

Company Code: 600182

Company abbreviation: SST Jiatong

# **Giti Tire Company Limited Annual Report 2021**

## Important Tips

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

### II. Non-attendance of Directors

Failure to attend directorships	Name of director not present	Explanation of reasons for non-attendance of directors	Name of delegate
Directors	Chen Yingyi	Unable to attend due to official duties	Li Huaijing

**The Board of Directors and the Supervisory Committee of the Company have explained the relevant matters in detail, so investors are advised to read it.**

(hereinafter referred to as "Giti Tire"), including the consolidated and parent company balance sheets as of December 31, 2021, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, the consolidated and parent company statements of changes in equity, and the related notes to the consolidated and parent company financial statements for the year 2021. The consolidated financial statements include the consolidated and parent company balance sheets as of December 31, 2021, the consolidated and parent company income statements, the consolidated and parent company statements of cash flows, the consolidated and parent company statements of changes in equity, and the related notes to the consolidated and parent company financial statements.

YPT (Special General Partnership) does not express an audit opinion on the accompanying consolidated financial statements of Giti Tire. Due to the significance of the matters described in the "Basis for disclaimer of opinion" section, we were unable to obtain sufficient appropriate audit evidence to form the basis for our audit opinion on the consolidated financial statements.

The Board of Directors and the Supervisory Committee of the Company have explained the relevant matters in detail, please refer to the announcement for investors' attention.

**4. Li Huaijing, the person in charge of the company, Wang Zhenbing, the person in charge of accounting work, and Liu Lifang, the person in charge of accounting institution (accounting officer in charge), declare that they guarantee the truthfulness, accuracy and completeness of the financial report in the annual report.**

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

According to the audit by Yongtuo Certified Public Accountants (Special General Partnership) net profit realized by Giti Tire's parent company in 2021 was -7,548,600 yuan, plus the undistributed profit of the parent company at the beginning of the period of 2021 was 262,707,400 yuan, less the amount of distributed profit during 2021 was 1,870,000 yuan, and the profit available for distribution by the company as of the end of 2021 was 23. 6,645.88 million yuan.

It is proposed to distribute a cash dividend of RMB0.35 (including tax) for every 10 shares to all shareholders based on the total share capital of 340,000,000 shares as of December 31, 2021, for a total cash dividend of RMB11,900,000, with the remaining distributable profit carried forward to future years, and no capital surplus transfer to share capital or share dividend in 2021.

**VI. Risk statement for forward-looking statements**

√/Applicable ☐ Not applicable

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

**VII. Whether there is non-operating appropriation**

**of funds by the controlling shareholder and its**

**related parties** No

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

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

**X. Significant Risk Alert**

1. The operational risks arising from the proposals of "The Company's Daily Connected Transactions Plan for 2020 and its Completion" and "The Company's Daily Connected Transactions Plan for 2021" not being approved by the shareholders' meeting.

In fiscal 2021, the Company again put forward the "Company's Daily Connected Transaction Plan for 2020 and its Completion" and the "Company's Daily Connected Transaction Plan for 2020" for consideration and approval at the 2019 Annual General Meeting and the first Extraordinary General Meeting of 2020.

The proposal of "The Company's Daily Connected Transactions Plan for 2021" submitted to the Annual General Meeting of 2020 and the First Extraordinary General Meeting of 2021 for consideration is still not approved, and the Company will perform the corresponding procedures again according to the actual situation. The Company has studied and concluded that daily connected transactions are necessary and cannot be avoided and solved at present and even in a considerable period of time in the future, and it would be detrimental to the interests of the Company and all shareholders if connected transactions are stopped before a perfect solution is available. The Company will continue to actively communicate with its small and medium-sized shareholders and, on the basis of continuing to strengthen communication with them, will re-perform the corresponding approval procedures in accordance with the actual situation of the Company.

2. The risk of the Company's 2021 Annual Financial Statement Audit Report being issued with an adverse opinion and the 2021 Annual Internal Control Audit Report being issued with an adverse opinion.

Yongtuo CPA (Special General Partner) issued an audit report on the Company's financial statements for the

year 2021, which was unable to express an opinion.

The Company is required to report to the Stock Exchange. According to Article 9.3.2 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (revised in January 2022), "The Exchange shall impose a delisting risk warning on the shares of a listed company if one of the following circumstances occurs: (3) the financial accounting report for the most recent fiscal year is issued with an unavailable or negative audit report". The Company's shares are subject to a delisting risk warning.

3. Possible policy risks due to the non-completion of the shareholding reform

The Company has not yet completed the shareholding reform. In view of the uncertainty of the current shareholding reform work, the Company still needs to conduct further study and exploration with relevant shareholders.

Please pay attention to the investment risk!

## **XI. Other**

☐Applicable ☒Not applicable

## Catalog

<b>Section I Interpretation</b>	<b>4</b>
<b>Section II Company Profile and Key Financial Indicators</b>	<b>6</b>
<b>Section III Management Discussion and Analysis</b>	<b>10</b>
<b>Section IV Corporate Governance</b>	<b>29</b>
<b>Section V. Environment and Social Responsibility</b>	<b>43</b>
<b>Section VI Important Matters</b>	<b>47</b>
<b>Section 7 Share Changes and Shareholders</b>	<b>59</b>
<b>Section VIII Preferred Stock Related Information</b>	<b>64</b>
<b>Section IX Bond Related Information</b>	<b>64</b>
<b>Section X Financial Reports</b>	<b>65</b>

Catalog of available documents	Financial statements containing the signatures and seals of the person in charge of the company, the person in charge of the accounting work, and the person in charge of the accounting organization (accounting officer in charge).
	The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.
	The original copies of all company documents and announcements that have been publicly disclosed during the reporting period.

## Section I Interpretation

### I. Interpretation

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

Commonly used word definitions		
Company, our company	Refers to	Giti Tire Co.
Subsidiaries, holding subsidiaries, Fujian Jiatong	Refers to	Fujian Jiatong Tire Co.
Controlling shareholder, Jiatong Investment	Refers to	Giti Tire (China) Investment Co.
PCR	Refers to	Passenger Car Radial Tyre, Passenger Car Radial Tyre
SUV	Refers to	Sport Utility Vehicle Tyre
LTR	Refers to	Light Truck Radial Tyre, Light Truck Radial Tyre
TBR	Refers to	Truck Bus Radial Tyre, load car radial tire
IATF16949	Refers to	IATF 16949 is a special requirement for the implementation of ISO9001 for the organization of production parts and related service parts in the automotive industry, which is applicable to the automotive production supply Organization of the supply chain
DOT	Refers to	"DOT" means that the tire complies with the U.S. Department of Transportation (U.S. Department of Transportation, DOT) regulations The safety standards of
INMETRO	Refers to	INMETRO (The <b>National</b> Institute of Metrology, Standardization and Industrial Quality) is the national accreditation body in Brazil, responsible for setting national standards in metrology, standardization and industrial quality. Products The product meets the standard requirements and requires the mandatory INMETRO mark
EMark	Refers to	EMark, also known as the European Common Market, is the European Union Directives (EEC Directives) and the European Economic

## Section II      Company Profile and Key Financial Indicators

### I. Company Information

Chinese name of the company	Giti Tire Co.
Chinese abbreviation of the company	Giti Tire
Foreign language name of the company	GITI TIRE CORPORATION
Abbreviation of the company's foreign name	GITI TIRE CORP
Legal representative of the company	Li Huaijing

### II. Contact person and contact information

	Board Secretary	Securities Representative
Name	Shouwido	
Contact Address	No. 280-2, Linhong Road, Changning District, Shanghai	
Phone	021-22073132	
Fax	021-22073002	
E-mail	giticorp@giti.com	

### III. Basic Information Introduction

Company Registered Address	Hualin Town, Mudanjiang City, Heilongjiang Province
Historical change of the company's registered address	None
Company Office Address	No.280-2, Linhong Road, Changning District, Shanghai
Postal code of the company's office address	200335
Company Website	<a href="http://www.gititirecorp.com">www.gititirecorp.com</a>
E-mail	giticorp@giti.com

### IV. Disclosure of information and location of availability

Name and website of the media in which the company discloses its annual report	China Securities Journal, Shanghai Securities News, Securities Times
Website of the stock exchange where the company discloses its annual report	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
The place where the company's annual report is filed	Office of the Board of Directors of the Company, Shanghai Stock Exchange

### V. Brief description of the company's stock



Company stock profile				
Stock Types	Stock exchange listing	Stock short name	Stock Code	Stock short name before change
A shares	Shanghai Stock Exchange	SST Giti	600182	S Jiatong

## VI. Other relevant information

Accounting firm engaged by the company (Inbound)	Name	Yongtuo Accounting Firm (Special General Partnership)
	Office Address	13/F, Building 2, No. 1, Guandongdian North Street, Chaoyang District, Beijing
	Name of Signing Accountant	Shi Shaoyu, Du Fengli

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

Unit: Yuan Currency: RMB

Key Accounting Data	2021	2020		Increase or decrease in the current period compared with the same period of the previous year (%)	2019
		After adjustment	Before adjustment		
Business Revenue	3,341,881,316.25	2,803,047,211.18	2,803,047,211.18	19.22	3,070,118,188.23
Net profit attributable to shareholders of listed companies	36,142,503.59	59,636,247.45	59,636,247.45	-39.40	86,865,756.40
Net profit or loss attributable					

**(ii) Key financial indicators**

Key Financial Indicators	2021	2020		Increase or decrease in the current period compared with the same period of the previous year (%)	2019
		After adjustment	Before adjustment		
Basic earnings per share (yuan/share)	0.1063	0.1754	0.1754	-39.40	0.2555
Diluted earnings per share (yuan/share)	0.1063	0.1754	0.1754	-39.40	0.2555
Basic per after non-recurring gains and losses Share earnings (yuan/share)	0.0953	0.1594	0.1594	-40.21	0.2505
Weighted average return on net assets (%)	3.57	6.02	6.02	Decrease 2.45 percentage points	9.22
Weighted average after non-recurring gains and losses Return on average net assets (%)	3.20	5.47	5.47	Decrease 2.27 percentage points	9.04

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

☐Applicable ☒Not applicable

**VIII. Differences in accounting data under domestic and foreign accounting standards****(i) Differences in net profit and net assets attributable to shareholders of the listed company in the financial reports disclosed simultaneously in accordance with IAS and in accordance with PRC GAAP**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

□Applicable √Not applicable

**Quarterly Key Financial Data****for 2021**

Unit: Yuan Currency: RMB

	First Quarter (January - March)	Second quarter (April-June)	Third Quarter (July-September)	Fourth Quarter (October- December)
Operating income	782,477,279.54	792,745,044.06	848,011,816.96	918,647,175.69
Shares attributable to listed companies East's net profit	13,502,640.67	5,281,801.52	12,201,565.59	5,156,495.81
Net income attributable to shareholders of	12,968,476.60	2,871,137.30	12,367,556.37	4,201,437.43

Explanation of differences between quarterly data and disclosed periodic reports

☐Applicable ☒Not applicable

## X. Non-recurring gain or loss items and amounts

☒Applicable ☐ Not applicable

Unit:Yuan Currency:RMB

Non-recurring gain or loss items	2021 Amount	Note (As appropriate (Use)	Amount in 2020	2019 Amount
Gain or loss on disposal of non-current assets	58,027.89		38,789.87	83,683.82
Approval beyond authority, or without official approval documents, or Occasional tax refunds and deductions				
Government grants that are charged to current profit or loss, but are closely related to the company's normal operating business, in accordance with national policies and in accordance with a certain standard fixed amount or Except for quantitative and continuous government subsidies	10,708,934.85		14,117,587.76	2,587,372.58
Charges to non-financial enterprises recognized in current profit or loss The capital occupancy fee of				
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than the fair value of the identifiable net assets of the investee at the time the investment is acquired. Value Generated Benefits				
Gain or loss on exchange of non-monetary assets				
Gains or losses from entrusting				

Liabilities, derivative financial liabilities and other debt investments Investment income earned on investments				
Separate impairment testing of receivables, joint Reversal of provision for impairment of same assets				
Gains or losses on external entrusted loans				
Changes in the fair value of investment properties subsequently measured using the fair value model result in Profit and loss				
One-time adjustments to current profit or loss in accordance with tax, accounting and other laws and regulations are made to the current Effect of profit or loss for the period				
Custodian fee income earned from entrusted operations				
Non-operating income other than those mentioned above and expenses	-1,079,357.16		-105,756.56	1,507,907.90
Other gains and losses that meet the definition of non-recurring gains and losses Projects				
Less: Income tax effect amount	2,410,408.78		3,488,218.67	1,006,600.14
Amount of minority interest impact (after tax)	3,543,300.91		5,127,681.45	1,479,702.21
Total	3,733,895.89		5,434,720.95	1,692,661.95

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

#### **XI, Items measured using fair value**

☐Applicable ☒Not applicable

#### **XII. Other**

☐Applicable ☒Not applicable

## **Section III      Management Discussion and Analysis**

### **I. Discussion and Analysis of Business Conditions**

In 2021, the domestic New Crown epidemic was effectively controlled and the market demand gradually improved, the rubber industry was in an obvious recovery period, the enterprise start-up rate rebounded significantly, and the production of most companies reached the level before the New Crown epidemic. However, after entering the second quarter, raw material prices fluctuated sharply, downstream demand began to slow down, inventories rose, the industry's profitability declined significantly, and from August, Zhejiang, Jiangsu, Shandong, Hebei, Shanxi, Fujian and other provinces implemented widespread power cuts and restrictions, and the daily production and operation activities of many tire companies were affected to some extent.

On the other hand, the world epidemic prevention and control situation remains critical, adversely affecting the world economic recovery. According to the report "World Economic Situation and Prospects 2022" released by the United Nations Department of Economic and Social Affairs on January 13, 2022, the analysis shows that the global economy is under greater pressure due to the persistence of the new crown epidemic, labor market issues, ongoing supply chain challenges and increasing inflationary pressures. 2021

The global economy grew by 5.5% in 2010 and is expected to decline to 4% in 2022. The tire industry is still facing many challenges in the short term due to the threat of new mutant strains of the New Coronavirus, rising raw material prices, international capacity constraints, and sharp increases in export shipping costs.

Looking ahead to 2022, as the global epidemic continues to evolve and the external environment becomes more complex, severe and uncertain, the Company's management will continue to make efforts to adjust its marketing focus and further increase the proportion of domestic sales in accordance with the overall industrial environment and the Board's established business objectives and strategies. According to the market situation, the Company will make certain adjustments to the product structure based on stable prices for different regions and customers in order to reduce the impact caused by raw materials, logistics costs, etc. In terms of internal management, the management team continues to uphold the fine tradition of efficiency and pragmatism, innovation and improvement, and insists on the direction of improving quality, enhancing efficiency and reducing costs, so as to further consolidate the company's comprehensive competitive strength.

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

1, the automotive industry, especially new energy vehicles to the tire industry to bring new opportunities for development

The tire industry recovered significantly in 2021, with most companies reaching production levels prior to the New Crown outbreak. According to the China Association of Automobile Manufacturers According to the data released on January 12, 2022, the production and sales of automobiles completed 26.082 million and 26.275 million units in 2021, up 3.4% and 3.8% year-on-year, respectively, ending three consecutive years of decline since 2018. The industrial value added of the automobile manufacturing industry also maintained steady growth year-on-year, and the growth rate was higher than the production and sales in the same period. Especially worth mentioning is that China's new energy vehicle terminal accumulated sales of 2,883,200 units, accounting for 13.88% of passenger vehicle sales, an increase of 156% year-on-year. Along with the reality of the normalization of domestic epidemic prevention and control, the subsequent improvement in the general economic environment, as well as the national policy to promote consumption, tire market demand is expected to stabilize and maintain a stable growth trend.

According to the statistics of China Rubber Industry Association Tire Branch 38 key member enterprises will produce 529,219,800 pieces of outer tires in 2021, an increase of 11.28% compared with 2020. Among them, the total output of TBR is 122,384,700, up by 4.12% year-on-year; the total output of PCR is 37,841,900, up by 14.25% year-on-year.

2, bulk material prices continue to rise, tire industry profitability becomes worse

2021 is a year of soaring prices for domestic bulk materials, including natural rubber, synthetic rubber, carbon black, and carbon black used in tire manufacturing.

The prices of chemical auxiliary materials and other raw materials have increased significantly. According to the report on the economic operation of the rubber industry in 2021 released by China Rubber Industry Association From the perspective of the report, the rubber industry in 2021 by the rising prices of raw materials, soaring shipping prices, the exchange rate of the RMB and power restrictions caused by the decline in production capacity and many other unfavorable factors, enterprise manufacturing costs rose



sharply, while domestic demand in the market reduced, enterprises and distributors inventory rose, making it difficult for product prices to absorb the rising cost factors. The main indicators are affected by the base period data, to achieve a faster growth rate, but the downward pressure increased, making the overall tire industry profitability turned poor.

3, the rise of trade protectionism, the trend of reverse globalization

In recent years, the United States, the European Union, Brazil, India, Egypt, South Africa and other countries or regions have launched a "double reverse" investigation of China's tire exports, which the EU also restricted the export of Chinese tires by raising technical barriers and other entry thresholds, some other countries by increasing the certification of their products and other ways to limit the production of Chinese Tire imports by increasing the certification of their products. In order to circumvent these trade and technical barriers, Chinese tire companies have gone abroad to Thailand, Vietnam, Cambodia and other countries to build factories. But from 2020, the United States and began to South Korea, Taiwan, Thailand, Vietnam and other places launched anti-dumping and countervailing investigations, the wave of globalization appeared "counter-current", the trend of reverse globalization gradually emerged.

### **III. Businesses engaged by the Company during the reporting period**

There was no significant change in the Company's main business during the reporting period, which is still mainly the production and sales of automobile tires, and belongs to the rubber products industry. The Company's products cover a full range of semi-steel radial tires and all-steel radial tires, with its subsidiary Fujian Jiatong Tire Co. The Company's main business model is the production and sale of self-produced tire products.

In 2021, the sales volume of the company's semi-steel radial tires increased by 21.0%. The main performance is: the domestic replacement market product sales structure continues to optimize, more than 18 inch specification products increased by 19.4%, less than 15 inch specification product sales; domestic supporting market more than 18 inch specification products become the main sales, 2021 increased by 38.9%; foreign replacement market more than 18 inch specification product sales increased by 56.3%; foreign supporting market in 2021 increased by 142.9%. 142.9% in 2021.

The company's all-steel radial tire series sales volume increased by 6.1% in 2021. The domestic replacement market focuses on the passenger transport market. Special machinery tires achieved from scratch; domestic supporting market declined in 2021.

#### IV. Analysis of core competitiveness during the reporting period

√Applicable □ Not applicable

The core competitiveness of the company is

mainly reflected in the following aspects: 1.

Fujian Jiatong Tire Co., Ltd. is located in the coastal area, covering a wide area, with sea and land transportation hubs running through it. Fuxia Railway and Xiangpu Railway have been opened for operation, Fuxia Expressway and Puyong Expressway have been completed and opened to traffic, and the nearby ports are Xiamen Port, Jiangyin Port and Xiuyu Port, of which Fuzhou Jiangyin Port is one of the top ten container terminals in China, and Xiamen Port has opened 157 container liner routes, of which

There are 99 international routes, 12 domestic feeder routes and 46 domestic trade routes, with access to 149 ports in 55 countries and regions, just a short distance from the factory.

With more than 50 ports in more than 20 countries and regions, XiuYu Port, which is more than 10 kilometers away, has very convenient transportation, and the company has a unique export advantage.

##### 2、Network and brand advantages

Relying on Giti Group's global marketing and service network, the company has adopted a multi-brand development strategy, including Giti, GT Radial, Jiaan **Primewell** and Runway brands, to win the trust of the market and customers with its excellent quality and reasonably priced products. At present, the company has established stable supporting relationships with well-known domestic and foreign automobile manufacturers such as GM, Renault, Fiat, BYD, Geely, Changan and BAIC, and the tires are exported to many countries and regions such as North America, Europe and the Middle East.

##### 3、Product scale advantage

In order to ensure continuous market competitiveness and enrich the company's product line, the company focuses on enhancing the development of new products. In recent years, in addition to the company's existing products PCR, SUV and LTR, TBR type tires, we have developed a variety

of walking tires and horizontal tires for light rail vehicles, as well as a variety of engineering tires for dump trucks or dump trucks and other construction vehicles. By developing new materials and continuously optimizing the formulations of various products, the company has been able to optimize and improve the performance of its tires through various development techniques, thus enhancing the core competitiveness of its products. In terms of semi-steel radial tires, our products cover common car tires, high performance car tires, silent cotton tires, snow tires and off-road tires, and our products meet the regulatory requirements of China, the United States and Europe, as well as the strict requirements of low noise, low rolling resistance and green environment protection in the United States and European markets. In terms of all-steel radial tires, the company's products have also covered the long-distance freight, short-distance heavy-duty freight, light truck and light passenger, urban and rural passenger and urban bus passenger markets.

#### 4、 Sound and complete management system

The company has passed the IATF 16949 quality management system, ISO 14001 environmental management system, ISO 45001 occupational health and safety

The company has established the quality policy of "Total Participation in Pursuit of Zero Defect, Customer Satisfaction" and strictly implements the quality control and participation of all staff from the raw materials to the finished products. The company has established the quality policy of "full participation in the pursuit of zero defects and customer satisfaction", strictly implemented the whole process of quality control and full participation in quality management, carefully controlled from the raw materials into the factory to the finished product.

On December 10, 2021, the Ministry of Industry and Information Technology announced the list of green manufacturing in 2021, and Fujian Giti Tire Co. Ltd. was successfully selected as a national "Green Factory", marking that Giti Tire is at the forefront of the industry in the field of green manufacturing system construction and management, and has become an advanced model of green manufacturing enterprise.

