

Company code: 601058

Company abbreviation: Sailun

tyre

Bond Code: 113063

Bond abbreviation: Sailun

Convertible Bond

Sailun Group Limited Annual Report 2022 Summary

Section I. Important notes

- 1 The summary of this annual report is derived from the full annual report. In order to have a comprehensive understanding of the Company's operating results, financial position and future development plans, investors should go to www.sse.com.cn to read the full annual report carefully.
- 2 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 that they shall bear individual and joint legal liabilities.
- 3 All the directors of the Company attended the Board meeting.
- 4 Zhongxinghua Certified Public Accountants (Special General Partnership) issued a standard unqualified audit report for the Company.
- 5 Proposals for distribution of profits or capitalisation of provident fund for the reporting period approved by resolution of the Board of Directors

The Company's plan for profit distribution for FY2022 is to use the total share capital registered on the date of share registration for the implementation of the equity distribution, less the amount of shares in the repurchase account.

A cash dividend of RMB0.15 per share (including tax) paid to all shareholders on the basis of the cumulative number of shares repurchased, with no bonus shares or capitalisation of capital reserves.

Section II. Basic information about the company

1 Company Profile

Company stock profile				
Stock Type	stock exchange	stock short name	stock code (computing)	Stock name before change
A-share	Shanghai Stock Exchange (SSE)	Sailun tyres	601058	Sailun Jin Yu

Contact person and contact details	secretary to the board	Securities Representative
name and surname	Li Jiqing	Brandon Lee (1965-1993), American actor, son of Bruce Lee
business address	Rubber & Plastic New Material Building, No.43 Zhengzhou Road, Qingdao, China	Rubber & Plastic New Material, No.43 Zhengzhou Road, Qingdao, China block of building
telephones	0532-68862851	0532-68862851
electronic mailbox	ziben@sailuntire.com	ziben@sailuntire.com

2 Brief description of the Company's major businesses during the reporting period

(i) Industry situation

1, the global political and economic situation is intricate, tyre development encountered challenges

In 2022, the tyre industry will face many challenges, including the escalation of geopolitical conflicts abroad, fluctuations in the prices of some raw materials, the rise of the US dollar, and the rise of the US dollar.

The tyre industry is struggling in the midst of shocks due to unfavourable factors such as interest rates, while the domestic market is affected by factors such as demand falling short of expectations and declining work rate. According to the statistics of the Tyre Branch of China Rubber Industry Association, the national output of automobile tyres in 2022 will be about 667 million, a year-on-year decrease of 4.3%. Among them, the output of radial tyres was approximately 635 million, down 3.3% year-on-year (the output of all-steel radial tyres was approximately 124 million, down 11.4% year-on-year, and the output of semi-steel radial tyres was approximately 511 million, down 1.2% year-on-year)

2. Sea freight cycle and freight rates gradually return to normal levels

In recent years, under the influence of labour shortage and other factors, global ports have been under-operational, and the cycle and cost of shipping have been increasing, which has had a certain negative impact on the import of raw materials and export of products of tyre manufacturers. During the reporting period, with the gradual liberalisation of control measures in many countries around the world, the on-time rate and turnover efficiency of vessels rebounded significantly, and the congestion at terminals in various countries continued to be eased, and the cost of shipping has dropped to a level close to the level before the price hike in 2020.

3, the price fluctuations of raw materials on the production and operation of enterprises to a certain degree of influence

Raw materials for the production of tyres mainly consisted of natural rubber, synthetic rubber, steel cord and carbon black, which accounted for a relatively high proportion of the production costs. During the reporting period, the supply of natural rubber was relatively stable, and the price decreased compared with that of 2021 as a whole; synthetic rubber was greatly affected by the fluctuation of petroleum price and other factors; the price of steel cord showed a downward trend during the reporting period as a whole; carbon black was affected by the upstream raw material price increase and other factors, and the price increased significantly during the reporting period. Fluctuations in the prices of major raw materials had a certain impact on the production and operation of tyre enterprises.

