading financial liabilities and available-for-sale financial assets Investment income earned		
Non-operating income other than those mentioned above and Expenses	568,067.28	
Less: Income tax effect amount	6,938,602.79	
Minority interest impact amount	2,799,691.60	
Total	48,501,626.18	--

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

☐ Applicable ☒ Not applicable

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

Information on the definition of non-recurring items listed in "Explanatory Announcement No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Gains and Losses" as recurring items of profit or loss

☐ Applicable ☒ Not applicable

## 2. Revenue on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (yuan/share)	Diluted earnings per share (yuan/share)
Net attributable to common shareholders of the Company Profits	-22.39%	-0.74	-0.74
Attributable to after non-recurring gains and losses Net income for the Company's common shareholders	-24.41%	-0.80	-0.80

## 3. Differences in accounting data under domestic and foreign accounting standards

### (1) Differences in net profit and net assets in financial reports disclosed simultaneously under IAS and under PRC GAAP

☐ Applicable ☒ Not applicable

### (2) Differences in net profit and net assets in financial reports disclosed in accordance with foreign accounting standards and in accordance with PRC accounting standards at the same time

☐ Applicable ☒ Not applicable