#### 5, intelligent and digital power boosting

With the popularization of Industry 4.0 and advanced manufacturing concept and the full implementation of "Made in China 2025", the manufacturing industry is facing unprecedented changes and opportunities. In order to seize the historical opportunities and win greater development advantages, the company makes full use of existing resources, vigorously carries out intelligent upgrading and transformation, introduces automated high-end production equipment, actively builds big data information system, implements WMS warehouse management system for raw materials and finished goods storage area, promotes finished goods performance testing and vulcanization MES project on line, promotes automatic sorting of finished goods appearance inspection and automatic sorting and automatic shelving of finished goods in storage, etc. With the implementation and commissioning of a series of automation projects, the company has been able to improve the quality of its products. With the implementation and commissioning of a series of automation projects, the company's automation level has been increasingly improved and perfected, providing a continuous source of power for the subsequent sustainable development.

## V. Major operations during the reporting period

The company achieved operating revenue of RMB 3,342 million in 2021, up 19.22% year-on-year, operating cost of RMB 2,945 million, up 28.19% year-on-year, net profit of RMB 0.78 billion, down 37.34% year-on-year, and net profit attributable to shareholders of the listed company of RMB 0.36 billion, down 39.40% year-on-year.

### (i) Analysis of main business

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

Unit: Yuan Currency: RMB

Subjects	Number of current period	Year-earlier period	Percentage of change (%)
Operating income	3,341,881,316.25	2,803,047,211.18	19.22
Operating Costs	2,945,269,267.28	2,297,582,159.01	28.19
Selling expenses	42,109,622.64	36,403,359.28	15.68
Overhead	167,573,537.50	153,838,011.22	8.93
Finance costs	45,364,577.15	111,888,360.32	-59.46

## 2021 Annual

R&D expenses	22,397,464.58	19,495,871.53	14.88
Net cash flows from operating activities	310,989,371.87	395,214,216.10	-21.31
Net cash flows from investing activities	-109,198,202.88	-57,419,041.56	Not applicable
Net cash flows from financing activities	-247,657,792.15	-231,248,555.86	Not applicable

1. The reason for the change in operating income: the increase in sales volume led to the increase in operating income.
2. Explanation of the reasons for the changes in operating costs: The amount before adjustment of operating costs for the previous period was \$2,213,450,252.76, and the amount after adjustment 2,297,582,159.01, the difference of \$84,131,906.25 was due to the adjustment of the Company's implementation of the new revenue guidelines. The significant increase in sales volume and raw material prices resulted in an increase in operating costs.
3. Explanation of the reasons for the changes in selling expenses: The amount before adjustment of selling expenses for the previous period was \$120,535,265.53, and the amount after adjustment The difference of \$36,403,359.28 and \$84,131,906.25 was due to the implementation of the new revenue guidelines by the Company. The increase in salaries and welfare expenses of sales personnel led to the increase in selling expenses.
4. Explanation of the reasons for changes in administrative expenses: No significant increase or decrease.
5. Explanation of the reasons for the change in financial expenses: mainly due to the fluctuation of the U.S. dollar exchange rate and the decrease of exchange loss compared with the same period of the previous year.
6. Explanation of the change in R&D expenses: The increase in R&D expenses was mainly due to the increase in R&D investment.

7. The reason for the change in net cash flow from operating activities: mainly due to the increase in demand for funds for operating activities as a result of rising sales.
8. The reason for the change in net cash flow from investing activities: mainly due to the increase in investment payment for the purchase and construction of fixed assets.
9. The reason for the change in net cash flow from financing activities: The increase in net cash outflow from financing activities compared with the same period last year was mainly due to the company's appropriate reduction in financing in accordance with the actual operating conditions.

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

☐Applicable ☒Not applicable

## 2. Revenue and cost analysis

☒Applicable ☐

Not applicable

as follows

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

Unit:Yuan Currency:RMB

Main business by industry						
By Industry	Operating income	Operating Costs	Gross margin (%)	Increase or decrease in operating income over the previous year (%)	Increase or decrease in operating costs over the previous year (%)	Increase or decrease in gross margin over the previous year (%)
Rubber Manufacturing	3,305,546,803.16	2,937,213,533.77	11.14	19.11	28.14	Reduction 6.26 pcs Percent
Main business by product						
Sub-products	Operating income	Operating Costs	Gross margin (%)	Increase or decrease in operating income	Increase or decrease in operating costs	Increase or decrease in gross margin over
		22 / 365				

Main business by sales model						
Sales Model	Operating income	Operating Costs	Gross margin (%)	Increase or decrease in operating income over the previous year (%)	Increase or decrease in operating costs over the previous year (%)	Increase or decrease in gross margin over the previous year (%)
Resellers	3,266,352,390.02	2,906,288,747.04	11.02	20.02	29.13	Reduction 6.28 pcs Percent
Direct Sales	39,194,413.14	30,924,786.73	21.10	-26.98	-25.54	Reduction 1.53 pcs Percent

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

The amount before adjustment of cost of main business in the previous period was \$2,208,125,583.26 and the amount after adjustment was \$2,292,257,489.51, the difference

84,131,906.25 was due to the adjustment of the Company's implementation of the new revenue standard.

In 2021, the company's main business tire sales revenue was 3.306 billion yuan, the main business cost was 2.937 billion yuan, the main business gross margin was 11.14%, a decrease of 6.26 percentage points compared with the same period of the previous year. Raw material prices increased during the reporting period, but the adjustment in pricing was limited and smaller than the increase in costs, so the gross profit margin decreased compared with last year.

## (2). Production and sales situation analysis table

√Applicable □ Not applicable

Main Products	Unit	Production volume	Sales volume	Inventory	Production volume ratio Increase or decrease in the previous year (%)	Sales volume ratio Increase or decrease in the previous year (%)	Inventory ratio Increase or decrease in the previous year (%)
---------------	------	-------------------	--------------	-----------	---	--	---

## 2021 Annual

Tires	10,000 articles	1,461.95	1,448.75	123.02	20.62	19.35	11.22
-------	--------------------	----------	----------	--------	-------	-------	-------

Production and  
sales  
description none

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

☐Applicable ☒Not applicable

**(4). Cost analysis table**

Unit: Yuan

Sub- industry situation							
			This		Previo us Year Same	This issue Amou	



						Example (%)	
Rubber Manufacturing	Direct material	2,207,615,730.52	75.16	1,632,164,816.99	71.20	35.26	See other cases below Description
Rubber Manufacturing	Other	729,597,803.25	24.84	660,092,672.52	28.80	10.53	See other cases below Description
Sub-products							
Sub-products	Cost component items	Amount for the period	Percentage of total cost for the period (%)	Amount in the same period of the previous year	Percentage of total cost in the same period of the previous year (%)	Change in the amount of the current period compared to the same period of the previous year Example (%)	Fact Sheet
Tires	Direct material	2,207,615,730.52	75.16	1,632,164,816.99	71.20	35.26	See other cases below

							Description
Tires	Other	729,597,803.25	24.84	660,092,672.52	28.80	10.53	See other cases below Description

#### Cost Analysis Other Fact Sheets

Raw material prices increased significantly during the reporting period compared to the same period last year. The amount before adjustment of other costs for the same period of the previous year was \$575,960,766.27 and the amount after adjustment was \$660,092,672.52, the difference 84,131,906.25 was due to the adjustment of the Company's implementation of the new revenue standard.

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

☐Applicable ☒Not applicable

#### (6). Significant changes or adjustments in the company's business, products or services during the reporting period

☐Applicable ☒Not applicable

#### (7). Major Sales Customers and Major Suppliers A. Major Sales Customers of the Company

Sales to the top five customers amounted to RMB3,295,598,800, accounting for 99.25% of the total annual sales; among the sales to the top five customers, sales to related parties amounted to RMB3,265,360,700, accounting for 98.33% of the total annual sales.

The proportion of sales to a single customer exceeded 50% of the total amount during the reporting period, and there were new customers among the top 5 customers or heavily dependent on a few customers.

☒Applicable ☐ Not applicable

Unit:Yuan Currency:RMB

Serial number	Customer Name	Sales	Percentage of total annual sales Cases (%)
1	Giti Tire (China) Investment Co.	178,367.37	53.71
2	GITI TIRE GLOBAL TRADING PTE LTD	148,168.70	44.62
3	Customer A	1,522.40	0.46
4	Customer B	1,252.21	0.38
5	Customer C	249.20	0.08

### B. Major suppliers of the company

The purchase amount of the top five suppliers was RMB 832,416,000, accounting for 33.16% of the total annual purchase amount; among the top five suppliers, the purchase amount of related parties was RMB 424,231,000, accounting for 16.90% of the total annual purchase amount.

In the reporting period, the proportion of purchases from a single supplier exceeded 50% of the total amount, or there were new suppliers among the top 5 suppliers, or there were cases of heavy dependence on a few suppliers.

☐ Applicable ☒ Not applicable

Other  
descriptions  
None

### 3. Fees

☒ Applicable ☐ Not applicable

Projects	This issue	Previous period	Percentage of change (%)	Fact Sheet
Selling expenses	42,109,622.64	36,403,359.28	15.68	Sales force salary, welfare Increase in profit costs
Overhead	167,573,537.50	153,838,011.22	8.93	Calculated based on sales revenue Technology royalty increases for
Finance costs	45,364,577.15	111,888,360.32	-59.46	Exchange rate fluctuations of the U.S. dollar, foreign exchange losses compared with the same

## 2021 Annual

				period of the previous year Reduction
Income tax expense	26,263,576.41	41,423,615.52	-36.60	The decrease in profit before tax leads to Decrease in income tax

Other explanations: The amount before adjustment of selling expenses for the previous period was \$120,535,265.53 and the amount after adjustment was \$36,403,359.28, the difference 84,131,906.25 was due to the Company's implementation of the new revenue standard.

#### 4. R&D investment

##### (1). R&D investment table

☒Applicable      ☐Not applicable

Unit: Yuan

Expensed R&D investment for the period	22,397,464.58
---	---------------

Total R&D investment	22,397,464.58
Total R&D investment as a percentage of operating revenue (%)	0.67
Share of R&D investment capitalized (%)	0

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

Number of company's R&D staff	217
Number of R&D personnel as a percentage of total company headcount (%)	6.74%
Educational structure of R&D personnel	
Academic Structure Category	Number of academic structure
Doctoral students	0
Master's Degree	0
Undergraduate	121
Specialty	64
Other	32
Age structure of R&D staff	
Age Structure Category	Age Structure Number
Under 30 years old (excluding 30 years old)	47
30-40 years old (including 30 years old, not including 40 years old)	78
40-50 years old (including 40 years old, not including 50 years old)	68
50-60 years old (including 50 years old, not including 60 years old)	24
60 years old and above	0

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

## 5. Cash Flow

✓Applicable ☐ Not applicable

Proj ects	This issu e	Previous period	Change ratio (%)	Fact Sheet
arising from operating activities Net cash flow	310,989,371.87	395,214,216.10	-21.31	Sales rise leads to operating activities Increase in demand for funds to move
from investment activities Net cash flow	-109,198,202.88	-57,419,041.56	Not applicable	Purchase and construction of fixed assets investment expenditure Pay increase
arising from financing activities Net cash flow	-247,657,792.15	-231,248,555.86	Not applicable	The company according to the actual operating conditions The situation is appropriate to reduce the financing.

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

□Applicable √Not applicable

**(iii) Analysis of assets and liabilities**

√Applicable □Not applicable

**1. Assets and liabilities**

Unit: Yuan

Project Name	End of the period	End of the period as a percentage of total assets (%)	Prior period end	Ratio of prior period end to total assets (%)	Percentage change in the amount at the end of the current period compared to the end of the previous period (%)	Fact Sheet
Accounts Receivable	1,295,494,228.62	38.79	880,250,946.46	29.82	47.17	Mainly attributable to sales revenue Increase leads to
Receivables financing	55,204,848.73	1.65	212,083,257.29	7.18	-73.97	Mainly due to the decrease in bank acceptance bills at the end of the period To
Prepayments	30,826,865.52	0.92	16,853,940.43	0.57	82.91	Mainly due to the increase

						Partial reduction leads to
Long-term borrowings	298,750,000.00	8.94	542,380,000.00	18.37	-44.92	This mainly represents the transfer to long-term borrowings due within one year The increase in payments resulted in

Other  
descripti  
ons None

## 2. Foreign Assets

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

## 4. Other notes

☐Applicable ☒Not applicable

### (iv) Analysis of industry operating information

☒Applicable ☐Not applicable

For details, please refer to the industry profile in Section III "Management Discussion and Analysis" of the Company's annual report.



## Analysis of operating information of the chemical industry

### 1 Basic

#### information of the industry (1).

#### Industry policies and their changes

☒Applicable ☐Not applicable

In 2021, the new crown epidemic brought an unprecedented shock to the global economy, but the epidemic was better controlled in China and the economy continued to rebound.

According to the data released by the China Association of Automobile Manufacturers on January 12, 2022, the production and sales of automobiles in 2021 completed 26.082 million units and 26.275 million units, up 3.4% and 3.8% year-on-year respectively, ending three consecutive years of decline since 2018. The industrial value added of the automotive manufacturing industry also maintained steady growth year-on-year, and the growth rate was higher than that of production and sales in the same period. Along with the reality of the normalization of domestic epidemic prevention and control, the subsequent improvement of the general economic environment, as well as the national policy to promote consumption, tire market demand is expected to stabilize and maintain a stable growth trend. As an important supporting industry of the automotive industry, the tire industry, due to excess capacity structure, the impact of environmental protection policies, the lack of R & D capabilities and capital chain breakage accelerated the withdrawal of small and medium-sized production capacity, the industry concentration to further enhance. At the same time, with the development of the industry and the upgrading of market demand, for the technical performance of tire products and technology content put forward higher requirements. In the new technology, new models and so on, China's tire industry also began to enter a critical period of transformation and upgrading, by accelerating product structure adjustment, improve the level of intelligent manufacturing, etc., in order to improve the core competitiveness of tire companies to become the direction of future development. For exports, the tire industry is facing the United States, the European Union, Brazil, Egypt, South Africa and other countries and regions of anti-dumping, countervailing and the United States of America's new tax bill challenges, international trade protectionism, unilateralism still exists.

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

☒Applicable ☐Not applicable

For more details, please refer to Section III "Management Discussion and Analysis" of the Company's annual report.

### 2 Products and Production

#### (1). Main

#### business model

☒Applicable ☐Not applicable

1、Procurement mode: The company adopts independent procurement according to the production order situation. According to the annual procurement plan and the main material suppliers

Annual procurement framework agreement is signed and a 3-month rolling procurement plan is made at the end of each month based on the inventory situation and next month's production plan. Annual performance evaluation management of major material suppliers and quality inspection by Quality Assurance Department.

2、Production mode: Based on the sales and production plan, value stream is the core, through MES, WMS, EAM and PTS and other control systems are implemented to meet the needs of different regions, different levels and personalized customers with element confirmation and flexible manufacturing. We organize work in six areas: order optimization, planning management, global procurement, logistics operation, warehouse management, and lean production, and give full play to integrated planning management in order to improve management efficiency and economic benefits.

3. Sales model: Domestic sales are mainly conducted through the sales network of Giti Tire (China) Investment Company Limited, while foreign sales are mainly conducted through the global sales network of Giti Group.

### Major adjustments to the business model during the reporting period

☐Applicable ☒Not applicable

### (2). Main product information

☒Applicable ☐Not applicable

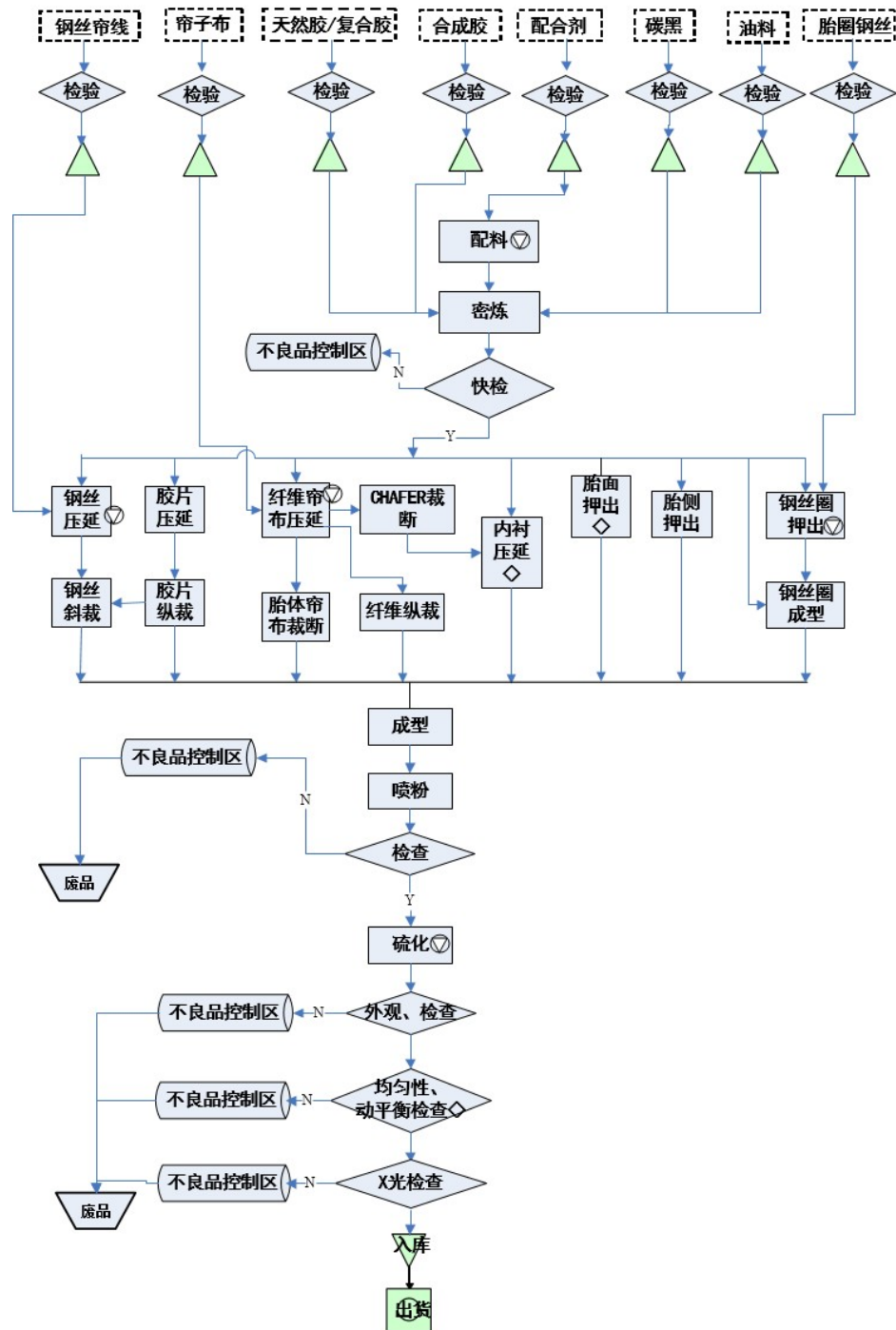
Products	Industry segments	Main upstream raw materials	Main downstream applications	Main price influencing factors
Tires	Rubber and plastic	Natural rubber,	Automotive	Raw material

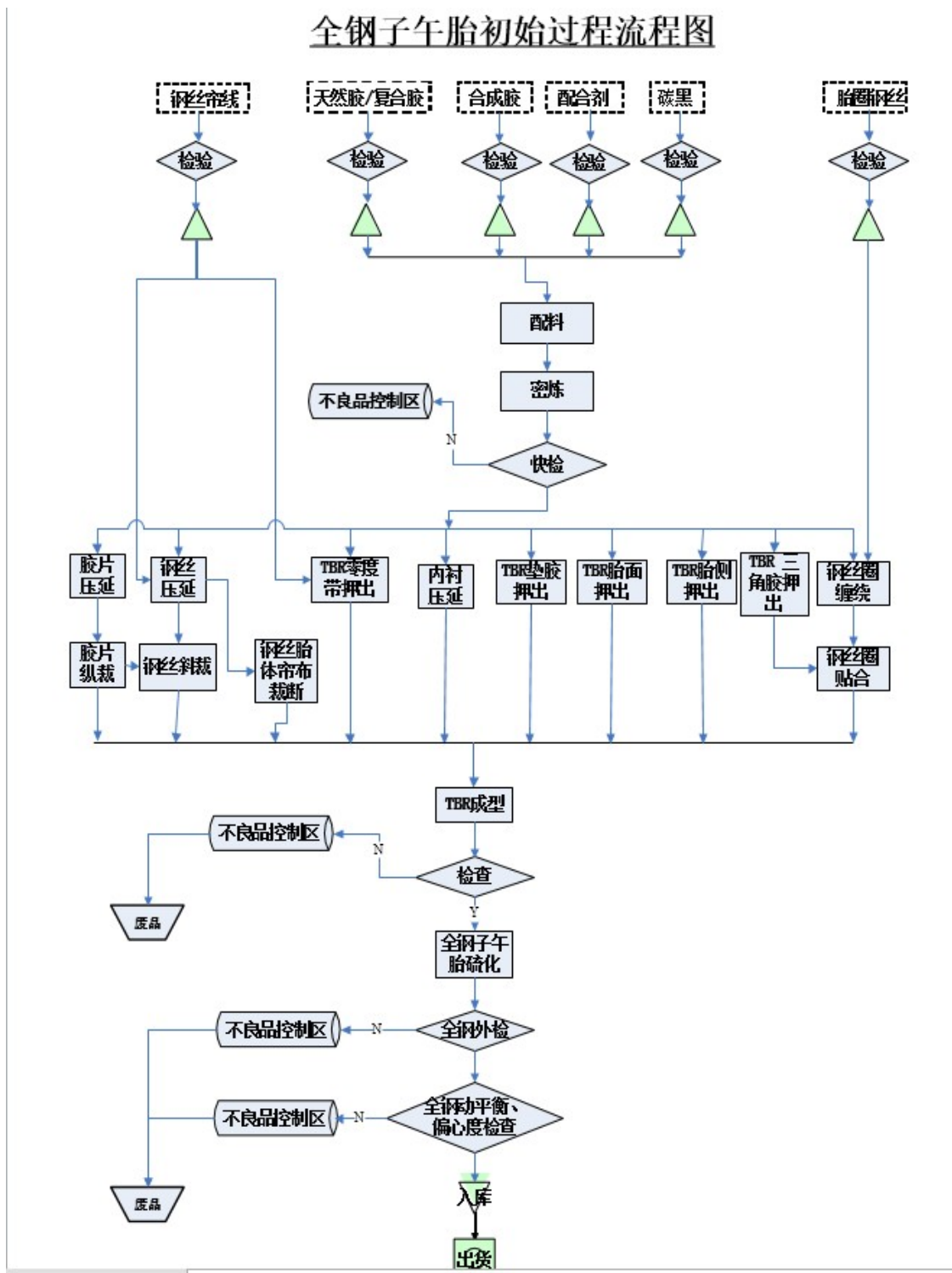
**(3). R&D Innovation**

□Applicable   √Not applicable

**(4). Production process and flow**

√Applicable   □Not applicable

**半钢子午胎初始过程流程图**



(5). Production capacity and start-up situation

√Applicable   □Not applicable

Main plant or Projects	Design capacity	Capacity utilization (%)	Capacity under constructi	Unit: RMB million	
				Capacity under construction has been invested	Capacity under construction expected Completion

### Increase or decrease of production capacity

□Applicable   √Not applicable

### Adjustment of product line and capacity structure optimization

□Applicable   √Not applicable

### Unusual production stoppage

□Applicable   √Not applicable

## 3 Raw Material Procurement

### (1). Basic information of main raw materials

√Applicable   □Not applicable

Main raw materials	Sourcing Model	Settlement Method	Price change year-on-year Dynamic ratio (%)	Purchase volume	Consumption
Natural rubber	Long-term contract, spot purchase combined with	Acceptance or cash transfer	17.34	57,973.41 tons	59,101.23 tons
Synthetic rubber	Long contract formula price, monthly price	Acceptance or cash	30.97	38,223.58 tons	38,519.87 tons

The effect of changes in the prices of major raw materials on the Company's

operating costs Operating costs increase with the increase in the prices of raw

### materials. (2). Basic information of major energy sources

√Applicable   □ Not applicable

Major energy sources	Sourcing Model	Settleme nt Method	Year-on- year price change ratio (%)	Purchase volume	Consu mption
Water	Outsourci ng	Current Exchang		615,318 tons	615,318 tons

The impact of changes in major energy prices on the Company's operating costs

Operating costs increase with the increase in energy purchase prices (3).