(ii) Competitive landscape

According to the current business scale ranking of the world's tyre brand manufacturers,

Chinese tyre brands are mainly in the third echelon. In recent years, the domestic head tyre enterprises continue to strengthen R & D investment, improve product performance, create high-end product brands, to the international first-class brand benchmark. Part of the enterprise

through the globalisation of production capacity layout, effectively dispersed the trade friction brought about by the operational risk, its market share is also steadily increasing. According to the U.S. "Tyre Business" released the "2022 global tyre enterprise 75 ranking" shows that in 2021 the global tyre industry will be the largest in the world. Total sales of the top 75 tyre manufacturers were \$177.5 billion, an increase of 17.3 per cent over 2020. Of this, the top 3 accounted for \$63.387 billion, or 35.71 per cent of total global tyre sales, a decrease of 2.6 per cent compared to the same period last year. The top 10 accounted for \$107.577 billion, or 60.6 per cent of total global tyre sales, a decrease of 4.5 per cent from the previous year.

The Company is mainly engaged in the research and development, production and sales of tyre products, and has been engaged in the business of research and development, production and sales of tyre recycling-related products since 2009, and in the business of tyre trading since 2014. During the reporting period, there was no significant change in the main business of the Company.

The Company's tyre products are mainly divided into semi-steel radial tyres, all-steel radial tyres and off-highway tyres, which are widely used in the fields of cars, light-duty trucks, large buses, lorries, construction machinery, special vehicles, etc.; the recycling products mainly include retreaded tyres, tread rubber, rubber powder and steel wires, which are respectively used in the fields of tyre replacement, old tyre retreading, recycled rubber manufacturing and steel production, etc.; the tyre trading business mainly adopts the market operation mode of purchasing and external sales of other companies' tyre products. The tyre trading business mainly adopts a market-oriented operation mode, purchasing tyre products from other companies and selling them to the outside world.

The Company has modern tyre production bases in Qingdao, Dongying, Shenyang, Weifang, Vietnam and Cambodia, and during the reporting period also

Planning to build Qingdao Dongjiakou tyre factory and functionalized new material production base. The company has established R&D centres in Qingdao, Canada, Toronto, Frankfurt, Germany and Ho Chi Minh, Vietnam, as well as localised research departments in each factory, building up a global technology R&D and testing system. The company has set up sales networks and logistics centres in North America, Germany, Vietnam and other places to serve the local and neighboring regions, and its products are sold to more than 180 countries and regions in Europe, the United States, Asia, Africa and so on.

3 Key accounting data and financial indicators of the Company

3.1 Key accounting data and financial indicators for the last 3 years

Unit: Yuan Currency: RMB

	2022	2021	Increase/decrease in current year over previous year (%)	2020
total assets	29,632,212,211.25	26,172,935,980.40	13.22	21,056,209,712.01
Net assets attributable to shareholders of listed companies	12,219,119,525.24	10,730,465,120.92	13.87	8,461,947,838.09
revenue	21,902,213,873.16	17,998,428,484.24	21.69	15,404,989,184.81
Net profit attributable to shareholders of listed companies	1,331,798,692.03	1,312,965,471.12	1.43	1,491,461,580.44
Attributable to listed companies Net profit after extraordinary gains and losses for shareholders of the Company	1,334,943,436.87	1,193,372,397.80	11.86	1,503,809,456.81
Net cash flows from operating activities	2,199,015,670.70	836,670,626.36	162.83	3,423,117,930.67
Weighted average net assets Yield on production (per cent)	11.79	13.32	Decrease of 1.53 per cent point of division	19.43

basic earnings per share (\$/share)	0.44	0.45	-2.22	0.62
diluted earnings per share (\$/share)	0.43	0.45	-4.44	0.60

3.2 Key accounting data for the reporting period by quarter

Unit: Yuan Currency: RMB

	first quarter (of financial year) (January-March)	second quarter (of financial year) (April-June)	third quarter (of financial year) (July-September)	fourth quarter (of financial year) (October-December)
revenue	4,863,169,590.88	5,630,049,785.88	6,224,571,705.34	5,184,422,791.06
Attributable to shareholders of the listed company net profit	321,773,317.32	392,942,181.19	350,055,946.87	267,027,246.65
Attributable to shareholders of the listed company net of non-recurring gains and losses Net profit after	298,238,625.07	401,375,933.32	381,567,164.65	253,761,713.83