**Responses to the risk of fluctuations in raw material prices**

**Major holdings of financial products such as derivatives**

☐Applicable    ☒Not applicable

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

☐Applicable ☒Not applicable

#### 4 Product Sales

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

☒Applicable ☐Not applicable

Unit: RMB million Currency:

Segmentation	Operating income	Operating Costs	Gross margin in (%)	Increase or decrease in operating income	Increase or decrease in operating income	Increase or decrease in gross margin	Gross margin of products in the same field in
--------------	------------------	-----------------	---------------------	--	--	--------------------------------------	---

##### (2). Basic information of the company's main business by sales channel

☒Applicable ☐Not applicable

Unit: RMB million Currency:

Sales channels	Operating income	Increase or decrease in operating income over the previous year (%)
----------------	------------------	---

#### Accounting Policy Statement

☐Applicable ☒Not applicable

#### 5 Environmental protection and safety situation

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

☐Applicable ☒Not applicable

##### (2). Major environmental violations

☐Applicable ☒Not applicable

#### (V) Investment status analysis

##### Overall Analysis of Foreign Equity Investment

☐Applicable ☒Not applicable

##### 1. Significant equity investments

☐Applicable ☒Not applicable

##### 2. Significant non-equity investments

☐Applicable ☒Not applicable

##### 3. Financial assets measured at fair value

☐Applicable ☒Not applicable

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





**(vi) Significant asset and equity sales**

☐Applicable ☒Not applicable

**(VII) Analysis of major holding and equity participation companies**

☒Applicable ☐Not applicable

Ltd., a 51%-owned subsidiary of the Company, manufactures and sells radial tires with a registered capital of

In 2021, the company will achieve revenue of RMB 3.325 billion and net income of RMB 0.86 billion. Of which the main business revenue

The revenue of Fujian Jiatong was RMB 3,306 million, and the gross profit of its main business was RMB 368 million. By the end of 2021, Fujian Jiatong had total assets of RMB 3.332 billion, net assets of RMB 1.493 billion and gearing ratio of 55.19%.

**(viii) Information on structured subjects controlled by the Company**

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

**1、Competitive landscape of the industry**

At present, the concentration of China's tire manufacturing enterprises in the industry is relatively low. According to the China Rubber Industry Association Tire Branch statistics, from the regional distribution, the domestic tire manufacturing enterprises are mainly distributed in Shandong and Jiangsu and Zhejiang regions. Among them, the domestic tire manufacturing enterprises there is homogeneous competition and low-end production capacity duplication phenomenon, some enterprises product technology content and low value-added, compared with global tire enterprises, domestic tire manufacturing enterprises in product development, new materials research, raw material testing, finished product testing and testing, brand positioning and other aspects still have a small gap. Specifically, the competitiveness of domestic all-steel radial products and foreign advanced brand products compared to the gap is gradually narrowing, product quality, safety, durability and cost performance gradually improved; and in the semi-steel radial tire market, the current international well-known tire manufacturers still dominate the position of Bridgestone, Michelin, Goodyear, Giti, Hantai and Taiwan Zhengxin and other internationally renowned tire companies occupy the Most of the share of the middle and high-grade passenger car radial tire market, while the domestic local tire enterprises are mainly concentrated in the low-grade passenger car radial tire market, especially the replacement market, which is related to the semi-steel radial tires and well-known car manufacturers supporting, user awareness. Under the influence of the general environment, the economic downward pressure, the slowdown in the growth rate of residents' income, the continuous growth of car ownership brought about by the strengthening of resource and environmental constraints, changes in the concept of automobile consumption and other multiple factors, the industry faces

competition in further intensification, but also brings more challenges to the company.

## 2、Tire industry development trend

### 1 ) Grouping and Globalization

The scale effect of tire enterprises is obvious, so the current group of large tire enterprises, the development trend of globalization is more obvious. Globalized tire enterprises have stronger financial strength, research and development capabilities and brand advantages, sales profits and the ability to respond to the economic crisis and other generally stronger than the general small and medium-sized tire enterprises, and therefore can remain competitive in the international market for a long time.

### 2 ) Continued increase in R&D investment

With the rapid development of automotive technology, consumer demand and environmental requirements continue to improve, the market demand for tire performance is increasing, the world's large tire companies are constantly increasing investment in research and development, efforts to improve the performance of its products and technology content. At present, safe, energy-saving, environmentally friendly green tires have become the mainstream development trend. With the tire industry, new products, new technologies continue to emerge, the application and promotion of research and development results make the tire industry to improve production efficiency and product quality; tire bearing performance, high-speed performance, ride comfort performance, safety performance, etc. continue to improve.

### 3 ) Green requirements to enhance the environmental protection

Tire industry green trend will be more obvious. In recent years, industrial policies tighten and consumer demand for upgrading the tire industry's green environmental performance has put forward higher requirements, green tires have become one of the mainstream trends in the development of automotive tires, in reducing rolling resistance, environmental protection materials research and development and application of the field will be the main technical direction of tire production enterprises in the future. Due to the national fuel consumption limits, exhaust emission control and other mandatory policy constraints, and in the car driving process, tire energy consumption in the vehicle energy consumption second only to the engine, therefore, the national level attaches great importance to the development of green tires, the relevant industrial policies have been introduced. At the same time, coupled with the increasing consumer demand for vehicle performance, high-performance, energy-efficient and environmentally friendly tires have become an important part of the supporting system for vehicle enterprises.

#### 4 ) Tire Intelligence

The "new four", i.e., electrification, networking, intelligence and sharing of the automobile put forward new requirements for the tire industry, intelligence is the trend of the development of automotive technology, and the intelligence of the tires must also be in it. For example, the tire pressure, temperature, friction, vibration and other state measurement or estimation through the sensors installed in the tire or other sensors of the car itself; or according to the measurement or estimation of the tire state information, can make an intelligent judgment on the safety state of the tire and the safety performance of the car, the abnormal state of the tire for early warning and active control. In addition, intelligent tires can also provide the necessary tire state information for the car active control system, car assistance and intelligent driving system, etc., to improve the intelligence of the car control system, so as to improve the safety, environmental protection, economy and comfort of the car.

## (II) Corporate Development Strategy

√Applicable    □Not applicable

In 2022, the company has proposed a "1-3-5" strategy, namely:

"Center" - always customer-focused

"Drivers" - technology-driven, digital-driven, talent-driven

"5 insist" - insist on safe production, insist on quality first, insist on improvement and innovation, insist on cost saving and consumption reduction, insist on people-oriented

This

In 2022, all the production and operation activities of the company will revolve around these themes and will be broken down to each department.

Monthly focus tracking and KPI achievement analysis to ensure strategy implementation.

## (III) Business Plan

√Applicable    □ Not applicable

The government's work report proposes an expected gross domestic product (GDP) growth of about 5.5% in 2022. In the national policy of dynamic clearance and prevention of disease

Under the epidemic, the domestic epidemic should be more effectively controlled and the economic growth momentum is expected to be further restored, but the global epidemic has not yet fully dissipated and the company's sales revenue and profit, etc. are expected to be uncertain. Along with the upgrading of China's tire industry, the crossover areas of competition between domestic tire companies and multinational tire giants are gradually increasing. The tightening of environmental protection policies has prompted an increase in the demand for green products, which has accelerated the process of industry reshuffling. In the tense international geopolitical environment, the volatility of commodity prices such as natural rubber and oil also poses challenges to corporate costs, and the Chinese tire industry is expected to face a more complex business environment. In response to market changes, the Company will undertake the following business plans:

- 1, this year plans to launch more than 200 new products, including 30 new green energy tire products.
- 2, intelligent upgrading, the introduction of automated high-end production equipment, and actively build a big data information system, and strive to achieve the whole process of intelligent manufacturing of tire production from raw materials into the warehouse to finished products out of the factory.
- 3、Continue to improve efficiency and cost control, continue to promote comprehensive budget management and cost reduction and efficiency activities, improve the overall management level, dig deeper into the potential, and improve the overall strength of the company.
- 4, OTR tire scale production, focus on growing new growth points, the formation of new momentum of development.

**(iv) Possible risks faced**

√Applicable    □Not applicable

Combined with the macroeconomic situation and the relevant characteristics of the upstream and downstream industries in which the company is located and the tire industry, the company may, in its future operations

Exposure to the following risks:

1. The operational risks arising from the proposals of "The Company's Daily Connected Transaction Plan for 2020 and its Completion" and "The Company's Daily Connected Transaction Plan for 2021" not being approved by the shareholders' meeting.

In fiscal 2021, the Company again put forward the "Company's Daily Connected Transaction Plan for 2020 and its Completion" and the "Company's Daily Connected Transaction Plan for 2020" for consideration and approval at the 2019 Annual General Meeting and the first Extraordinary General Meeting of 2020.

The proposal of "The Company's Daily Connected Transactions Plan for 2021" submitted to the Annual General Meeting of 2020 and the First Extraordinary General Meeting of 2021 for consideration is still not approved, and the Company will perform the corresponding procedures again according to the actual situation. The Company has studied and concluded that daily connected transactions are necessary and cannot be avoided and solved at present and even in a considerable period of time in the future, and it would be detrimental to the interests of the Company and all shareholders if connected transactions are stopped before a perfect solution is available. The Company will continue to actively communicate with its small and medium-sized shareholders and, on the basis of continuing to strengthen communication with them, will re-perform the corresponding approval procedures in accordance with the actual situation of the Company.

2. The risk of the Company's 2021 Annual Financial Statement Audit Report being issued with an adverse opinion and the 2021 Annual Internal Control Report Audit Report being issued with an adverse opinion

Yongtuo CPA (Special General Partner) issued an audit report on the Company's financial statements for the year 2021, which was unable to express an opinion.

The Company is required to report to the Stock Exchange. According to Article 9.3.2 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (revised in January 2022), "The Exchange shall impose a delisting risk warning on the shares of a listed company if one of the following circumstances occurs(3)the financial accounting report for the most recent fiscal year is issued with an unavailable or negative audit report". The Company's shares will be subject to the delisting risk warning. The Company's shares will be subject to the delisting risk warning as the Company's internal control report for the year 2021 has been issued with an adverse opinion by Yongtuo Certified Public Accountants(Special General Partner),andtheCompany's shares are subject to other risk warnings.

3. Possible policy risks due to the non-completion of the shareholding reform

The Company has not yet completed the shareholding reform. In view of the uncertainty of

the current shareholding reform work, the Company still needs to conduct further study and exploration with relevant shareholders.

#### 4、The impact of the new crown pneumonia outbreak

The global New Crown epidemic continues to evolve and the domestic Omicron mutant strain is also in scattered outbreaks in many places, so the internal and external environment is still highly uncertain. The company will continue to do its best to prevent and control the regular epidemic, strengthen cooperation with upstream and downstream customers and suppliers to ensure normal operation, and pay close attention to market changes and opportunities to promote the sound development of the company's business.

#### 5、Risk of price fluctuation of main raw materials

As the main raw material for tire production, natural rubber in the total production cost of tires accounted for a relatively high, its fluctuations in the tire industry profit level impact, to the tire business reasonable arrangements for production and operation, cost control has brought a certain degree of difficulty. In recent years by the world economic cycle and climate factors, natural rubber prices fluctuate widely, although tire companies can adjust the sales price of tires according to the changes in raw material prices, but the time and magnitude of price increases to be affected by the market supply and demand. Therefore, the large fluctuations in the price of natural rubber on the ability of tire enterprises capital turnover, cost control ability to put forward higher requirements. The trend and fluctuation of rubber prices is one of the important factors affecting the profitability of tire enterprises.

#### 6, the impact of geopolitical conflicts

Russia-Ukraine conflict is escalating, out of the supply chain resulting in parts shortage or potential risk, as well as the United States and the European Union sanctions against Russia. Inflation in overseas economies may further deteriorate, crude oil, coal, steel, chemicals and other prices have risen to varying degrees, which in turn led to an increase in tire manufacturing costs. Second, the short-term Russia-Ukraine conflict will have a negative impact on the volume of tire exports.

#### 7、Industry competition risk

With the development of China's transportation and automotive industry, China has gradually developed into a major producer of the world tire industry. In recent years by the domestic economic slowdown, environmental protection policies, the impact of national supply-side reform, the industry is in the integration phase, backward production capacity will be gradually eliminated, coupled with increased international trade friction, automotive production and sales decline under the influence of adverse factors, industry competition will likely still further intensify.

#### 8、Risk of international trade barriers

In recent years, the United States, Brazil, India, Egypt, South Africa, the European Union and other countries and regions as representatives, repeatedly launched anti-dumping countervailing investigations to the Chinese tire industry, international trade friction is increasing. In the global economic growth is weak, trade protection intensified, some countries geopolitical turmoil intensified in the background, Chinese tire companies will still face many challenges in export trade, do not rule out the future of certain countries or regions will still take trade protection measures, is expected to tire industry trade friction will continue for a long time.

In order to effectively cope with the above-mentioned risks, the company will continue to pay attention to the industry development trend, tire technology, raw material prices and other influencing factors, and improve the competitiveness of its own products in the market by improving tire performance and production management efficiency, so as to provide customers with trustworthy products and services.

#### (E) Other

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

## Section IV Corporate Governance

### I. Corporate governance-related information note

☒Applicable ☐Not applicable

During the reporting period, the Company complied with the Company Law, the Securities Law and the regulatory documents of the CSRC and the Shanghai Stock Exchange.

The Company has been strengthening its corporate governance and promoting the improvement of its internal control system. According to the relevant requirements of internal control construction, the Company has gradually covered the internal control management system of key businesses and focused on improving the construction of internal control system related to financial reporting.

Whether there are material differences between corporate governance and the provisions of laws,

administrative regulations and CSRC on the governance of listed companies; if there are material differences, the reasons should be explained

√Applicable ☐ Not applicable

The company has basically completed the governance issues that can be solved at this stage, but the company has not yet completed the shareholding reform, while there are related transactions. The specific situation is described as follows:

1、Equity share reform: There is no suitable share reform plan yet, the company will maintain communication with the controlling shareholder and others to try to solve the share reform issue.

2 、 Related transactions: The Company has related transactions with the controlling shareholder and its related parties and the amount is huge. Regarding the issue of connected transactions, the connected transactions are to protect the daily operation needs of the Company and its holding subsidiary, Fujian Jiatong Tire Co., Ltd. by choosing to purchase and sell through the connected parties, which can achieve advantages in optimizing the allocation of resources and economies of scale and enhance the operational efficiency. In order to reduce the possible impact of the connected transactions on the Company, the executives of the Company have the right to request for understanding and confirmation of the connected transaction business, including but not limited to visiting the market, visiting customers and suppliers and participating in the review and approval of the business related to the connected transactions. The proposal of "The Company's 2020 Daily Connected Transactions Plan" was not approved at the 2019 Annual General Meeting and the first Extraordinary General Meeting of 2020. 2021, the Company again submitted the proposal of "The Company's 2020 Daily Connected Transactions Plan and its completion" and "The Company's 2020 Daily Connected Transactions Plan" to the 2020 Annual General Meeting and the first Extraordinary General Meeting of 2021. The Company will perform the corresponding procedures again according to the actual situation. The Company has studied and concluded that daily connected transactions are necessary and cannot be avoided and solved at present and even in a considerable period of time in the future, and until there is a perfect solution, if the connected transactions are stopped, it will



It is not conducive to the interests of the Company and all shareholders. The Company will continue to strengthen the management of connected transactions, strictly implement the procedures for reporting, approval and disclosure of connected transactions, track and manage the execution of daily connected transactions, and engage external institutions to audit the execution of connected transactions of the Company.

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

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

Regarding the issue of inter-competition, the Company has made an announcement in August 2014 regarding the relevant commitments made to resolve the issue of inter-competition of the Company and its fulfillment. By adopting methods such as dividing markets, products or priority sales, the Company has avoided competitive bidding in product sales with other companies of Jiatong, thus avoiding the issue of inter-competition, details of which can be found in the contents of the interim announcement.

### III. Briefing on the shareholders' meeting

Sessions	Date	Designation of the publication of the resolution Query index of the website	Resolution published Date of Disclosure	Conference Resolutions
Annual General Meeting of Shareholders 2020	2021-5-17	www.sse.com.cn	2021-5-18	Consider and adopt the following motions: 1. Report on the work of the Board of Directors for the year 2020 2. Report on the work of the Supervisory Board for the year 2020 3. Report on the Company's financial accounts for 2020 4. Company's 2020 Annual Report and Summary 5. The Company's profit distribution plan for 2020 6. 2020 annual audit fees and retainer 2021 Accounting Firm Matters 7. Regarding the purchase of directors', supervisors' and senior management's liability insurance

				8. Regarding the adjustment of the allowance for independent directors 9、 Proposal for the election of directors 10、 Proposal for the election of independent directors 11. The motion for the election of supervisors was considered but not adopted as follows: 1. The Company's daily connected transaction plan for 2020 and its completion status 2. The Company's daily connected transaction plan for 2021
2021 First Extraordinary General Meeting of Shareholders	2021-12-27	www.sse.com.cn	2021-12-28	The following motions were considered but not adopted: 1. The Company's daily connected transaction plan for 2020 and its completion status 2、 The Company's daily connected transactions in 2021 Program

Preferred stockholders whose voting rights have been restored request an extraordinary general meeting

☐Applicable ☒Not applicable

Information Note for the Shareholders' Meeting

☐Applicable ☒Not applicable

#### IV. Directors, Supervisors and Senior Management

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

√Applicable □ Not applicable

Unit: Unit

Name	Position(Note)	Gender	Age	Term Start Date	Term Expiration Date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase or decrease in shares during the year	Reasons for change	Total pre-tax compensation received from the Company during the reporting period Amount (million yuan)	Whether or not the company's related parties receive Get paid
Li Huaijing	President	Male	58	2006-3-13	2024-5-16	0	0	0	/	0	Yes
Chen Yingyi	Vice Chairman	Male	54	2006-6-13	2024-5-16	0	0	0	/	0	Yes
Peng Weixuan	Directors	Male	68	2016-5-4	2024-5-16	0	0	0	/	0	Yes
Huang Wenlong	Directors	Male	58	2008-2-26	2024-5-16	0	0	0	/	0	Yes
Zhang Xingjun	Directors	Male	57	2021-5-17	2024-5-16	0	0	0	/	0	Yes

Qian Befen	General Manager (outgoing)	Female	55	2018-5-1	2021-6-8	0	0	0	/	47.31	No
Wu Xiaofang	Secretary of the Board of Directors (outgoing)	Female	40	2019-9-25	2021-6-8	0	0	0	/	13.05	No
Total	/	/	/	/	/				/	381.88	/

Name	Main work experience
Li Huaijing	He is currently the Chairman of the Board of Directors, Vice Chairman and Managing Director of Giti Tire (China) Investment Limited, and also the Managing Director of Giti Tire Singapore Pte Ltd, PT Gajah Supervisor of TunggalTbk, Director of Anhui Jiatong Tire Co.
Chen Yingyi	Ltd. and Chairman of Giti Tire Singapore Pte Ltd. and is also Chairman of Anhui Giti Tire Co, Supervisor of PT Gajah Tunggal Tbk, etc.
Peng Weixuan	He is currently a Director of the Company, Technical Director of Giti Tire Singapore Pte Ltd, and a Director of Giti Tire (China) Investment Co.
Huang Wenlong	He is currently a director of the Company and the General Manager of the Capital Department of Giti Tire (China) Investment Co.
Zhang Xingjun	Currently, he is a director of the company, vice chairman and general manager of Hainan Summer Investment Development Co. Ltd. Director and General Manager. He was the deputy general manager of Hainan Huitong International Trust and Investment Company and the managing director of Singapore Jiaxin Investment (Asia) Pte Ltd.

Chen Fuzhong	Currently a director of the company, executive director of marketing and sales of Giti Tire (China) Investment Company Limited, formerly general manager of Anhui Giti Tire Co. etc.
Zhu Huayu	He is currently an independent director of the company and a researcher of the Institute of Free-Trade Port with Chinese Characteristics. He was the Director of the Office of Hainan Province, Vice President of the South China Sea Research Institute, Vice Director of the Development and Reform Commission of Hainan Province, Vice Secretary of Hainan Province. Secretary General, Director of Policy Research Office of Hainan Provincial Government.
Liu Scenic	He is currently an independent director of the Company, a professor of East China University of Political Science and Law, a leader in the discipline of law and politics, and a doctoral supervisor. He was the deputy director of the Research Office of Liaoning High People's Court, and the professor of the Law School of Nankai University. Professor and other positions.
Ren Ying	He is currently an independent director of the Company. He was the deputy general manager of Taiping Audit Center, the deputy general manager and chief financial officer of Taiping Insurance Company Limited, and the financial committee of Hong Kong Zhongbao Guo Insurance Group (Holdings) Company Limited. Vice General Manager of Accounting Department, Chief Financial Officer of China Insurance & Investment Holding Co.
Liao Xuanwen (Outgoing)	He has served as a director of the Company since November 7, 2006 and will expire in May 2021.
Lin Xinyu (Outgoing)	He has served as a director of the Company since May 9, 2019 and will expire in May 2021.
Du Baocai (Outgoing)	He was an independent director of the eighth and ninth sessions of the Board of Directors of the Company, and his term of office expires in May 2021.

Xiao Hongying (Outgoing)	He was an independent director of the eighth and ninth sessions of the Board of Directors of the Company, and his term of office expires in May 2021.
Sun Xiaoping (Outgoing)	He was an independent director of the eighth and ninth sessions of the Board of Directors of the Company, and his term of office expires in May 2021.
Dong Min	He is currently the Chairman of the Supervisory Board of the Company and the General Manager of Human Resources of Giti Tire (China) Investment Co. Previously, he was Deputy General Manager of Human Resources Department of Giti Tire (China) Investment Company Limited, Logistics General Manager of the Department, General Manager of the Internal Audit Department, General Manager of the Human Resources Department, etc.
Cheng Anshun	Currently, he is a supervisor of the company, general manager of the finance and accounting department of Giti Tire (China) Investment Company Limited, former project manager of the development department of Giti Tire (China) Investment Company Limited, manager of the internal audit department and Vice General Manager of Internal Audit Department, General Manager of Internal Audit Department, etc.
Luo Bohua	Currently, he is a supervisor of the company and the manager of the sales department of the company. He was the sales business representative and business manager of Giti Tire (China) Investment Co.
Fang Cheng	Now he is the general manager of the company. He was a supervisor and manager of the sales department of the company.
Wang Zhenbing	Now he is the Chief Financial Officer of the company and the Chief Accountant of Fujian Jiatong Tire Co. Ltd. and Deputy Chief Accountant of Fujian Jiatong Tire Co.
Shouwiduo	Currently, he is the Secretary of the Board of Directors of the Company. He was the Chairman of the Supervisory Board of the Company, Assistant to the Board of Directors and Supervisor of Giti Tire (China) Investment Co.
Qian Befen (Outgoing)	General Manager of the Company during the period from May 1, 2018 to June 8, 2021, formerly Senior Manager, Assistant General Manager of the Foreign Sales Marketing and Sales Department of Giti Tire (China) Investment Co. and other positions.

Wu Xiaofang (Outgoing)	Secretary of the Board of Directors of the Company from September 25, 2019 to June 8, 2021, formerly in the Sales Support and Analysis Department of Giti Tire (China) Investment Co.
------------------------------	---

Other information notes

☐Applicable ☒Not applicable

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

1. Employment with shareholders

√Applicable □ Not applicable

Name of the incumbent	Name of shareholder unit	Serving as a shareholder unit The position of	Term start date Period	Term of office termination on Date
Li Huaijing	Giti Tire (China) Investment Co.	Vice Chairman, Director General Manager		
Chen Yingyi	Giti Tire (China) Investment Co.	President		
Peng Weixuan	Giti Tire (China) Investment Co.	Directors		
Chen Fuzhong	Giti Tire (China) Investment Co.	Marketing and Sales Execution Directors	May 2021	
Huang Wenlong	Giti Tire (China) Investment Co.	General Manager of Capital Department		
Dong Min	Giti Tire (China) Investment Co.	General Manager of Human	June 2019 17 Jan	

2. Employment in other units

√Applicable □ Not applicable

Name of the incumbent	Name of other units	Working in other units as The position of	Term Start Date	Term Expiration Date
Li Huaijing	PT Gajah <b>Tunggal</b> Tbk	Supervisors		
Li Huaijing	Giti Tire Singapore Pte. Ltd.	Managing Director		
Li Huaijing	Anhui Jiatong Tire Co. Division	Directors		
Chen Yingyi	Giti Tire Singapore Pte. Ltd.	President		
Chen Yingyi	PT Gajah <b>Tunggal</b> Tbk	Directors		
Chen Yingyi	Anhui Jiatong Tire Co. Division	President		
Chen Yingyi	Gaode (Jiangsu)	56 / 365	11 / 11 / 2021	



Zhu Huayou	Study on Free Trade Port with Chinese Characteristics courtyard	Researcher	June 2018	
Liu Scenic	East China University of Political Science and Law	Professor	January 2014	
Ren Ying	Beijing Qingyun Technology Co. Limited company	Independent Directors	July 2019	
Liao Xuanwen (outgoing)	Anhui Jiatong Tire Co. Division	Directors	March 2006	
Lin Xinyu (outgoing)	Gaode (Wuxi) Electronics Co. Company	Treasurer	December 2003 15 days	
Du Baocai (outgoing)	Shandong Shengzhou Marine Biological Science Technology Co.	Corporate Advisors		
Xiao Hongying (outgoing)	Venture Dark Horse (Beijing) Technology Company Limited by Shares	Independent Directors	October 2016 20th	October 2021 20th
Xiao Hongying (outgoing)	Beijing Advanced Digital Communication Information Technology Art AG	Independent Directors	October 2018 10th	
Xiao Hongying (outgoing)	Green Moment Technology Co. Division	Independent Directors	April 4, 2019 Day	
Xiao Hongying (outgoing)	Shenzhen Huada Smart Technology Unit Share Ltd.	Independent Directors	June 23, 2020 Day	
Sun Xiaoping (outgoing)	Fudan University	School of Law, Civil and Commercial Law Associate Professor	August 1985	
Sun Xiaoping (outgoing)	Reach Holdings Co. Division	Independent Directors	May 2018	
Working in other units	None			

Description of the situation	
------------------------------	--

**(iii) Compensation of directors, supervisors and senior management**

√Applicable ☐ Not applicable

Decision-making procedures for compensation of directors, supervisors and senior management	The criteria for the allowances of independent directors are determined by the shareholders' meeting. The remuneration of senior management is set by the Remuneration Committee of the Board of Directors and submitted to the Board of Directors for approval.
The basis for determining the compensation of directors, supervisors and senior management	The allowances of independent directors are determined based on the importance of the duties of independent directors, the scale of the Company's business, the costs incurred by independent directors in performing their duties and the market level. The remuneration of senior management is determined on the basis of the Company's business performance and performance appraisal results, taking into account the market level, the division of duties and responsibilities of senior management and their ability to

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

√Applicable ☐ Not applicable

Name	Positions held	Change situation	Reason for change
Du Baocai	Independent Directors	Outgoing	General Election

Sun Xiaoping	Independent Directors	Outgoing	General Election
Liao Xuanwen	Directors	Outgoing	General Election
Lin Xinyu	Directors	Outgoing	General Election
Shouwido	Chairman of the Supervisory Board	Outgoing	General Election
Fang Cheng	Employee Representative Supervisors	Outgoing	General Election
Qian Befen	General Manager	Outgoing	General Election
Wu Xiaofang	Board Secretary	Outgoing	General Election
Ren Ying	Independent Directors	Elections	General Election
Zhu Huayou	Independent Directors	Elections	General Election
Liu Scenic	Independent Directors	Elections	General Election
Zhang Xingjun	Directors	Elections	General Election
Chen Fuzhong	Directors	Elections	General Election
Cheng Anshun	Shareholder Representative Supervisor	Elections	General Election
Luo Bohua	Employee Representative Supervisors	Elections	General Election
Fang Cheng	General Manager	Appointments	New appointments to the Board of Directors
Shouwido	Board Secretary	Appointments	New appointments to the Board of Directors

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

☒Applicable ☐ Not applicable

On November 1, 2021, Wu Xiaofang, the then secretary of the Board of Directors, received a regulatory warning from the Shanghai Stock Exchange.

**(vi) Other**

☐Applicable ☒Not applicable

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

Sessions	Date	Conference Resolutions
----------	------	------------------------

Seventeenth Meeting of the Ninth Board of Directors	2021-4-22	<p>Consider and adopt the following motion:</p> <ol style="list-style-type: none"> <li>1. Report on the work of the Board of Directors for the year 2020</li> <li>2. The company's financial accounts report for 2020</li> <li>3. Company's 2020 Annual Report and Summary</li> <li>4. Company's profit distribution plan for 2020</li> <li>5. The Company's daily connected transaction plan for 2020 and its completion status</li> <li>6. The Company's daily connected transaction plan for 2021</li> <li>7. Audit fees for fiscal 2020 and appointment of accounting firm for fiscal 2021</li> <li>8. 2020 Annual Internal Control Evaluation Report</li> <li>9. Special note from the board of directors on matters covered by the internal control audit report</li> <li>10. Special note from the board of directors on matters covered by the audit report</li> <li>11. The results of the performance appraisal for 2020 and the performance appraisal target for 2021 for the senior management of the Company</li> <li>12. Regarding the general election of the Board of Directors</li> <li>13. Regarding the purchase of directors', supervisors' and senior management's liability insurance</li> <li>14. Regarding the adjustment of the allowance for independent directors</li> <li>15. About the change of accounting policy</li> <li>16. Regarding the convening of the 2020 annual general meeting of the Company</li> </ol>
Eighteenth Meeting of the Ninth Board of Directors	2021-4-29	Consideration and adoption of the Company's First Quarterly Report for 2021

The first meeting of the tenth board of directors	2021-6-8	<p>Consider and adopt the following motions:</p> <ol style="list-style-type: none"> <li>1、 Elect Mr. Li Huaijing as the chairman of the tenth session of the board of directors of the company</li> <li>2、 Elect Mr. Chen Yingyi as the vice chairman of the tenth session of the board of directors of the company</li> <li>3. to elect Ms. Ren Ying, Mr. Zhu Huayou and Mr. Chen Yingyi as members of the Audit Committee of the Tenth Session of the Board of Directors of the Company, of which Ms. Ren Ying is the Chairman of the Committee</li> <li>4. To elect Mr. Zhu Huayou, Mr. Liu Scenic and Mr. Li Huaijing as members of the Remuneration and Evaluation Committee of the Tenth Session of the Board of Directors of the Company, of which Mr. Zhu Huayou is the Chairman of the Committee</li> <li>5、 Appoint Mr. Fang Cheng as the general manager of the company</li> <li>6、 Appoint Mr. Wang Zhenbing as the chief financial officer of the company</li> <li>7. Appoint Ms. Shou Huiduo as Secretary of the Board of Directors of the Company</li> </ol>
The second meeting of the tenth board of directors	2021-8-23	<p>Consider and adopt the following motions:</p> <ol style="list-style-type: none"> <li>1. The Company's Half-Yearly Report for 2021 and its summary</li> <li>2. Revision of the Company's Internal Control Deficiency Determination Criteria</li> </ol>
The third meeting of the tenth board of directors	2021-10-29	Consideration and adoption of the Company's Third Quarterly Report for 2021
The fourth meeting of the tenth board of directors	2021-12-10	<p>Consider and adopt the following motion:</p> <ol style="list-style-type: none"> <li>1. The Company's daily connected transaction plan for 2020 and its completion status</li> <li>2. The Company's daily connected transaction plan for 2021</li> <li>3. Convening of the first extraordinary general meeting of the Company for the year 2021</li> </ol>

## VI. Performance of duties by directors

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

Name of Directors	Whether independent	Participation in the Board of Directors	Participating Shareholders General Assembly
-------------------	---------------------	---	---

Director	Independent Director	Number of board meetings to be attended during the year	Number of personal attendance	Number of participants by correspondence	Number of Delegated Attendance	Number of absences	Whether two consecutive meetings without personal participation proposal	Attendance at shareholders' meetings
Li Huaijing	No	6	6	2	0	0	No	2
Chen Yingyi	No	6	6	2	0	0	No	1
Peng Weixuan	No	6	4	2	2	0	No	1
Huang Wenlong	No	6	6	2	0	0	No	2
Zhang Xingjun	No	4	4	1	0	0	No	1
Chen Fuzhong	No	4	4	1	0	0	No	1
Ren Ying	Yes	4	4	1	0	0	No	1
Zhu Huayu	Yes	4	4	1	0	0	No	1
Liu Scenic	Yes	4	4	1	0	0	No	1
Liao Xuanwen	No	2	2	1	0	0	No	0
Lin Xinyu	No	2	1	1	1	0	No	0
Du Baocai	Yes	2	1	1	1	0	No	0
Xiao Hongyi	Yes	2	2	1	0	0	No	1
Sun Xiaoping	Yes	2	2	1	0	0	No	0

Explanation of failure to attend two consecutive board meetings in person

☐Applicable ☒Not applicable

Number of board meetings held during the year	6
Of which: Number of on-site meetings	1
Number of meetings held by means of communication	2
Number of meetings held on-site in combination with communication	3

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

☐Applicable ☒Not applicable

**(iii) Others**

☐Applicable ☒Not applicable

**VII. Specialized committees under the Board of Directors**

☒Applicable ☐ Not applicable

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

Specialized Committee Categories	Member Name
Audit Committee	Ren Ying (left on March 9, 2022), Chen Yingyi, Zhu Huayou, Zhong Qingquan (from March 9, 2022)

**(2). The Audit Committee met 6 times during the reporting period**

Date	Conference content	Important comments and suggestions	Other duties performed Situation
2021-1-21	1、Listening to the auditor on the overall audit strategy and specific plans for financial audit and internal control audit in 2020 2, the company's internal audit department to report on the internal audit work in 2020 We will summarize our work and plan for 2021.	We agree with the auditor's overall audit strategy and specific plan for the financial audit and internal control audit in 2020. Agree with the company's internal audit department reported 2020 Summary of Annual Internal Audit Work and 2021 Work plan.	None
2021-4-2	Receive a report from the auditor on the 2020 financial audit report and the internal control audit report (preliminary draft)	Agree with the auditor's report on the 2020 financial audit and internal control audit (First draft).	None
2021-4-12	Listen to the internal audit department's report on internal control in 2020 Concluding comments of the	Agree with the conclusion of the Internal Audit Department on the internal control evaluation report for 2020 (preliminary draft) and	None

	and internal control auditors 6. Company's internal control evaluation report for 2020 7. The Company's daily connected transaction plan for 2020 and its completion (Li Huaijing, a connected director, recused himself) 8. The Company's daily connected transaction plan for 2021 (Related director Li Huaijing recused himself) 9. 2020 Internal Audit Special Audit Report and Internal audit work plan for 2021		
2021-10-29	To hear the auditor's general audit strategy and specific plans for the financial audit and internal control audit in 2021.	Agree with the auditor's overall audit strategy for financial audit and internal control audit in 2021 and specific plans.	None
2021-12-15	1、Listening to the auditor's report on the pre-audit of Giti Tire shares for the year 2021 2、Listening to the internal audit department of the shares on the 2021 annual public Review of the Division's internal audit work	Agree with the auditor on the pre-audit of Giti Tire shares for the year 2021. Agree with the company's internal audit department on the 2021 Review of the internal audit work of the company in 2009.	None

**(3). The Remuneration and Evaluation Committee held 2 meetings during the reporting period**

period	Conference content	Important comments and suggestions	Other Fulfillment Responsibilities
2021-2-8	Consideration of the Company's 2020 Annual Performance Evaluation Results and Incentive Program for Senior Executives	Agree to the relevant motion and agree to submit to the board of directors.	None

**(4). The existence of objectionable matters in particular**

☐Applicable     ☒Not applicable

**VIII. Description of the risks identified by the Supervisory Board for the Company**

☒Applicable   ☐ Not applicable

1. Unable to express the opinion of Yongtuo Certified Public Accountants (Special General Partnership) on the audit report of the Company's financial statements for the year 2021  
The Supervisory Committee has issued an adverse opinion on the internal control audit report for the



year 2021. The Supervisory Committee will urge the Board of Directors of the Company to attach great importance to the matters involved **and** actively take effective measures **to** reduce and eliminate the impact of the matters described in this paragraph on the operation of the Company, **so as to** effectively safeguard the legitimate rights and interests of the Company and all shareholders.

2. The proposals of daily connected transactions of the Company for 2020 and 2021 have not been considered and approved by the shareholders' meeting. The Supervisory Committee will urge the Board of Directors of the Company to attach great importance to this matter, re-perform the corresponding approval procedures according to the actual situation of the Company and actively take effective measures to strive to reduce the impact of this matter on the operation of the Company.

3. The Company has not yet completed the shareholding reform. In view of the uncertainty of the shareholding reform, the Company still needs to conduct further study and exploration with the relevant shareholders. The Supervisory Committee will continue to urge the Board of Directors of the Company to attach great importance to this matter. The Supervisory Committee will continue to urge the Board of Directors to attach great importance to this matter and actively promote the relevant work.

## IX. Employees of the parent company and major subsidiaries at the end of the reporting period

### (i) Employee profile

Number of active employees of the parent company	29
Number of active employees of major subsidiaries	3,191
Total number of active employees	3,220
Number of retired employees of the parent company and major subsidiaries required to bear expenses	0
Professional Composition	
Professional composition categories	Number of professional composition
Production staff	1,871
Sales staff	287
Technical Staff	808
Finance Staff	31
Administrative staff	223
Note: Sales staff includes the sales management of the parent company.	
Total	3,220

### (ii) Remuneration Policy

☒Applicable    ☐Not applicable

According to the overall business development strategy and human resource planning, based on the salary concept of paying for the value of the position, the company has established a payroll system with

The compensation incentive mechanism that takes into account both internal fairness and market competition. In order to ensure the achievement of the company's business strategy goals, the company has formulated different levels of compensation systems and incentive policies. The salary and personal performance of the company's management team are closely related to the achievement of the company's business objectives, and employees are paid on a job performance/piece-rate basis, following the distribution principle of taking the business efficiency of the company as the core and the performance contribution of employees as the guide, taking into account fairness and reflecting differentiation and income marketization. The company adjusts employees' salary every year according to the business condition, local price change, local labor market salary change and other factors, adjusts employees' salary from time to time according to their position change and incentive measures, and formulates year-end incentive measures according to the company's annual operation.

**(iii) Training Program**

√Applicable      □Not applicable

The company pays attention to the management and investment of "human capital", according to strategic planning and business development goals, combined with the needs of staff positions We set up a "learning path map" and establish a training system driven by performance contribution through comprehensive training demand analysis, instructor course system design and effectiveness evaluation, and make full use of and develop intellectual capital by organizing various forms of internal and external training, new employee training, self-learning, study and exchange, and special seminars. At the same time, according to the work needs, employees' strengths and abilities, the company has built a career development sequence of three major channels for employees' career development: management, professional and operational, and combined with the staff development path chart with the corresponding courses.

Program training. The company is gradually building a learning team to create a team of talents with optimized structure, excellent quality and rich in innovation to meet the future needs of the company.

**(iv) Outsourcing of labor services**

☒ Applicable ☐ Not applicable

Total number of hours worked for labor outsourcing	248,094 hours
--	---------------

**X. Proposals for profit distribution or capital reserve transfer**

**(i) Formulation, implementation or adjustment of cash dividend policy**

☒ Applicable ☐ Not applicable

The Company has formulated the relevant policies on profit distribution in the Articles of Association, specifying the principles of profit distribution, order of distribution, form and conditions of distribution, decision-making procedures and adjustment mechanism, and specifying the priority of cash dividends in the profit distribution. The profit distribution of the Company is submitted to the general meeting of the Company for consideration and approval after consideration by the Board of Directors and is implemented.

The Board of Directors has proposed a profit distribution plan for the year 2021: The total share capital of the Company as of December 31, 2021 will be used as the basis for the distribution of profit to all the shareholders of the Company.

A cash dividend of NT\$0.35 (including tax) per 10 shares was paid to shareholders of the Company, totaling NT\$11,900,000.00 in cash dividends, with the remaining available for distribution.

The profit of \$224,558,812.76 was carried forward to future years. The Company will not transfer capital surplus to capital stock in fiscal 2021.

**(II) Special Note on Cash Dividend Policy**

☒ Applicable ☐ Not applicable

Compliance with the provisions of the articles of association or the resolution of the general meeting of shareholders	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and percentage of dividends are clear and unambiguous	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**(c) If the parent company is profitable during the reporting period and has positive profit available for distribution to shareholders, but has not proposed a cash profit distribution plan, the company shall disclose in detail the reasons and the use of the undistributed profit and the plan for its use**

☐ Applicable ☒ Not applicable

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

☐Applicable ☒Not applicable

**(II) Incentive situation not disclosed in  
the interim announcement or with  
subsequent progress** Equity incentive  
situation

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

Status of Employee Stock Purchase Plan

☐Applicable ☒Not applicable

Other Incentives

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

The Company has established a compensation appraisal method for executives, and the Compensation and Evaluation Committee of the Board of Directors, based on the performance appraisal results of executives

The level of their remuneration is determined in conjunction with the Company's operating performance and is submitted to the Board of Directors for consideration and approval.