Cash generated from operating activities	53,199,459.66	403,719,246.64	573,057,238.39	1,169,039,726.01
Net flow				

Explanation of differences between quarterly data and data from disclosed periodic reports

☐Applicable ☒Not applicable

4 Shareholders

4.1 Total number of common shareholders, total number of preferred shareholders with voting rights restored and holders of preferred shares at the end of the reporting period and at the end of the month prior to the annual report disclosure date

Total number of shareholders with separate voting rights and top 10 shareholders

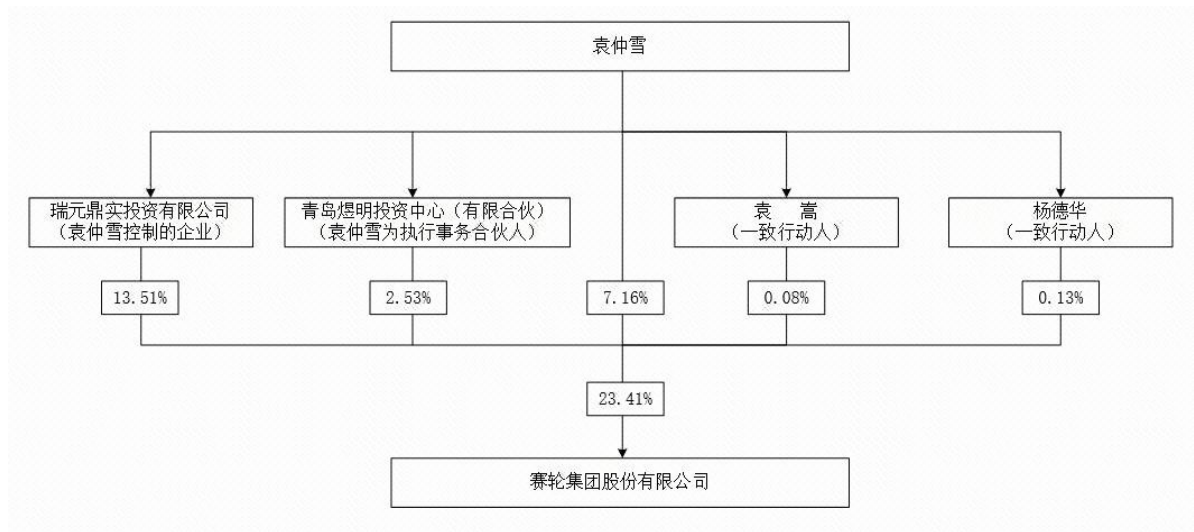
Unit: Shares

Total number of ordinary shareholders as at the end of the reporting period (households)					41,509		
Total number of ordinary shareholders at the end of the previous month before the annual report disclosure date (households)					41,119		
Total number of preference shareholders with voting rights restored as at the end of the reporting period (households)							
Total number of preference shareholders with voting rights restored at the end of the previous month before the annual report disclosure date (households)							
Shareholdings of top 10 shareholders							
Name of Shareholder (full name)	Increase/decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	Shares held with limited selling restrictions quantities	Pledged, marked or frozen moreover		Nature of shareholders
					shareholding	quantities	
Ruiyuan Dingshi Investment Co.		413,825,992	13.51		pledges	220,000,000	Domestic non-state law man
New China United	-55,000,000	264,931,682	8.65		freeze	264,931,682	Domestic