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

☒Applicable ☐ Not applicable

During the reporting period, the Company continuously improved its internal control system, further developed and improved the relevant internal control management system in accordance with the Basic Standard for Enterprise Internal Control and relevant laws and regulations, continuously improved the operation rules and processes of each business, strengthened the internal control management of the Company from the aspect of system construction, and the existing internal control system played an effective preventive role in various processes and key links of the Company's management. At the same time, the company has organized an internal control team to assist various departments in supervising and inspecting business processes and various key links, to enhance the awareness of control in all aspects of internal control, to strengthen the concept of compliant operation, to continuously promote the effective implementation of the internal control system, to enhance the standardized operation of the company, and to promote the healthy and sustainable development of the company.

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. The Company has maintained, in all material respects, effective internal control over financial reporting 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.

The Company has disclosed the Internal Control Evaluation Report, which is available on the website of the Shanghai Stock Exchange on April 29, 2022

(<http://www.sse.com.cn>) Disclosure.

Description of significant deficiencies in internal control for the reporting period

☐Applicable ☒Not applicable

**XIII, Management control over subsidiaries during the reporting period**

☐Applicable ☒Not applicable

**XIV, Information Note Related to Internal Control Audit Report**

☒Applicable ☐ Not applicable

The internal control audit opinion issued by Yongtuo Certified Public Accountants (Special General Partner), which has audited the effectiveness of the company's internal control, is that Jiatong Tire has established and implemented internal control in accordance with the norms and guidelines, but the proposal of daily connected transactions for the year 2021 has not been approved by the shareholders' meeting, and Jiatong Tire has conducted daily connected transactions with related parties involved in the proposal without obtaining authorization from the shareholders' meeting. The above situation has led to a significant deficiency in the internal control related to the authorization and approval of the connected transactions of Jiatong Tire. Considering that the cessation of the connected transactions would affect the normal operation of the Company and cause serious damage to the Company, Giti Tire continued to conduct daily connected transactions without obtaining authorization and approval of the connected transactions from the shareholders' meeting before a perfect solution was available. As a result of the above material weakness and its impact on the achievement of control objectives, Giti Tire failed to maintain effective internal control over financial reporting in all material respects in accordance with the Basic Standard for Enterprise Internal Control and related regulations as of December 31, 2021.

Based on the determination of significant deficiencies in the Company's internal control over financial reporting, as of the reference date of the internal control evaluation report, the Company did not have material weaknesses in internal control over financial reporting, the Board of Directors is of the opinion that the Company has maintained, in all material respects, effective internal control over financial reporting as required by the system of corporate internal control standards and related regulations.

The Company has disclosed the Internal Control Audit Report and the Special Note of the Board of Directors on Matters Covered by the Internal Control Audit Report, as disclosed on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) on April 29, 2022.

Whether to disclose the internal control audit report: Yes

Type of opinion on internal control audit report: negative opinion

#### **XV, Listed companies governance special action to rectify the problem of self-examination**

The daily connected transactions of the Company were not implemented and disclosed after being approved by the shareholders' meeting as required.

At present, if the company strictly follows the provisions of the Articles of Association and the 6.3.7 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange," connected transactions between a listed company and its connected persons, including debts and expenses incurred, in the amount of more than RMB 30 million and accounting for more than 5% of the absolute value of the latest audited net assets of the listed company, shall be submitted to the shareholders' meeting for consideration. " According to the amount of daily connected transactions incurred by the company, there will be daily board meetings and shareholders' meetings, which is not operable in practice. The Company will submit the proposals on daily connected transactions for 2020 and 2021 to the shareholders' meeting again for consideration, during which the Company will actively communicate with all shareholders with a view to obtaining the approval of the shareholders' meeting.

#### **XVI. Other**

☐Applicable     ☒Not applicable

## **Section V Environmental and Social Responsibility**

### **I. Environmental information situation**

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

☒Applicable   ☐ Not applicable

##### **1. Discharge information**

☒Applicable   ☐ Not applicable

The company reapplied for a new version of emission permit in July 2020 in accordance with the requirements of the Technical Specification for Application and Issuance of Emission Permit for Rubber and Plastic Products Industry (HJ1122-2020).

##### **A. Exhaust gas**

It is mainly the exhaust gas from coal-fired boilers and process exhaust gas from the production process.

##### **a) Boiler exhaust gas**

The company currently has two 65 tons coal-fired boilers 4# and 5# (one for use and one for standby). 2021, the company started the boiler ultra-low emission project renovation in March, 5#



will be completed at the end of June 2021 and put into operation in July 2021, 4# will be completed at the end of November 2021 and put into operation at the end of December 2021. The boiler exhaust gas is treated by "SNCR-SCR combined denitrification + bag filter + limestone - gypsum desulfurization" and discharged through an 80m chimney. The company is equipped with online monitoring systems for sulfur dioxide, soot and nitrogen oxides in the flue according to the requirements of relevant national environmental protection laws and regulations.

#### Summary of boiler exhaust pollutant emissions in 2021

C at eg or y	M aj or P oll uti on Things	Emissi on meth od	Num ber of Outl ets	E mi ss io n po rt po siti on pla ce	Polluta nt standa rds imple mente d <small>mg/m<sup>3</sup></small>	Actual concent ration <small>mg/m<sup>3</sup></small>	Exces s emissi ons	Total actual emissi ons (tons)	Total approv ed emissi ons (tons)	Implementa tion Standards	Constr uction and operati on of anti-pollutio n facilitie s Situation
--------------	-----------------------------	-------------------	---------------------	--------------------------------------	---	---	--------------------	--------------------------------	-----------------------------------	---------------------------	---

Boiler	SO <sub>2</sub>	High-altitude discharge through an 80-meter-high stack	1 pc	Boiler chimney	≤400	110.10	None	50.97	331.80	Emission Standards for Air Pollutants from Boilers (GB13271-2014) Table 1 Emission concentration limits of air pollutants in use boilers	<b>SNC R-SCR</b> coupling Combined denitrification + bag filter + limestone - gypsum desulfurization
	NO <sub>x</sub>				≤400	139.252	None	64.47	224.28		
	Smoke Dust				≤80	5.572	None	2.58	84		

The main pollutants from the rubber making process are dust and non-methane total hydrocarbons, and the main pollutants from the vulcanization process are non-methane total hydrocarbons.

Summary of process waste gas emissions in 2021

Category	Main pollutants	Emission method	Number of Outlets Quantity	Emission position place	Implementation standard mg/m <sup>3</sup>	Actual concentration mg/m <sup>3</sup>	Excess emissions	Implementation Standards	Construction and operation of anti-pollution facilities
Rubber refining	Dust	Through 24m exhaust pipe centralized emission	12	Roof top of refining workshop	≤12	4.98	None	Emission Standards for Rubber Products Industry GB27632-2011 Table 5 Tire enterprises and other product enterprises refining, curing plant emission standards	Batching process: Adopt the bag dust treatment process, and the treatment facilities are operating normally. Rubber refining process: using the introduction of boiler combustion and combined treatment (pretreatment) +The two treatment processes (UV light催 + washing treatment) are in normal operation.
	Non-methane total hydrocarbons				≤10	5.17	None		

Vulcanization	Non-methane total hydrocarbons	Through 15m exhaust pipe centralized discharge Release	3	Vulcanization workshop	≤10	5.62	None	Vulcanization process: the use of pretreatment + UV light 催 combination treatment work Art, treatment facility operation The line is normal
---------------	--------------------------------	--	---	------------------------	-----	------	------	---

Note: According to the Technical Specification for Application and Issuance of Emission Permits for Rubber and Plastic Industry (HJ1122-2020), which was officially released and implemented on March 27, 2020, for air pollutants, the unit is determined by the emission port, and the general emission port only permits the emission concentration, but not the emission. Ltd. belongs to the general emission port, and the general emission port only permits the emission concentration, but not the emission.

#### B.Wastewater

The company's wastewater mainly includes production wastewater and domestic wastewater, production wastewater mainly comes from equipment cooling water, circulating cooling water, etc., and domestic wastewater mainly comes from the canteen, bathhouse, toilet, etc.

#### Summary of wastewater discharge in 2021

Category	Main pollutants	Emission method	Number of Outlets Quantity	Emission port location	Implementation Standards mg/l	Actual concentration mg/l	Exceeding emission standards Situation	Total actual emissions (tons)	Total approved emissions Volume (ton)	Implementation Standards	Construction of anti-pollution facilities and Operation
----------	-----------------	-----------------	-------------------------------	------------------------	----------------------------------	------------------------------	---	-------------------------------	--	--------------------------	---

S e w a g e	COD	Access to municipal sewage network	1 pc	Waste water Treatment Station	300	16.169	None	3.24	8.69	Emission Standards for Pollutants in Rubber Products Industry (GB27632- 2011) Table 2 Indirect emission standards for new construction	Production wastewater: inclined plate sedimentation + air flotation device Domestic wastewater: hydrolysis acidification + anaerobic reaction + filter valve
	Ammonia nitrogen				30	5.836	None	1.17	1.37		
	PH				6-9	7.432	None	—	—		

## 2. Construction and operation of anti-pollution facilities

√Applicable ☐ Not applicable

The environmental protection facilities of Fujian Jiatong are designed, constructed and put into operation at the same time with the main body of the project. At present, there are online monitoring systems for PH, COD, ammonia nitrogen and flow rate in the wastewater treatment station, and online monitoring systems for flue gas are installed for boiler waste gas, which are networked with provincial and municipal environmental protection departments, and the facilities are running stably and normally.

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

√Applicable ☐ Not applicable

Fujian Jiatong has completed the environmental impact assessment of the projects and the environmental completion inspection and acceptance of the construction projects in accordance with the relevant provisions of the national environmental protection laws and regulations, and obtained the emission permits in accordance with the law.

## 4. Emergency response plan for sudden environmental events

√Applicable ☐ Not applicable

Ltd. was revised and reviewed in July 2020 and passed the record of Putian City Xiuyu Ecological Environment Bureau on Fujian Province pro-clear service platform on September 30, with the record number: 350305-2020-012M.

## 5. Environmental self-monitoring program

√Applicable ☐ Not applicable

Fujian Jiatong prepares self-monitoring program every year according to national environmental protection laws and regulations and the requirements of emission permit, and submits self-monitoring program and monitoring results to Fujian Province pollution source enterprise self-monitoring management system, and the monitoring results are synchronized to Fujian Province pollution source monitoring information comprehensive release platform.

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

☐Applicable ☒Not applicable

**7. Other environmental information that should be disclosed**

☒Applicable ☐ Not applicable

In February 2022, Fujian Jiatong completed the "Environmental Information Disclosure Report of Fujian Jiatong Tire Co., Ltd. for the year 2021" and disclosed the environmental information of the company for the previous year in accordance with the requirements of the "Measures for Environmental Information Disclosure by Enterprises and Institutions" (Order No. 31 of the Ministry of Environmental Protection).

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

√Applicable ☐ Not applicable

Fujian Jiatong Building Rooftop Distributed Photovoltaic Power Generation Project, which will be connected to the grid and put into operation on July 1, 2020, will have a power generation capacity of 20040178Kwh in 2021 and can reduce carbon emission by 14098.3 tons/year.

**II. Social Responsibility Work**

√Applicable ☐ Not applicable

In 2021, the company closely focused on the business objectives set at the beginning of the year, and did a good job in environmental protection, safety and occupational health management, insisting on people-oriented, protecting the health and safety of employees, caring for the rights and interests of employees, advocating full environmental protection, maintaining clean production, conscientiously implementing the national policy to do a good job in energy conservation and emission reduction, and actively carried out various system certification work, and successively passed the ISO14001 environmental We have passed the annual supervision and audit certification of ISO14001 environment management system and ISO45001 occupational health and safety management system. We have passed the annual supervision and audit of ISO14001 environmental management system and ISO45001 occupational health and safety management system.

The company was awarded the title of "Green Factory" at provincial level on December 10, 2021 and "Green Factory" at national level on December 10, 2021.

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

☐Applicable √Not applicable

## Section VI Important Matters

### I. Implementation of commitments

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

√Applicable □ Not applicable

Commitment Background	Type of commitment	Committed Parties	Commitment content	Commitment time and period	Whether there is a performance period	Is the timely and strict performance	Failure to perform in a timely manner should indicate that performance has not been completed The specific reasons for	If not fulfilled in time should explain the next plan
Commitments made in the	Resolving interbank competition	Giti Tire (China) Investment Ltd. and its parent company, Giti Tire Singapore Pte Ltd.	When the Company was on the verge of delisting in 2003, Giti Tire (China) Investment Limited became the controlling shareholder of the Company through an equity acquisition. At the time of the acquisition, Giti Tire (China) Investment Limited and its parent company, Giti Tire Singapore Pte Ltd (hereinafter collectively referred to as "Giti Tire") already owned several tire manufacturing enterprises and a comprehensive tire sales	2003-09-12	No	Yes		

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

☐ Achieved ☐ Not achieved ☒ Not applicable

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

☐ Applicable ☒ Not applicable



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

☐Applicable

☒Not applicable

**III. Non-compliance of guarantee**

☐Applicable ☒Not applicable

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

√Applicable ☐ Not applicable

(hereinafter referred to as "Jiatong" or "the Company").

The Company audited the financial statements of Giti Tire (the "Company") for the year 2021 and issued an audit report with an unqualified opinion. In the "Basis for disclaimer of opinion" section, the auditor concluded that "the total amount of daily connected transactions of Giti Tire for 2020 and 2021 is estimated to be 46.56%, and the total amount of daily connected transactions for 2020 and 2021 is estimated to be 46.56%, respectively.

The actual total amount of daily connected transactions for Giti Tire in 2020 and 2021 is 3,771 million yuan and 4,466 million yuan, respectively.

We believe that this matter may have a significant and extensive impact on the financial statements.

For two consecutive years, the daily connected transactions of Jiatong Tire were not considered and approved by the general meeting of shareholders, and Jiatong Tire still conducted connected transactions in violation of the resolution of the general meeting of shareholders, and we considered the possible impact of this matter on the financial statements to be significant and extensive. We were unable to obtain sufficient and appropriate audit evidence to make a judgment on the impact on the financial statements of Jiatong Tire for the year 2021 of the daily connected transactions not authorized by the general meeting in violation of the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (revised in 2020) and other relevant regulations." We respect the auditor's audit opinion, but the Board of Directors has studied and concluded that, for the following main reasons, it is beneficial to the Company but not

The connected transactions approved by the General Meeting of Shareholders are necessary and unavoidable at present and for a considerable period of time in the future:

(1) At present, Fujian Giti uses the brand authorized by Singapore Giti for the production and sales of its products. The brand is held by Singapore Giti, operated by Singapore Giti and Giti China, and faces the market users uniformly. If Fujian Giti creates a new brand for production and sales, it will take a long time, process and huge investment for the brand to grow from nothing to occupy a certain market share, and the competition in the domestic and international tire market has been very fierce, so there is a great uncertainty whether it can cope with the fierce competition in the market and survive.

(2) Fujian Jiatong now uses the R&D technology of Jiatong China, which has strong technical force and powerful research and development capability and is recognized as a national technology center by the National Development and Reform Commission. If compared with the scale of this R&D center to put into construction, it takes a long time and process and huge investment, which is beyond Fujian Jiatong's reach now and even for a long time in the future.

If Fujian Jiatong loses the R&D platform of Jiatong China, the R&D capability will be seriously inadequate. The backwardness or even stagnation of R&D capability will directly lead to

the inability of Fujian Jiatong to track and meet the mandatory certification system and industry performance indexes of various global markets in a timely manner; secondly, it will affect the consistency of product design and quality control of Fujian Jiatong brand, the ability to improve and update product performance and the acceptance of Fujian Jiatong products by customers. The uncertainty of establishing a new brand combined with the lack of R&D will seriously affect the promotion and development of Fujian Jiatong's existing customers and new customers at home and abroad, **which will put Fujian Jiatong** in a very unfavorable position in the market competition and seriously affect the sales and performance, and ultimately hurt the interests of Fujian Jiatong and Jiatong shares.

(3) Fujian Jiatong utilizes the market development and maintenance capabilities of Jiatong Group's sales team for marketing and sales, and Jiatong China has also entrusted its domestic replacement market sales network to Jiatong in the replacement market. If Fujian Jiatong develops customers by itself, the development and maintenance of domestic and foreign customers is a long, complicated and huge investment process, which needs to go through the process of competition with rivals and acceptance of channel customers, so there is uncertainty in the development of new sales channels, especially in the initial stage of insufficient development of customers in domestic and foreign markets, which will directly affect Fujian Jiatong's production and sales, and is unfavorable to Jiatong.

Taking into account the above main reasons, the cancellation of the connected transactions will trigger the impairment of Fujian Jiatong's business and lead to serious losses and unsustainable operation, which will ultimately cause irreversible and material damage to the interests of the outstanding shareholders and non-issuing shareholders of Fujian Jiatong and Jiatong shares. Considering the above factors, until there is a perfect solution, the subsidiary Fujian Jiatong continues to conduct daily connected transactions.

In addition, the connected transactions conducted by the Company with each related party have been carried out in strict accordance with the principle of fair market consideration for the specific business, and the transaction prices are fair, and these connected transactions have not only not harmed the interests of the Company and its shareholders; on the contrary, according to the above description of brands, research and development, and channels, these connected transactions are beneficial to Fujian Jiatong and Jiatong shares. The Company has engaged a third-party auditor with securities qualification to audit the annual financial statements in accordance with relevant regulations in the past and now, and except for the daily connected transactions in 2020 and 2021, the 2019 and previous years have been considered and approved by the annual general meeting of shareholders in the previous years.

Meanwhile, after the daily connected transactions for two years in 2020 and 2021 were not approved by the shareholders' meeting, the Board of Directors of the Company has conducted a review of the ongoing connected transactions between Jiatong and its holding subsidiary, Fujian Jiatong, and related parties in respect of procurement of goods and sales of goods, and discussed the feasibility of reducing the amount of some connected transactions. From the perspective of reducing the connected transactions and avoiding the increase of cost and operation risk to Fujian Jiatong due to the adjustment of business model, the Company will gradually change the domestic procurement from the original procurement through related parties to direct procurement by Fujian Jiatong from 2021 onwards. Starting from 2022, foreign related purchases will also be gradually switched to direct purchases by Fujian Jiatong, so as to continue to promote the reduction of the amount of daily related transactions and to explore the possibility of reducing the remaining categories of daily related transactions.

In the spirit of being responsible to the Company and all shareholders, in the event that the daily connected transactions for two years in 2020 and 2021 are not approved by the shareholders' meeting, the Company will continue to actively communicate with the small and medium-sized shareholders, and on the basis of continuing to strengthen communication with the shareholders, will re-perform the corresponding approval procedures in accordance with the actual situation of the Company, and will continue to strictly comply with and implement the Company's internal control system.

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

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

√Applicable    □Not applicable

I. The details of the change in accounting policy are as follows.

(I) Overview of changes

① Implementation of AS 14 - Revenue (revised 2017)

The Ministry of Finance revised the Accounting Standard for Business Enterprises No. 14 - Revenue ("New Revenue Standard") in fiscal 2017, and the Company has implemented the New Revenue Standard, except for transportation costs, effective January 1, 2020 in light of the actual situation. In accordance with the "Questions and Answers on the Implementation of Accounting Standards for Business Enterprises" issued by the Ministry of Finance on November 2, 2021, the Company reported transportation costs as contract performance costs in operating costs from January 1, 2021 and adjusted the data of comparable periods retrospectively. The implementation of this provision did not have a material impact on the Company's financial position and results of operations.

Consolidate  
d Income

Item Item	Statement		
	Amount before adjustment	Adjusted amount	Adjustment amount
Operating Costs	2,213,450,252.76	2,297,582,159.01	84,131,906.25
Selling expenses	120,535,265.53	36,403,359.28	-84,131,906.25

② Implementation of "AS 21 - Leases" (revised)

The Company implemented the "Accounting Standard for Enterprises No. 21 - Leases (Revised)" issued by the Ministry of Finance in 2018 effective January 1, 2021, which adjusted the content related to accounting policies, see Notes V, 28 and 42 for the changed accounting policies. According to the provisions of the convergence of the old and new standards, enterprises can choose to January 2021 The right-of-use assets and lease liabilities are recognized for all leased-in assets at the present value of the minimum payments of future rentals payable (except for short-term leases and low-value leases for which simplified treatment is elected) and depreciation and unrecognized financing costs are recognized separately from January 1, 2021, without adjusting the comparable period information.

Adjustments to items in the opening financial statements for the year of first-time implementation of the new lease standard in 2021

Proj ects	December 31, 2020	January 1, 2021	Adjustment amount
Prepayments	16,853,940.43	16,843,558.78	-10,381.65
Right-of-use assets		283,878.65	283,878.65

Non-current liabilities due within one year	362,120,000.00	362,244,579.80	124,579.80
Lease liabilities		148,917.20	148,917.20

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

☐Applicable ☒Not applicable

**(iii) Communication with the former accounting firm**

☐Applicable ☒Not applicable

**(iv) Other notes**

☐Applicable ☒Not applicable

**VI. Appointment and dismissal of accounting firm**

Unit: RMB million		Currency: RMB
	Now hiring	
Name of domestic accounting firm	Yongtuo Accounting Firm (Special General Partnership)	
Domestic Accounting Firm Compensation	77	
	Name	Com pens ation
Internal control audit accounting firm	Yongtuo Accounting Firm (Special General Partnership)	20

Statement of information on the appointment and dismissal of the accounting firm

☐Applicable ☒Not applicable

Information note on the change of accounting firm during the audit

☐Applicable ☒Not applicable

**VII. Situations facing the risk of delisting**

**(I) Causes of the delisting risk warning**

☒Applicable ☐ Not applicable

Yongtuo Certified Public Accountants (Special General Partnership) issued an audit report with an unavailable opinion in the audit report of the Company's 2021 annual financial statements. According to Article 9.3.2 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (amended in January 2022), "The Exchange shall impose a delisting risk warning on the shares of a listed company if one of the following circumstances occurs: (3) the financial accounting report for the most recent fiscal year is issued with an unavailable opinion or an adverse opinion". The Company's shares will be subject to the delisting risk warning.

**(II) The company intends to take countermeasures**

√Applicable ☐ Not applicable

The Company will submit the proposal of daily connected transactions for 2020 and 2021 to the shareholders' meeting again for consideration, during which the Company will actively communicate with all shareholders with a view to obtaining the approval of the shareholders' meeting.

**(III) Circumstances and reasons for facing termination of listing**

☐Applicable √Not applicable

**VIII. Bankruptcy reorganization-related matters**

☐Applicable ☒Not applicable

**IX. Significant litigation and arbitration matters**

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

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

☒Applicable ☐ Not applicable

1. On August 10, 2021, the Heilongjiang Supervision Bureau of China Securities Regulatory Commission issued the Decision on the Issuance of Warning Letter to Jiatong Tire Co.

2. On November 1, 2021, the Shanghai Stock Exchange issued the Decision on Supervisory Warning to Jiatong Tire Company Limited and relevant responsible persons.

**XI. Description of the integrity of the Company and its controlling shareholders and beneficial owners during the reporting period**

☐Applicable ☒Not applicable

**XII. Significant connected transactions****(i) Connected transactions related to daily operations****1. Matters that have been disclosed in the interim announcement and no progress or changes in subsequent implementation**

☐Applicable ☒Not applicable

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

☒Applicable ☐ Not applicable

The Company's daily connected transactions for the year 2020 and 2021 have not been approved by the shareholders' meeting for two consecutive years. The Company will fulfill the corresponding procedures again according to the actual situation.

The Company has studied and concluded that daily connected transactions are necessary and cannot be avoided and solved at present and even in a considerable period of time in the future, and it would be detrimental to the interests of the Company and all shareholders if connected transactions are stopped before a perfect solution is available. 2020 and 2021, the Company and its holding subsidiary Fujian Jiatong will continue to have connected transactions with related parties in purchasing goods, selling goods, providing and receiving services, etc. The Company and its holding subsidiary Fujian Jiatong will continue to have ongoing connected transactions with related parties in the purchase of goods, sale of goods and provision and acceptance of services in 2020 and 2021, as follows

S eri	Transactio n Category	Relate d	Total projected	Total actual transaction	Estimated total	Total actual transaction
----------	--------------------------	-------------	--------------------	-----------------------------	--------------------	-----------------------------



al nu m be r		Parties	transaction value in 2020	amount in 2020	transaction amount in 2021	amount in 2021
A	Purchase of raw and auxiliary materials and other commodities	Giti Asia Pacific Holdings Pte Ltd. and its subsidiaries, Shanghai Jing Yuan Machinery Co. Limited company	No more than 1.3 billion yuan	922 million	No more than 800 million yuan	532 million
B	Purchase of fixed assets	Giti Asia Pacific Holdings Pte Ltd. and its subsidiaries, Shanghai Jing Yuan Machinery Co. Limited company	Not more than 0.3 billion yuan	0.26 billion	Not more than 0.3 billion yuan	0.05 billion

C	Sales of goods	Giti Asia Pacific Holdings Pte Ltd. and its subsidiaries, Shanghai Jing Yuan Machinery Co. Limited company	No more than 3.2 billion yuan	2.723 billion	No more than 3.5 billion yuan	3.268 billion
D	Provision of labor services	Giti Tire (China) Investment Ltd. and its subsidiaries	Not more than \$20 million	0.14 billion	Not more than 0.2 billion yuan	0.17 billion
E	Sales of fixed assets	Giti Tire Singapore Pte Ltd and its subsidiaries	Not more than \$20 million	0.08 billion	Not more than 0.2 billion yuan	0.05 billion
F	Provide warehouse rental services	Giti Tire (China) Investment Co.	Not more than 0.06 billion yuan	0.04 billion	Not more than 0.06 billion yuan	0.04 billion
G	Acceptance of labor services (including research) (hair)	Giti Tire (China) Investment Limited and its subsidiaries Subsidiaries	Not more than RMB 0.8 billion	0.74 billion	Not more than 0.9 billion yuan	0.84 billion
Total			Not more than 4.656 billion yuan	3,771 million	Not more than 4,466 million yuan	3.915 billion

### 3. Matters not disclosed in the provisional announcement

√Applicable ☐ Not applicable

Unit: RMB billion

Related parties	Affiliations	Type of connected transactions	Content of connected transactions	Pricing Principles for Connected Transactions	Related Transaction Price	Amount of connected transactions	Percentage of the amount of similar transactions (%)	Settlement of connected transactions	Market Price	Trading prices differ significantly from market reference prices. The reason for
Anhui Jiatong Passenger Radial Tire Co.	Wholly-owned subsidiary of a controlling shareholder	Purchase of goods	Inventory	Market Price	See "2021" for details Announcement of Annual Routine Connected Transactions	1.13	4.49	Monetary Funds		

					and pricing Based on					
<b>GITI</b> Tire <b>Global</b> Trading PteLtd	Group sister compani es	Sales of goods	Sales of tires	Market Price	See "2021 " for details Annou ncem ent of Annual Routin e Conne cted Transa ctions **Prici ng Policy and Pricing Based on	14.82	44.62	Monet ary Funds		
Anhui Jiatong Passeng er Radial Tire Co.	Wholly- owned subsidiar y of a controllin g sharehol der	Receivin g Services	Technolo gy Usage Fee	Agreeme nt price	See "2021 " for details Annou ncem ent of Annual Routin e Conne cted Transa ctions **Prici ng Policy and Pricing Based on	0.76	100	Currenc y Funding		
Total				/	/	37.66		/	/	/
Details of large sales returns										
Description of related transactions					<p>The connected transaction is to protect the daily operation needs of the Company and its holding subsidiary, Fujian Jiatong Tire Co.</p> <p>Rate. The company has independent decision-making power in procurement and sales business, and the company can choose to deal with related parties or non-related parties, and the connected transactions have not affected the independence of the company's business. In order to reduce the possible impact of connected transactions on the Company, the Company strengthens the management of connected transactions, tracks and manages the execution of daily connected transactions, and engages external institutions to audit the execution of connected transactions of the Company.</p>					

**(ii) Related transactions occurring in the acquisition or sale of assets or equity**

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**3. Matters not disclosed in the provisional announcement**

☐Applicable ☒Not applicable

**4. If the performance agreement is involved, the performance achieved during the reporting period should be disclosed**

☐Applicable ☒Not applicable

**(III) Significant connected transactions of joint foreign investments**

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**3. Matters not disclosed in the provisional announcement**

☐Applicable ☒Not applicable

**(iv) Related debt transactions**

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**3. Matters not disclosed in the provisional announcement**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

**(F) Other**

☐Applicable ☒Not applicable

**Significant contracts and their performance (i)**

**Escrow, contract and lease matters 1.**

☐Applicable ☒Not applicable

**2、 Contracting status**

☐Applicable ☒Not applicable

**3、 Leasing situation**

☐Applicable ☒Not applicable

**(ii) Guarantees**

√Applicable □ Not applicable

Unit: Yuan Currency:

Company's external guarantees (excluding guarantees to subsidiaries)														RMB
Guarantor	Guarantor and listed company's Relationships	Secured party	Guarantee amount	Date of guarantee (agreement) (Depart ment Day)	Guarantee start date	Guarantee maturity date	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Amount of guarantee overdue	Counter Guarantee	Whether to guarantee for related parties	Affiliations
Giti Tire Co.	Holding Subsidiaries	Fujian Jiatong Tire Co.	200,000,000	2019 October 29 Day	2 years from the date of expiration of the term of performance of the principal debt		Joint and several liability guarantee	No	No	No	0	Giti Tire (China) Investment Co., Ltd. provided the above guarantee to Giti in proportion to its 49% share. Counter Guarantee	Yes	Holding Subsidiaries

Among them:	
Amount of guarantees provided to shareholders, beneficial owners and their related parties (C)	200,000,000
Debt guarantees provided directly or indirectly to the guaranteed objects with a gearing ratio exceeding 70% Amount (D)	
Amount of total guarantees in excess of 50% of net assets (E)	
Total amount of the above three guarantees (C+D+E)	200,000,000
Description of possible joint and several liability for unexpired guarantees	
Description of the guarantee	<p>Jiatong, as guarantor, provided guarantee for the entrusted loan provided by Fujian Enterprise Technological Transformation Investment Fund (Limited Partnership), as creditor/principal, and Industrial Bank Co. The principal amount of the guaranteed loan is RMB200,000,000 (performance period of the principal debt: from October 2019)</p> <p>(29 to October 28, 2023), the scope of the guarantee includes the principal of the main debt, interest, liquidated damages, damages, costs for creditors to realize the claim, etc. The guarantee is in the form of joint and several liability, and the guarantee period is two years from the expiration of the period of performance of the main debt. As Giti holds 51% of the equity interest of Fujian Giti and Giti Tire (China) Investment Company Limited (hereinafter referred to as "Giti China") holds 49% of the equity interest of Fujian Giti, Giti China is entitled to a joint and several liability guarantee in accordance with the terms of the guarantee. 49% of the share ratio of the above guarantee of Jiatong shares provides a counter guarantee.</p>

**(iii) Delegation of cash asset management to others****1. Entrusted financial management****(1) Overall situation of entrusted wealth management**☐Applicable☒Not applicableto **other cases**☐Applicable☒Not applicable**(2) Single entrusted financial situation**☐Applicable☒Not applicableto **other cases**☐Applicable☒Not applicable**(3) Provision for impairment of entrusted properties**☐Applicable☒Not applicable**2. Entrusted Loan Status****(1) Overall situation of entrusted loans**☐Applicable☒Not applicableto **other cases**☐Applicable☒Not applicable**(2) Single entrusted loan situation**☐Applicable☒Not applicableto **other cases**☐Applicable☒Not applicable**(3) Provision for impairment of entrusted loans**☐Applicable☒Not applicable**3. Other situations**☐Applicable☒Not applicable**(iv) Other significant contracts**☐Applicable☒Not applicable**XIV. Description of other significant matters that have a significant impact on investors' value judgments and investment decisions**☐Applicable ☒Not applicable**Section 7 Share Changes and Shareholders**



**I. Changes in share capital****(i) Statement of Changes in Shares****1.**

During the reporting period, there was no change in the total number of shares and the share capital structure of the Company.

**2. Description of changes in shares**

☐Applicable    ☒Not applicable

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

☐Applicable    ☒Not applicable

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

☐Applicable    ☒Not applicable

**(ii) Changes in restricted shares**

☐Applicable    ☒Not applicable

**II. Securities Issuance and Listing****(i) Securities issuance up to the reporting period**

☐Applicable    ☒Not applicable

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

☐Applicable    ☒Not applicable

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

☐Applicable    ☒Not applicable

**(iii) Status of existing internal employee shares**

☐Applicable    ☒Not applicable

**III. Shareholders and actual controllers****(i) Total number of shareholders**

Total number of common shareholders as of the end of the reporting period (households)	24,830
Total number of common shareholders (households) as of the end of the previous month prior to the date of disclosure of the annual report	24,361
Total number of preferred shareholders whose voting rights were restored as of the end of the reporting period (households)	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 (households)	0
---	---

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

Shareholdings of top ten shareholders							Unit: Unit
the end of the reporting period							
Shareholder Name (Full name)	Increase or decrease	Number of shares held at	Proportion	Class of shares	Number of non-marketable	Pledge, tagging or freeze situation	Nature of Shares

Giti Tire (China) Investment Capital Limited	0	151,070,000	44.43	Uncirculated	151,070,000	None	0	Offshore legal entity
Heilongjiang International Trust Investment Company	0	5,200,000	1.53	Uncirculated	5,200,000	None	0	State-owned legal entities
Li Lujun	21,400	5,021,425	1.48	Circulated	0	None	0	Domestic Self natural person
China Energy Construction Group Heilongjiang Province Thermal Power First Engineering Co. Company	0	3,000,000	0.88	Uncirculated	3,000,000	None	0	State-owned legal entities
Mudanjiang City State-owned Capital Operation Ltd.	0	2,500,000	0.74	Uncirculated	2,500,000	None	0	State-owned legal entities
China Cinda Asset Management Co. Ltd.	0	2,000,000	0.59	Uncirculated	2,000,000	None	0	State-owned legal entities
Zhang Helm	438,800	1,341,101	0.39	Circulated	0	None	0	Domestic Self natural person
Deyu Ding	304,500	1,250,001	0.37	Circulated	0	None	0	Domestic Self natural person
Ding Xiaolei	311,100	1,186,100	0.35	Circulated	0	None	0	Domestic Self natural person

Xue Yaoxing	1,183,300	1,183,300	0.35	Circulated	0	None	0	Domestic Self natural person
Shareholdings of the top ten outstanding shareholders								
Shareholder Name	Number of outstanding shares held at the end of the period	Type and number of shares						
		Category	Quantity					
Li Lujun	5,021,425	RMB Ordinary Shares	5,021,425					
Zhang Helm	1,341,101	RMB Ordinary Shares	1,341,101					
Deyu Ding	1,250,001	RMB Ordinary Shares	1,250,001					
Ding Xiaolei	1,186,100	RMB Ordinary Shares	1,186,100					
Xue Yaoxing	1,183,300	RMB Ordinary Shares	1,183,300					
Chen Qi'en	957,400	RMB Ordinary Shares	957,400					
Mao Ouyue	797,900	RMB Ordinary Shares	797,900					
Beijing Stawell Energy Technology has Limited company	764,000	RMB Ordinary Shares	764,000					
Shanghai Alford Asset Management Co., Ltd - Star's Alford Multi-Strategy 11 Private Equity Investment Fund	753,300	RMB Ordinary Shares	753,300					
Chen Shiru	695,000	RMB Ordinary Shares	695,000					
Repurchase of special accounts among the top ten shareholders Fact Sheet	None							

The above shareholders' right to vote by proxy, to vote by fiduciary, to abstain from voting Description of the right	None
Description of the above shareholders' affiliation or concerted action	There is no relationship or concerted action between the controlling shareholder of the Company and other shareholders, and the Company is not aware of any relationship or concerted action between other shareholders.
Description of preferred stockholders whose voting rights have been restored and the number of shares held	None

**(iii) Strategic investors or general corporations become the top 10 shareholders as a result of the placement of new shares**

☐Applicable ☒Not applicable

**IV. Controlling shareholders and actual controllers**

**(i) Controlling Shareholders**

**1 Legal person**

☒Applicable ☐ Not applicable

Name	Giti Tire (China) Investment Co.
The person in charge of the unit or the legal representative	Chen Yingyi
Date of Establishment	2003-06-23
Main Businesses	To invest in tires and related industries within the scope allowed by the state, to provide services to the invested enterprises, to engage in research and development of new products and technologies and to provide technical services for the invested We provide advice to investors and affiliated companies,

**2 Natural Persons**

☐Applicable ☒Not applicable

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

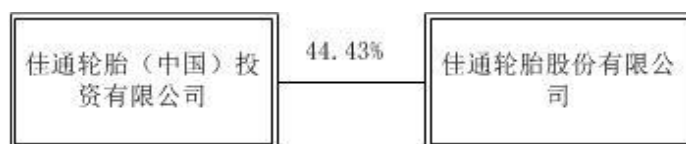
☐Applicable ☒Not applicable

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

☐Applicable    ☒Not applicable

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

☒Applicable    ☐Not applicable



## (II) Actual control person

### 1 Legal person

☐Applicable ☒Not applicable

### 2 Natural Persons

☒Applicable ☐ Not applicable

Name	Lam Mei Fung
Nationality	Singapore
Whether to obtain the right of abode in other countries or regions	No
Main occupation and position	Holding executive positions within Giti Group affiliated companies
Domestic and foreign listed companies in which the company had a controlling interest in the past 10 years Division Status	Tuan Sing Holdings Limited, PT Gajah Tunggal Tbk
Name	Lin Zhenwei
Nationality	Indonesia
Whether to obtain the right of abode in other countries or regions	Yes
Main occupation and position	Holding executive positions within Giti Group affiliated companies
Domestic and foreign listed companies in which the company	Tuan Sing Holdings Limited, PT Gajah Tunggal Tbk

### 3 Special Note on the Absence of Effective Control Person of the Company

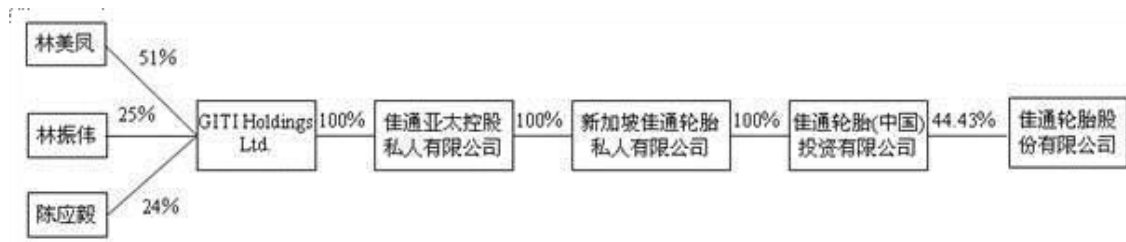
☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable



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

☐Applicable ☒Not applicable

## (III) Other information on controlling shareholders and actual controllers

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

## VII. Description of share restriction reduction

☐Applicable ☒Not applicable

## VIII. Specific implementation of share repurchases in the reporting period

☐Applicable ☒Not applicable

## Section VIII Preferred Stock Related Information

☐Applicable ☒Not applicable

## Section IX Bond Related Information

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

☐Applicable ☒Not applicable

### II. Status of convertible bonds

☐Applicable ☒Not applicable



## Section X Financial Reports

### I. Audit Report

√Applicable □ Not applicable

#### (i) Audit report on the financial statements of Giti Tire Corporation for the year 2021

Yongzhi auditing word (2022) No. 110021

All shareholders of Giti Tire

Corporation:**I. Unable to  
express an opinion**

We have been engaged to audit the consolidated financial statements of Giti Tire Corporation ("Giti Tire"), which comprise the consolidated and parent company balance sheets as of December 31, 2021, the consolidated and parent company statements of income, consolidated and parent company statements of cash flows, consolidated and parent company statements of changes in equity, and the related notes to the consolidated and parent company financial statements for the year ended December 31, 2021. The consolidated financial statements include the consolidated and parent company balance sheets as of December 31, 2021, the consolidated and parent company income statements, the consolidated and parent company statements of cash flows, the consolidated and parent company statements of changes in owners' equity, and the related notes to the consolidated and parent company financial statements.

We do not express an audit opinion on the accompanying consolidated financial statements of Giti Tire. **Due to the** materiality of the matters described in the "Basis for disclaimer of opinion" section, we were unable to obtain sufficient appropriate audit evidence as a basis for our audit opinion on the consolidated financial statements.

### II. Basis for forming a disclaimer of opinion

As stated in Note XI.1 to the financial statements, the estimated total amount of daily connected transactions for Giti Tire in FY2020 and FY2021 is RMB4,656 million and RMB4,466 million, respectively, and the actual total amount of daily connected transactions for Giti Tire in FY2020 and FY2021 is RMB3,771 million and RMB3,915 million, respectively. The actual total

amount of daily connected transactions in 2020 and 2021 is 3.771 billion yuan and 3.915 billion yuan respectively. The daily connected transactions of Jiatong Tire were not approved by the shareholders' meeting for two consecutive years, and Jiatong Tire still conducted the connected transactions in violation of the resolution of the shareholders' meeting, and we consider the possible impact of this matter on the financial statements to be significant and extensive. We were unable to obtain sufficient and appropriate audit evidence to make a judgment on the effect on the financial statements of the daily connected transactions that were not authorized by the general meeting in violation of the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised 2020) and other relevant regulations.

### **iii. management's and governance's responsibility for the consolidated financial statements**

Giti Tire's management (hereinafter referred to as management) is responsible for preparing financial statements that give a fair view in accordance with accounting standards for business enterprises and for designing, implementing and maintaining such internal control as is 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 Giti Tire's ability to continue as a going concern and for disclosing matters related to going concern (where applicable) and apply the going concern assumption unless management plans to liquidate Giti Tire, discontinue operations or there is no other realistic alternative.

Governance is responsible for overseeing  
Giti Tire's financial reporting process. **IV.**

### **Responsibilities of the CPA for the audit of the financial statements**

Our responsibility is to perform the audit of the financial statements of Giti Tire and to issue an audit report thereon in accordance with PRC generally accepted auditing standards. However, due to the matters described in the section "Basis for Disclaimer of Opinion", we were unable to obtain sufficient and appropriate audit evidence as a basis for expressing an opinion on the financial statements.

We are independent of Giti Tire in accordance with the Code of Ethics for Certified Public Accountants in the PRC and have fulfilled our other responsibilities with respect to professional ethics.

Yongtuo CPA (Special General Partnership)      Chinese Certified Public

Accountant: Shi Shaoyu China - Beijing      Certified Public

Accountant in China: Du Fengli April 28, 2022

## **(2) Special audit report on connected transactions of Giti Tire Co.**

Yongzheng special word (2022) No.  
310209

Giti Tire Co:

We have been engaged to conduct a special audit of the daily connected transactions of Giti Tire Corporation ("Giti") for the year 2021. As of the date of this special audit report, the daily connected transactions of Giti Stock for the year 2021 have not been considered and approved by the general meeting of shareholders. The identification of related party relationships and the disclosure and approval of related transactions are the responsibility of the management of Jiatong Stock, which is responsible for the authenticity and completeness of the information provided on related party relationships and their transactions, and for ensuring that the manner of related transactions and pricing principles remain unchanged. Our responsibility is to express an opinion on related party relationships and their transactions based on the implementation of the audit work.