Guangfa Securities Company Limited - Dacheng Rui Jing Flexible Allocation Mixed Securities Investment Fund generic term for lustrous and ductile metals	10,347,642	54,602,406	1.78		not have		the rest
Bank of China Limited - China Merchants Anhua Bond Securities investment funds	42,080,400	47,405,770	1.55		not have		the rest
National Social Security Fund One and One combinatorial	42,247,692	44,247,677	1.44		not have		the rest
National Social Security Fund 418 combinatorial	16,792,611	43,559,360	1.42		not have		the rest
Description of the above shareholders' affiliation or concerted action	Yuan Zhongxue is the de facto controller of Ruiyuan Dingshi Investment Co., Ltd, which is therefore a party acting in concert with Yuan Zhongxue.2 Yuan Zhongxue is the managing partner of Qingdao Yuming Investment Centre (Limited Partnership), which is therefore a party acting in concert with Yuan Zhongxue.3 Agricultural Bank of China Limited - Dacheng Emerging Industry Mixed-type Securities Investment Fund, Ltd. - Dacheng Rui Jing Flexible Allocation Mixed Securities Investment Fund, the fund manager of which is Dacheng Fund Management Co.						
Preference shareholders with voting rights restored and number of shares held Description of the volume	not have						

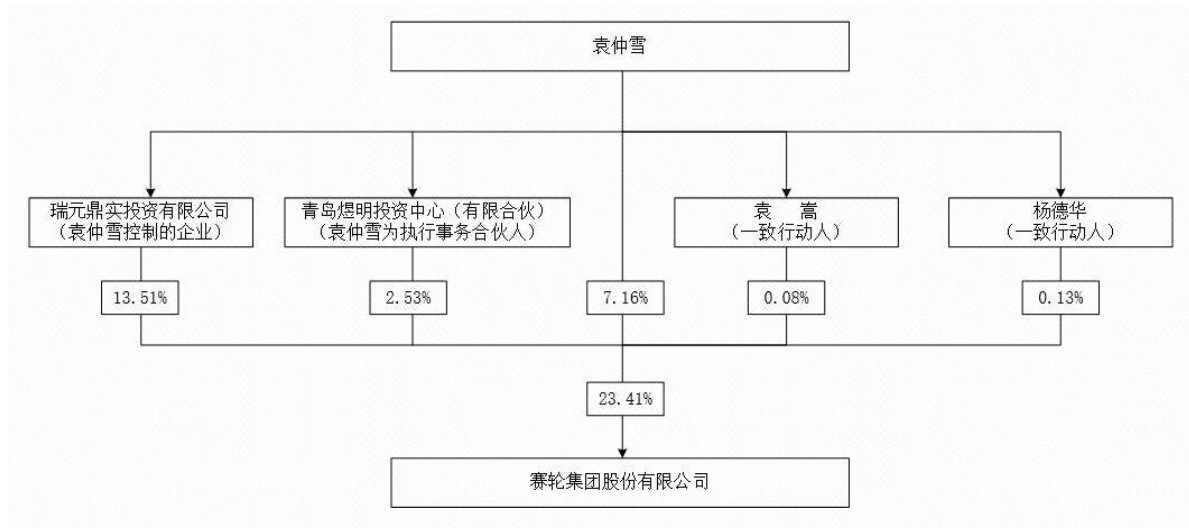
4.2 Block diagram of the ownership and control relationship between the Company and its controlling shareholders

√Applicable Not applicable



4.3 Block diagram of the ownership and control relationship between the Company and the de facto controller

√Applicable Not applicable



4.4 Total number of preference shareholders and top 10 shareholders as at the end of the reporting period

☐Applicable ☒Not Applicable

5 Status of corporate bonds

☐Applicable ☒Not Applicable

Section III. Important matters

1 The company shall disclose, in accordance with the principle of materiality, significant changes in the company's operations during the reporting period, as well as matters occurring during the reporting period that have a significant impact on the company's operations and are expected to have a significant impact in the future.

As at 31 December 2022, the Company's total assets were RMB29,632 million, representing an increase of 13.22% over the end of the previous year.

The net assets of shareholders were RMB 12,219 million, an increase of 13.87 per cent compared with the end of the previous year; during the reporting period, the Company achieved operating income of RMB 21,902 million, an increase of 21.69 per cent year-on-year; total profit of RMB 1,563 million, an increase of 13.20 per cent year-on-year; net profit attributable to shareholders of the listed company

1,332 million, an increase of 1.43 per cent over the same period last year.

2 If there are circumstances of delisting risk warning or termination of listing after the disclosure of the company's annual report, the reasons leading to the delisting risk warning or termination of listing shall be disclosed.

☐Applicable ☒Not applicable