We have performed our audit in accordance with the PRC Auditing Standards for Certified Public Accountants, in which we performed the audit procedures that we considered necessary in light of the actual circumstances of your company. We now report the audit as follows:

**I. Basic information of the company**

Ltd. was approved by Heilongjiang Economic System Reform Commission, No. 335, and was established as a joint stock limited company (formerly Huaxiang Co., Ltd.) by joint venture of five units, including Heilongjiang Longhualin Rubber Factory, and was registered in Mudanjiang City Administration for Industry and Commerce on June 8, 1993.

The company was registered with the Heilongjiang Economic System Reform Commission in 1996 (registration number: 13023211-7). The total share capital of Jiatong was 22,000,000 shares with par value of RMB 1 yuan per share, totaling 22,000,000 yuan, which was approved by Heilongjiang Economic System Reform Commission in 1996 and renamed as Hualin Tire Company Limited in 1997 by Heilongjiang Administration for Industry and Commerce. Approved by the China Securities Regulatory Commission in Document No. [1999] 37, Jiatong was first issued to the public on April 12, 1999.

The Company has issued 12,000,000 common shares of RMB 1 each at an issue price of RMB 3.36 per share. With the approval of the Shanghai Stock Exchange, the above-mentioned public

The shares were listed on the Shanghai Stock Exchange on May 7, 1999. The total share capital of Jiatong increased to 34,000,000 shares.

In 2003, Giti Tire (China) Investment Company Limited (hereinafter referred to as "Giti China"), a foreign-invested enterprise, was established through a judicial process.

The auction process resulted in the acquisition of 151.07 million shares of Jiatong Corporation owned by Hua Lin Group Limited, the former controlling shareholder of Jiatong Corporation, accounting for 44.43% of the share capital of Jiatong Corporation, making it the largest shareholder of Jiatong Corporation.

On December 5, 2003, the Ministry of Commerce of the People's Republic of China issued Commercial Capital Second Approval [2003] No. 1109, approving Jiatong Co.

On January 9, 2004, Jiatong obtained the "Enterprise Legal Person" issued by the Administration for Industry and Commerce of Heilongjiang Province.

"Business License" (Registration No. 002284), officially changed to a Sino-foreign joint venture company.

In 2004, Giti completed the merger of the legally owned assets and related liabilities of Giti China with Fujian Giti Tire Company Limited, a foreign-invested enterprise legally held by Singapore Giti Tire Pte Ltd ("Singapore Giti"), the parent company of Giti China.

(hereinafter referred to as "Fujian Jiatong") in exchange for 51% of the equity interest in Fujian Jiatong.

On May 18, 2005, the 2004 Annual General Meeting of Shareholders of Jiatong approved the change of the name of Jiatong to "Jiatong Wheel".

On July 14, 2005, the Ministry of Commerce of the People's Republic of China issued the "Approval of the Ministry of Commerce on the Approval of the Name Change of Birchwood Tire Co. Ltd.". On July 20, 2005, the Ministry of Commerce of the People's Republic of China issued the changed approval certificate (Commercial Foreign Investment Approval [2005] No. 1299).

(2003] No. 0225). On July 28, 2005, the Administration for Industry and Commerce of Heilongjiang Province issued the changed "Enterprise

On May 21, 2008, the Heilongjiang Administration for Industry and Commerce renewed the business license with the business license number 230000400002713. On July 30, 2013, the Mudanjiang Administration for Industry and Commerce renewed the business license and the new business license number of Jiatong is 912310002456121609.

Company registered office: Hualin Town, Mudanjiang City, Heilongjiang Province.

Headquarter address: 280-2 Linhong Road,

Changning District, Shanghai, China. Industry

and main products: Manufacturing / Rubber

manufacturing.

Scope of business: production and sales of tires, tire raw and auxiliary materials, production of professional equipment for the rubber industry; the export business of Giti's self-produced products and technologies and the import and export business of raw and auxiliary materials, instruments, machinery and equipment, spare parts and technologies required for production and scientific research and the provision of related consulting and management services.

Giti and its subsidiaries are mainly engaged in the production and sale of tires, tire raw and auxiliary materials.

Giti's parent company is Giti Tire (China) Investment Limited, and the actual controlling party is Giti Tire Singapore Pte.

## **II. Related Party Relationship**

In 2003, Giti China acquired the equity interest of the former majority shareholder of Birchwood Tire through an auction, and in order to avoid delisting and to protect the interests of investors in Giti, Giti China exchanged 51% of the equity interest of Fujian Giti, which has a higher profitability, with the long-term equity investment held by Singapore Giti. The exchange of 51% equity interest in Fujian Jiatong, which has a higher profitability, to Jiatong shares. Prior to that, Giti Singapore and Giti China (hereinafter collectively referred to as "Giti Tire") had already invested in a number of tire manufacturing enterprises in China, including: Anhui Giti Tire Co. At that time and at present, Jiatong shares had no practical ability to acquire other domestic tire manufacturing enterprises of Jiatong Tire, resulting in inevitable related party transactions between Jiatong shares and Jiatong Tire and its affiliated enterprises.

In addition, Giti Tire has established other enterprises in China, the United States and Canada to support Giti's global sales. These enterprises also form related party relationships with Giti shares. The identified related parties with which Giti shares have related transactions include:

(i) Information on Giti's parent company

Parent Company Name	Affiliations	Business Type	Place of registration	Business Nature
Giti Tire (China) Investment Co.	Controlling Shareholders	Wholly Foreign Owned Enterprise	Jinmao Building, 88 Century Avenue, China (Shanghai) Pilot Free Trade Zone 31 floors 3162	In the country allows foreign investment in tires and tire parts, rubber products, auto parts, chemical products, textile products, construction materials and related fields Investment in accordance with the law, etc.
Giti Tire Singapore Pte Ltd	Parent company of controlling shareholder	Foreign Companies	Singapore Mei Chi Road 150 Room #22-01/8, West Building, Newgate Plaza	Engaged in investment business in tire and related industries

(II) Information on Jiatong's subsidiaries

Full name of subsidiary	Type of	Business	Place of	Business
-------------------------	---------	----------	----------	----------

	Subsidiaries	Type	registration	Nature
Fujian Jiatong Tire Co.	Subsidiaries formed by business combinations under common control	Sino-foreign joint ventures	Hongpu Industrial Zone, Wushi, Xiuyu District, Putian City, Fujian Province	Production of radial series tires, bias tires, automobile inner tubes, motorcycle inner and outer tires, bicycle inner and outer tires and rickshaw inner and outer tires and other rubber products, sales of self-produced products; road general Freight transportation, tire storage and leasing services for own sites.

(continued)

Full name of subsidiary	Registered Capital	Legal representative	Giti Corporation to its subsidiaries Shareholding of the Company	Giti to subsidiaries of voting rights	Business license number
Fujian Jiatong Tire Co.	10,670,000 USD	Li Huaijing	51.00%	51.00%	913503056112587993

(iii) Other related parties of Jiatong shares



Name of other related parties	Relationship between other related parties and Jiatong
Anhui Jiatong Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Yinchuan Jiatong Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Yinchuan Jiatong Great Wall Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Chongqing Jiatong Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Hualin Jiatong Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Fuzhou Jiatong First Plastics Co.	Same as under the control of the ultimate controller
Hubei Jiatong Steel Cord Co.	Wholly-owned subsidiary of a controlling shareholder
PT Gajah <b>Tunggal</b> Tbk	Controlled by the same ultimate controller
<b>GITI</b> Tire <b>Global</b> Trading Pte Ltd.	Controlled by the same ultimate controller
<b>GITI</b> Tire (UK) Ltd.	Controlled by the same ultimate controller
<b>GITI</b> Tire Deutschland GmbH	Controlled by the same ultimate controller
<b>GITI</b> Tire (USA) Ltd.	Controlled by the same ultimate controller
<b>Giti</b> Tire Manufacturing (USA) Ltd.	Controlled by the same ultimate controller
<b>GITI</b> Tire (CANADA) Ltd.	Same as under the control of the ultimate controller
<b>GITI</b> Tire (EUROPE) Ltd.	Same as under the control of the ultimate controller
PT. Prima Sentra Megah	Same as under the control of the ultimate controller
SP Resources <b>International</b> Pte Ltd.	Same as under the control of the ultimate controller

Giti Asia Pacific Holdings Pte Ltd	Controlled by the same ultimate controller
Shanghai Jing Yuan Machinery Co.	Controlled by the same ultimate controller
Shanghai Jinghe Mould Co.	Wholly-owned subsidiary of a controlling shareholder
Shanghai Jiaqi Clothing Products Co.	Controlled by the same ultimate controller
Anhui Jiayuan Industrial Fiber Co.	Wholly-owned subsidiary of a controlling shareholder
Anhui Jiatong Passenger Radial Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Shanghai Jiatong Nissin Foods Co.	Controlled by the same ultimate controller
Fujian Putian Jiatong Paper Products Co.	Controlled by the same ultimate controller
Shanghai Jiajiele Trading Co.	Same as under the control of the ultimate controller

### III. Necessity of related transactions, decision-making procedures

## (i) The inevitability of connected transactions

The connected transactions between Jiatong shares and its connected legal persons, connected natural persons and potential connected persons mainly refer to the transfer of resources or obligations between Jiatong shares and connected parties, regardless of whether the price is received or not, i.e. determined in accordance with the principle of substance over form.

The related parties of Jiatong include Jiatong China and its subsidiaries established in China, Jiatong Singapore and its subsidiaries, etc. Giti shares are bound to have connected transactions with the above-mentioned related parties due to the following reasons:

Giti is an enterprise specializing in the production of tires invested by Giti China through asset auction and asset replacement procedures. The company's current production entity is Fujian Giti, and Giti China also owns domestic enterprises producing tires such as Anhui Giti Tire Co. Currently, Giti China is managed as a tire investment and management enterprise, adopting the form of centralized procurement of materials and unified sales of products.

1. For tire sales and raw material purchases, mainly for the purpose of reducing transaction costs and expenses

Giti, as a company controlled by Giti Tire, can save procurement costs, such as supplier selection and evaluation costs, logistics costs, and procurement personnel costs, by centralizing procurement through Giti China and its overseas affiliates.

For tire products, establishing independent sales networks, especially overseas networks, requires huge costs. Giti shares are sold through the sales networks of Giti China and its overseas affiliates to help reduce risks and transaction costs.

2. From the market perspective, the company uses the procurement channels of related parties to ensure the supply of materials and the sales channels of related parties to develop the market

The centralized procurement by Giti China and its overseas affiliates ensures the stability of raw material supply; the use of the sales network of Giti China and its overseas affiliates can ensure the smooth sales channels of the Company's products without the need for Giti shares to

develop separate markets.

3. Technical support, brand support and technical support from Giti Tire

The brand and technical support provided by Giti Tire ensures that the value of the company's products can be realized, and the company does not need to invest huge amounts of money in brand and technology, which reduces the risk of product production and R&D.

4. Related party support required for equipment procurement

Through the purchase of equipment (including molds) from affiliated companies, we ensure that the company's equipment supply, equipment selection and R&D brands are matched.

(ii) Decision-making procedures for connected transactions

According to Article 5 of the "Management Measures of Connected Transactions" of Jiatong shares, transactions between Jiatong shares and related parties shall meet the following requirements: 1. The implementation of connected transactions shall not affect the company's ability to continue operation;

2. Clear title to the assets involved in the connected transaction;

3. There are no connected transactions that are clearly detrimental to the interests of the Company and non-related party shareholders.

The management measures also stipulate that the company performs reporting, consideration and disclosure procedures when related party transactions occur, and the content of the reported, considered and disclosed related transactions includes the amount of related transactions incurred, pricing policy, transaction weighting and pricing basis, etc.

#### **IV. Estimated daily transactions and actual transactions by related parties**

The seventeenth meeting of the ninth session of the Board of Directors of Giti was held on April 22, 2021, and the meeting considered and approved the

The independent directors of Jiatong expressed their independent opinions on the daily connected transactions for 2021.

The proposal was rejected by the 2020 annual general meeting of Jiatong.

Giti held the fourth meeting of the tenth session of the Board of Directors on December 10, 2021, and the meeting considered and approved the "Company 2021

The independent directors of Jiatong expressed their independent opinions on the "Daily Connected Transactions Plan for the Year 2021".

The proposal was rejected by the first extraordinary general meeting of Jiatong in 2021.

Giti held the sixth meeting of the tenth session of the Board of Directors on February 21, 2022, and the meeting considered and approved the "Company 2021

Daily Connected Transactions for the Year and Unaudited Completion Status", the independent directors of Jiatong shareholding have discussed the daily connected transactions for 2021.

The motion was rejected by the first extraordinary general meeting of Jiatong in 2022.

The estimated total amount of daily connected transactions for Giti in 2021 is RMB4,466 million, and the actual date of Giti Tire in 2021.

The total amount of ordinary connected transactions was RMB3,915 million. The daily connected transactions of Giti Tire were not approved by the shareholders' meeting for two consecutive years, and Giti Tire still conducted connected transactions in violation of the resolution of the shareholders' meeting.

#### **V. Audit procedures and audit conclusions of daily related party transactions**

- (i) Audit procedures and audit conclusions on purchases of raw

and auxiliary materials and other commodities from related parties

1:

( 1 ) Obtain and review the list of related parties to determine the nature of the related party relationship.

① Understand from the governance of Jiatong shares the shareholding relationship of the company, the situation of the actual controller, and the enterprises established by the controller that have business relationship with Jiatong shares, including the nature of the enterprise, business address, and time of establishment, in order to discover the possible related party relationship and its transactions.

② Review previous years' working papers to confirm the names of identified related parties.

③ Review the procedures for identifying related parties for Giti.

④ Ask whether governance and key management personnel are affiliated with other units.

⑤ Check the minutes of the shareholders' meeting and the board of directors' meeting, as well as other relevant records.

(6) Review the income tax returns and other information submitted by Fujian Jiatong to the tax authorities.

(7) To understand the position of Jiatong shares in Jiatong Group, the development history of Jiatong Group in China, the current situation and the future development trend, and to grasp the situation of connected transactions occurring with related parties as a whole.

⑧ Evaluate and test Giti's internal control over the identification and disclosure of related party relationships and their transactions, and check whether management regularly reviews the list of related parties, performs regular related party reconciliations and follows up on reconciliation differences, etc.

( 2 ) Obtain the statement of Jiatong on the identification of the list of related parties and the system of related party transactions.

( 3 ) Obtain and verify the proposal and approval announcement of Jiatong's connected transactions for 2021.

( 4 ) Obtain and verify the related party purchase agreement of Fujian Jiatong for 2021.

( 5 ) Review whether the purchase amount disclosed in the annual financial report of Giti is consistent with the data presented in the account statement.

( 6 ) Perform detailed tests of transactions and balances.

( 7 ) Review accounting records for large or unusual transactions and account balances, with special attention to transactions recognized near or at the end of the reporting period.

( 8 ) Obtain the transactions in the accounts of Fujian Jiatong, sample check the incoming invoices, VAT invoices issued by related parties, payment approval slips and payment documents of Fujian Jiatong and related parties to understand the purchases from related parties.

( 9 ) Letters were sent to related parties to confirm the transaction amounts and related transaction balances for FY 2021.

( 10 ) Obtain the details of raw and auxiliary materials and other commodities purchased by Fujian Jiatong from foreign related parties, compare and analyze the purchase models of foreign related parties with the import CIF prices of the same type of materials in the same period publicly queried by Flush, and check whether there are material differences in the purchase unit prices.

( 11 ) Obtain the details of raw materials, auxiliary materials and other commodities purchased by Fujian Jiatong from domestic related parties and the information on the inquiry

price, and compare and analyze whether there is any material difference between the types and models purchased by domestic related parties and the inquiry price.

( 12 ) The disclosures of related party relationships and their transactions were reconciled in detail with the records in the books of Fujian Jiatong. 2.

Audit conclusion:

( 1 ) As verified by the audit, the transactions of raw and auxiliary materials and other commodities purchased by related parties of Fujian Jiatong in 2021 were approved for purchase by the internal management process of the Company at each level in accordance with the provisions of Jiatong's connected transaction system.

( 2 ) After audit and verification, we did not find any material difference between the prices of raw and auxiliary materials and other commodities purchased from foreign related parties and the CIF import prices of the same type of materials in the same period publicly queried by Flush.

( 3 ) After the audit verification, the Fujian factory used the exclusive purchase of related parties for the transaction after technical analysis of the capsules, inner tubes and cushion belts purchased by domestic related parties, which were deemed superior to third parties in terms of match and quality.

( 4 ) As a result of the audit, we did not find any material differences between the prices of raw and auxiliary materials and other commodities purchased from domestic related parties and the inquiry prices.



(5) Under the assumption that the proposal of "2021 Daily Connected Transactions Plan" of Jiatong has been approved by the shareholders' meeting, we have not found that the transactions of purchasing raw and auxiliary materials and other commodities from related parties occurred in 2021 violated the principle of fair trade and marketability, and we have not found any related party transactions that are detrimental to the interests of the Company and shareholders, nor have we found any cases that should be disclosed but not disclosed.

(ii) Audit procedures and audit conclusions on the purchase of fixed assets from related parties 1:

(1) Obtain and review the list of related parties to determine the nature of the related party relationship.

① Understand from the governance of Jiatong shares the shareholding relationship of the company, the situation of the actual controller, and the enterprises established by the controller that have business relationship with Jiatong shares, including the nature of the enterprise, business address, and time of establishment, in order to discover the possible related party relationship and its transactions.

② Review previous years' working papers to confirm the names of identified related parties.

③ Review the procedures for identifying related parties for Giti.

④ Ask whether governance and key management personnel are affiliated with other units.

⑤ Check the minutes of the shareholders' meeting and the board of directors' meeting, and other relevant records.

(6) Review the income tax returns and other information submitted by Fujian Jiatong to the tax authorities.

(7) To understand the position of Jiatong shares in Jiatong Group, the development history of Jiatong Group in China, the current situation and the future development trend, and to grasp the situation of connected transactions occurring with related parties as a whole.

⑧ Evaluate and test Giti's internal control over the identification and disclosure of related party relationships and their transactions, and check whether management regularly reviews the list of related parties, performs regular related party reconciliations and follows up on reconciliation differences, etc.

- ( 2 ) Obtain the statement of Jiatong on the identification of the list of related parties and the system of related party transactions.
- ( 3 ) Obtain and verify the proposal and approval announcement of Jiatong's connected transactions for 2021.
- ( 4 ) Obtained and verified the agreement of purchasing fixed assets from related parties for the year 2021 of Fujian Jiatong.
- ( 5 ) Obtain the valuation report issued by a third party on the purchase of fixed assets of related parties by Fujian Jiatong and verify whether there is any material difference between the purchase price of Fujian Jiatong and the valuation price.
- ( 6 ) Review whether the purchase amount disclosed in the annual financial report of Giti is consistent with the data presented in the account statement.
- ( 7 ) Perform detailed tests of transactions and balances.
- ( 8 ) Review accounting records for large or unusual transactions and account balances, with special attention to transactions recognized near or at the end of the reporting period.
- ( 9 ) Obtain the transactions in the accounts of Fujian Jiatong, and sample check the incoming invoices of fixed assets purchased from related parties by Fujian Jiatong, the related party's invoices, and the related party's invoices.

VAT invoices issued, payment approval forms, and payment documents to understand the purchase of fixed assets from related parties.

( 10 ) Letters were sent to related parties to confirm the transaction amounts and related transaction balances for FY 2021.

( 11 ) The disclosures of related party relationships and their transactions were reconciled in detail with the records in the books of Fujian Jiatong. 2.

Audit conclusion:

( 1 ) As verified by the audit, the purchase of fixed assets by related parties of Fujian Jiatong in 2021 was approved by the internal management process of the Company at each level in accordance with the provisions of Jiatong's connected transaction system.

( 2 ) After audit and verification, we did not find any material difference between the purchase price of fixed assets from related parties and the third-party appraisal price.

( 3 ) On the assumption that the proposal of "2021 Daily Connected Transactions Plan" of Jiatong has been approved by the shareholders' meeting, we have not found that the transactions of purchasing fixed assets from related parties occurred in 2021 violated the principle of fair trade and marketability, and no related party transactions were found to be detrimental to the interests of the Company and its shareholders, nor have we found any cases that should be disclosed but not disclosed.

(iii) Audit procedures and audit conclusions on sales of goods to related parties

1. Audit procedures:

( 1 ) Obtain and review the list of related parties to determine the nature of the related party relationship.

① Understand from the governance of Jiatong the shareholding relationship of the Company, the situation of the actual controller, and the enterprises established by the controller that have business relationship with the Company, including the nature of the enterprise, business address, and time of establishment, in order to discover the possible related party relationship and its transactions.

② Review previous years' working papers to confirm the names of identified related parties.

③ Review the procedures for identifying related parties for Giti.

- ④ Ask whether governance and key management personnel are affiliated with other units.
  - ⑤ Check the minutes of the shareholders' meeting and the board of directors' meeting, and other relevant records.
  - (6) Review the income tax returns and other information submitted by Fujian Jiatong to the tax authorities.
  - (7) To understand the position of Jiatong shares in Jiatong Group, the development history of Jiatong Group in China, the current situation and the future development trend, and to grasp the situation of connected transactions occurring with related parties as a whole.
  - ⑧ Evaluate and test Giti Tire's internal controls over the identification and disclosure of related party relationships and their transactions, and check whether management regularly reviews the list of related parties, performs regular related party reconciliations and follows up on reconciliation differences, etc.
- ( 2 ) Obtain the statement of Jiatong on the identification of the list of related parties and the system of related party transactions.
  - ( 3 ) Obtain and verify the proposal and approval announcement of Jiatong's connected transactions for 2021.

- ( 4 ) Obtain and verify Fujian Jiatong's related party sales agreement for 2021.
- ( 5 ) Obtain pricing principles for the transfer of related transactions in the tire purchase and sale business of Giti Group.
- ( 6 ) Verify the sales books, invoices and annual audit reports of Jiatong China to end customers, compare and analyze the difference between the price of Jiatong China sold by Fujian Jiatong and the price of end customers sold by Jiatong China, and compare the gross margin on price difference with the gross margin of Jiatong China, and whether the gross margin is within a reasonable range.
- ( 7 ) Verify the sales books, invoices and annual audit reports of Singapore Giti to end customers, compare and analyze the difference between the price of Singapore Giti sold by Fujian Giti and the price of end customers sold by Singapore Giti, and compare the gross margin on price difference with the gross margin of Singapore Giti, and whether the gross margin is within a reasonable range.
- ( 8 ) Obtain reports issued by well-known domestic and foreign third-party firms that comply with the principle of independent transactions, and compare and analyze whether the gross profit margins of Giti China and Giti Singapore's procurement of Fujian Giti are within a reasonable range.
- ( 9 ) Review whether the sales amount disclosed in Giti's annual financial report is consistent with the data presented in the account statement.
- ( 10 ) Perform detailed tests of transactions and balances.
- ( 11 ) Review accounting records for large or unusual transactions and account balances, with special attention to transactions recognized near or at the end of the reporting period.
- ( 12 ) Obtain the transactions in the accounts of Fujian Jiatong, and sample check the orders, invoices, VAT invoices issued to related parties and receipts from Fujian Jiatong and related parties for the year 2021 to understand the sales to related parties.
- ( 13 ) Letters were sent to related parties to confirm the transaction amounts and related transaction balances for FY 2021.
- ( 14 ) The disclosures of related party relationships and their transactions were reconciled in detail with the records in the books of Fujian Jiatong. 2.

Audit conclusion:

( 1 ) As verified by the audit, the related party sales transactions of Giti for the year 2021 were approved by the internal management process of the company at each level for sales in accordance with the provisions of the Giti Tire related transaction system.

( 2 ) After audit and verification, comparing and analyzing the difference between the price of Jiatong China sold by Fujian Jiatong and the price of Jiatong China sold to end customers, and comparing the gross profit margin for the price difference with the gross profit margin of Jiatong China, the part higher than the price of Fujian Jiatong is the compensation for expenses paid to Jiatong China and reasonable profit.

( 3 ) After audit and verification, a comparative analysis of the difference between the price of sales of Singapore Giti by Fujian Jiatong and the price of sales of Singapore Giti to end customers, and a comparison of the gross profit margin for the price difference with the gross profit margin of Singapore Giti, the part of the price higher than the price of Fujian Jiatong is the compensation for expenses paid to Singapore Giti and reasonable profit.

( 4 ) The gross profit margins of Giti China and Giti Singapore, as verified by audit, were reported by reputable third-party firms in China and abroad

The reasonable range of the

( 5 ) Under the assumption that the proposal of "2021 Daily Connected Transactions Plan" of Jiatong has been approved by the shareholders' meeting, we have not found any transactions of sales of goods to related parties occurred in 2021 that violate the principle of fair trade and marketability, no related party transactions that are detrimental to the interests of the Company and shareholders, and no cases that should be disclosed but not disclosed.

(iv) Audit procedures and audit conclusions

on the provision of labor services to related

parties 1:

( 1 ) Obtain and review the list of related parties to determine the nature of the related party relationship.

① Understand from the governance of Jiatong the shareholding relationship of the Company, the situation of the actual controller, and the enterprises established by the controller that have business relationship with the Company, including the nature of the enterprise, business address, and time of establishment, in order to discover the possible related party relationship and its transactions.

② Review previous years' working papers to confirm the names of identified related parties.

③ Review the procedures for identifying related parties for Giti.

④ Ask whether governance and key management personnel are affiliated with other units.

⑤ Check the minutes of the shareholders' meeting and the board of directors' meeting, and other relevant records.

(6) Review the income tax returns and other information filed by Jiatong with the tax authorities.

(7) To understand the position of Jiatong shares in Jiatong Group, the development history of Jiatong Group in China, the current situation and the future development trend, and to grasp the situation of connected transactions occurring with related parties as a whole.

⑧ Evaluate and test Giti Tire's internal controls over the identification and disclosure of related party relationships and their transactions, and check whether management regularly reviews the list of related parties, performs regular related party reconciliations and follows up on reconciliation differences, etc.

- ( 2 ) Obtain the statement of Jiatong on the identification of the list of related parties and the system of related party transactions.
- ( 3 ) Obtain and verify the proposal and approval announcement of Jiatong's connected transactions for 2021.
- ( 4 ) Obtain and verify the agreement for the provision of web hosting services to related parties by Jiatong in 2021.
- ( 5 ) Review whether the amount of web hosting service fees disclosed in Giti's annual financial report is consistent with the data presented in the account statement.
- ( 6 ) Perform detailed tests of transactions and balances.
- ( 7 ) Review accounting records for large or unusual transactions and account balances, with special attention to transactions recognized near or at the end of the reporting period.
- ( 8 ) Obtain the transactions in the accounts of Jiatong, sample check the special VAT invoices issued by Jiatong to related parties for labor service fees, and understand the provision of labor service to related parties.



( 9 ) Letters were sent to related parties to confirm the transaction amounts and related transaction balances for fiscal 2021.

( 10 ) A detailed reconciliation of the disclosures of related party relationships and their transactions with the records in the books of Jiatong. 2. Audit conclusion:

( 1 ) As verified by the audit, the transaction of providing web hosting labor services to related parties by Giti Tire in 2021 was approved to be provided by the company's internal management process at each level in accordance with the provisions of Giti Tire's related transaction system.

( 2 ) As verified by the audit, the web hosting labor services provided by Jiatong to related parties in fiscal 2021 were settled based on the actual amount of expenses incurred.

( 3 ) Under the assumption that the proposal of "2021 Daily Connected Transactions Plan" of Jiatong has been approved by the shareholders' meeting, we have not found that the transactions of providing web-hosting services to related parties occurred in 2021 violated the principle of fair trade and marketability, and no related party transactions were found to be detrimental to the interests of the Company and its shareholders, nor have we found any cases that should be disclosed but not disclosed.

(v) Audit procedures and audit conclusions on sales of fixed assets to related parties 1:

1. Obtain and review the list of related parties to determine the nature of the related party relationship.

① Understand from the governance of Jiatong the shareholding relationship of the Company, the situation of the actual controller, and the enterprises established by the controller that have business relationship with the Company, including the nature of the enterprise, business address, and time of establishment, in order to discover the possible related party relationship and its transactions.

② Review previous years' working papers to confirm the names of identified related parties.

③ Review the procedures for identifying related parties for Giti.

④ Ask whether governance and key management personnel are affiliated with other units.

⑤ Check the minutes of the shareholders' meeting and the board of directors' meeting, and other

relevant records.

(6) Review the income tax returns and other information submitted by Fujian Jiatong to the tax authorities.

(7) To understand the position of Jiatong shares in Jiatong Group, the development history of Jiatong Group in China, the current situation and the future development trend, and to grasp the situation of connected transactions occurring with related parties as a whole.

⑧ Evaluate and test Giti Tire's internal controls over the identification and disclosure of related party relationships and their transactions, and check whether management regularly reviews the list of related parties, performs regular related party reconciliations and follows up on reconciliation differences, etc.

( 2 ) Obtain the statement of Jiatong on the identification of the list of related parties and the system of related party transactions.

( 3 ) Obtain and verify the proposal and approval announcement of Jiatong's connected transactions for 2021.

( 4 ) Obtain and verify the agreement on the sale of fixed assets to related parties for the year 2021 of Fujian Jiatong.

( 5 ) Obtain the appraisal report issued by a third party on the sale of fixed assets of related parties by Fujian Jiatong and verify whether there is any material difference between the sale price of Fujian Jiatong and the appraised price.

( 6 ) Review whether the amount of fixed assets sold disclosed in the annual financial report of Giti is consistent with the data presented in the account statement.

( 7 ) Perform detailed tests of transactions and balances.

( 8 ) Review accounting records for large or unusual transactions and account balances, with special attention to transactions recognized near or at the end of the reporting period.

( 9 ) Obtain the transactions in the accounts of Fujian Jiatong, sample check the special VAT invoices and receipts issued by Fujian Jiatong to related parties, and understand the sales of fixed assets to related parties.

( 10 ) Letters were sent to related parties to confirm the transaction amounts and related transaction balances for FY 2021.

( 11 ) A detailed reconciliation of the disclosures of related party relationships and their transactions with the records in the books of Fujian Jiatong.

## 2. Audit Conclusion:

( 1 ) As verified by the audit, the transaction of sale of fixed assets from Fujian Jiatong to related parties in 2021 was approved by the internal management process of the Company at each level for purchase in accordance with the provisions of Jiatong's connected transaction system.

( 2 ) After audit and verification, we did not find any material differences between the prices of fixed assets sold to related parties and the third-party appraisal prices.

( 3 ) Under the assumption that the proposal of "2021 Daily Connected Transactions Plan" of Jiatong has been approved by the shareholders' meeting, we have not found that the transactions of sales of fixed assets to related parties occurred in 2021 violated the principle of fair trade and marketability, and no related party transactions were found to be detrimental to the interests of the Company and its shareholders, nor have we found any cases that should be disclosed but not disclosed.

(vi) Audit procedures and audit conclusions on the provision of warehouse leasing services to related

parties

1. Audit Procedures:

( 1 ) Obtain and review the list of related parties to determine the nature of the related party relationship.

① Understand from the governance of Jiatong the shareholding relationship of the Company, the situation of the actual controller, and the enterprises established by the controller that have business relationship with the Company, including the nature of the enterprise, business address, and time of establishment, in order to discover the possible related party relationship and its transactions.

② Review previous years' working papers to confirm the names of identified related parties.

③ Review the procedures for identifying related parties for Giti.

④ Ask whether governance and key management personnel are affiliated with other units.

⑤ Check the minutes of the shareholders' meeting and the board of directors' meeting, as well as other relevant records.

(6) Review the income tax returns and other information submitted by Fujian Jiatong to the tax authorities.

(7) To understand the position of Jiatong shares in Jiatong Group, the development history of Jiatong Group in China, the current situation and the future development trend, and to grasp the situation of connected transactions occurring with related parties as a whole.

⑧ Evaluate and test Giti Tire's internal controls over the identification and disclosure of related party relationships and their transactions, and check whether management regularly reviews the list of related parties, performs regular related party reconciliations and follows up on reconciliation differences, etc.

( 2 ) Obtain the statement of Jiatong on the identification of the list of related parties and the system of related party transactions.

( 3 ) Obtain and verify the proposal and approval announcement of Jiatong's connected transactions for 2021.

( 4 ) Obtain and verify the warehouse lease agreement provided by Fujian Jiatong to related parties in 2021.

( 5 ) Review whether the amount of leasing fees disclosed in the annual financial report of Jiatong is consistent with the data presented in the account statement.

( 6 ) Perform detailed tests of transactions and balances.

( 7 ) Review accounting records for large or unusual transactions and account balances, with special attention to transactions recognized near or at the end of the reporting period.

( 8 ) Obtain the transactions in the accounts of Fujian Jiatong, sample check the VAT invoices issued by Fujian Jiatong to related parties for leasing fees, and understand the provision of leases to related parties.

( 9 ) Letters were sent to related parties to confirm the transaction amounts and related transaction balances for FY 2021.

( 10 ) Obtain information on warehouse lease inquiries and verify whether there are significant differences between the lease price and the inquiry price.

( 11 ) A detailed reconciliation of the disclosures of related party relationships and their transactions with the records in the books of Fujian Jiatong.

2. Audit Conclusion:

( 1 ) As verified by the audit, the related party of Jiatong provided warehouse lease transaction in 2021, which was approved to be provided by the company's internal management process at each level in accordance with the provisions of Jiatong Tire's related transaction system.

( 2 ) As a result of the audit verification, we did not find any material difference between the warehouse lease price and the inquiry price.

( 3 ) On the assumption that the proposal of "2021 Daily Connected Transactions Plan" of Jiatong has been considered and approved by the shareholders' meeting, we have not found that the transactions of providing warehouse leasing to related parties occurred in 2021 violated the principle of fair trade and marketability, and no related party transactions were found to be detrimental to the interests of the Company and its shareholders, nor have we found any cases that should be disclosed but not disclosed.

(vii) Audit procedures and audit conclusions on acceptance of related party services (including technology usage fees, etc.)

1. Audit Procedures:

( 1 ) Obtain and review the list of related parties to determine the nature of the related party relationship.

① Understand from the governance of Jiatong the shareholding relationship of the Company, the situation of the actual controller, and the enterprises established by the controller that have business relationship with the Company, including the nature of the enterprise, business address, and time of establishment, in order to discover the possible related party relationship and its transactions.

② Review previous years' working papers to confirm the names of identified related parties.

③ Review the procedures for identifying related parties for Giti.

④ Ask whether governance and key management personnel are affiliated with other units.

⑤ Check the minutes of the shareholders' meeting and the board of directors' meeting, and other relevant records.

(6) Review the income tax returns and other information submitted by Fujian Jiatong to the tax authorities.

(7) To understand the position of Jiatong shares in Jiatong Group, the development history of Jiatong Group in China, the current situation and the future development trend, and to grasp the situation of connected transactions occurring with related parties as a whole.

⑧ Evaluate and test Giti Tire's internal controls over the identification and disclosure of related party relationships and their transactions, and check whether management regularly reviews the list of related parties, performs regular related party reconciliations and follows up on reconciliation differences, etc.

( 2 ) Obtain the statement of Jiatong on the identification of the list of related parties and the system of related party transactions.

( 3 ) Obtain and verify the proposal and approval announcement of Jiatong's connected transactions for 2021.

( 4 ) Obtain and verify the agreement for the provision of labor services (including technology royalties, etc.) by related parties for Fujian Jiatong for 2021.

( 5 ) Obtain a report issued by a well-known domestic and foreign third-party firm that conforms to the principle of independent transaction, and verify whether the transaction rates of Fujian Jiatong's acceptance of related party's labor services (including technology usage fees, etc.) are in the independent transaction range.

( 6 ) Review whether the amounts disclosed in Giti's annual financial report are consistent with the

data presented in the statement of accounts.

( 7 ) Perform detailed tests of transactions and balances.

( 8 ) Review accounting records for large or unusual transactions and account balances, with special attention to transactions recognized near or at the end of the reporting period.

( 9 ) Obtain the transactions in the accounts of Fujian Jiatong, sample check the VAT invoices issued by related parties to Fujian Jiatong, and understand the provision of labor services (including technology usage fees, etc.) by related parties.

( 10 ) Letters were sent to related parties to confirm the transaction amounts and related transaction balances for fiscal 2021.

( 11 ) A detailed reconciliation of the disclosures of related party relationships and their transactions with the records in the books of Fujian Jiatong.

## 2. Audit Conclusion:

( 1 ) As verified by the audit, the transactions of related parties receiving labor services (including technology usage fees, etc.) of Giti Tire in 2021 were reviewed and agreed to be provided by the company's internal management process at each level in accordance with the provisions of the Giti Tire related transaction system.



(2) As verified by the audit, the transaction rates for Fujian Jiatong's acceptance of related party's labor services (including technology usage fees, etc.) are in the independent transaction interval as reported by a well-known domestic and foreign third-party firm.

(3) On the assumption that the proposal of "2021 Daily Connected Transactions Plan" of Jiatong has been approved by the shareholders' meeting, we have not found that the transactions of accepting labor services (including technology usage fees, etc.) from related parties occurred in 2021 violated the principle of fair trade and marketability, and no related party transactions were found to be detrimental to the interests of the Company and its shareholders, nor have we found any cases that should be disclosed but not disclosed.

(viii) Audit procedures and audit conclusion on related party guarantee matters

1. As a guarantor

On October 29, 2019, Fujian Jiatong Tire Co., Ltd., a holding subsidiary of Jiatong, entered into an entrusted borrowing contract with Fujian Enterprise Technology Reform Investment Fund (Limited Partnership), the principal party, and Putian Dongshen Road Sub-branch of Industrial Bank Co. The term of the loan is from October 29, 2019 to October 28, 2023. The borrowings under this contract are jointly and severally guaranteed by Jiatong, with a guarantee period of two years from the expiration of the term of performance of the principal debt.

2. As a secured party

On October 29, 2019, Fujian Jiatong Tire Co., Ltd, a controlling subsidiary of Jiatong, entered into a contract of entrusted borrowing with Fujian Enterprise Technology Reform Investment Fund (Limited Partnership), the principal party, and Putian Dongshen Road Sub-branch of Industrial Bank Co. The loan under this contract is jointly and severally guaranteed by Giti Corporation for a period of two years from the expiration of the term of performance of the principal debt. Giti Tire (China) Investment Co., Ltd. shall bear 49% of the aforesaid joint and several guarantee liability of Giti Co.

As of December 31, 2021, the balance of the above entrusted borrowings was \$12,000.00 million.

3. Audit Procedures:

- (1) Obtain and verify the proposal and approval announcement of Jiatong for the provision of guarantee for Fujian Jiatong in 2019.

Jiatong held the Fifth Meeting of the Ninth Session of the Board of Directors on 16 April 2019, at which it was considered and approved that the Chairman is authorized to decide that the Company may provide 100% joint and several liability guarantee for bank financing of Fujian Jiatong up to RMB200 million (or equivalent in foreign currency), the scope of which includes the principal, interest and related expenses, with the authorization valid from the date of approval at the 2018 Annual General Meeting.

Effective until the date of the 2019 Annual General Meeting of Shareholders. The amount and duration of the above authorization shall be determined by the Chairman of the Board of Directors, including but not limited to

specific banks, the amount and term of the guarantee, the terms and conditions of the guarantee and other matters. The proposal has been considered and approved at the 2018 annual general meeting, and the independent directors of Jiatong have expressed their independent opinions on the guarantee.

- ( 2 ) Obtain the statement of Jiatong on the identification of the list of related parties and the system of related party transactions.
- ( 3 ) Obtain Fujian Jiatong's loan contracts, guarantee contracts, counter-guarantee contracts, letters of inquiry for bank loans and corporate credit reports to check the guarantee and the guaranteed situation.
- ( 4 ) Check whether the guarantees provided for related parties comply with the relevant regulations of the CSRC.
- ( 5 ) A detailed reconciliation of the disclosures of related party relationships and their transactions with the records in the books of Fujian Jiatong.

#### 4. Audit Conclusion:

- ( 1 ) As verified by the audit, the related party guarantees of Jiatong for 2019 have been considered and approved by the Board of Directors and the General Meeting of Shareholders.

Allowed.

- ( 2 ) As verified by the audit, the related party guarantee complies with the relevant regulations of the CSRC.
- ( 3 ) After audit and verification, we did not find that the guarantee matters occurred in 2019 violated the principle of arm's length and marketability, no related party transactions were found to be detrimental to the interests of the Company and shareholders, and no disclosures should be made.

(ix) Audit procedures and audit conclusions on related party receivables and payables 1.

Related party receivables and prepayments Project Name	End of period		Openin g Numbe r	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivable:				
Giti Tire (China) Investment Co.	58,470,037.52		62,960,651.14	
Total	58,470,037.52		62,960,651.14	
Receivables Financing:				
Giti Tire (China) Investment Co.	55,204,848.73/		212,083,257.29	
Total	55,204,848.73		212,083,257.29	
Accounts Receivable:				

Project Name	End of period		Opening Number	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Giti Tire (China) Investment Co.	3,652,371.58	18,261.86	3,366,878.89	16,834.39
Total	3,652,371.58	18,261.86	3,366,878.89	16,834.39

## 2. Related party payables, other payables

Project Name	End of period	Opening Number
Accounts Payable:		
Anhui Jiatong Tire Co.		3,685,040.81
Anhui Jiatong Passenger Radial Tire Co.	45,349,140.41	
Hualin Jiatong Tire Co.	20,000.00	
PT. Prima Sentra Megah	5,007,474.78	890,648.85
SP Resources International Pte Ltd.		198,131.98
Anhui Jiayuan Industrial Fiber Co.		8,186.86
Yinchuan Jiatong Tire Co.	13,460.91	
Total	50,390,076.10	4,782,008.50
Other payables:		
Shanghai Jing Yuan Machinery Co.		640,000.00
Anhui Jiatong Passenger Radial Tire Co.	232,973.22	18,600,188.05
Anhui Jiatong Tire Co.		328,993.64
Total	232,973.22	19,569,181.69

## 3. Audit Procedures:

- (1) Review whether the purchase amount and sales amount disclosed in Giti's annual financial report are consistent with the data in the account statement.

( 2 ) Perform detailed tests of transactions and balances.

( 3 ) Review accounting records for large or unusual transactions and account balances, with special attention to transactions recognized near or at the end of the reporting period.

( 4 ) Obtain the transactions in the accounts of Fujian Jiatong, and check a sample of sales and purchase orders, purchase and export orders, special VAT invoices issued by Fujian Jiatong to related parties (issued by related parties to Fujian Jiatong), and receipts and payment documents of Fujian Jiatong and related parties for the year 2021.

- ( 5 ) Letters were sent to related parties to confirm the transaction amounts and related transaction balances for FY 2021.
- ( 6 ) Check whether the controlling shareholders and other related parties are illegally appropriating funds of Jiatong shares.
- ( 7 ) A detailed reconciliation of the disclosures of related party relationships and their transactions with the records in the books of Fujian Jiatong.

#### 4. Audit Conclusion:

( 1 ) After audit and verification, we did not find any irregularities in the appropriation of funds by the controlling shareholder and other related parties of Jiatong in 2021.

- ( 2 ) After audit and verification, we did not find any undisclosed related party receivables and payables that should be disclosed in fiscal 2021.
- VI. Audit procedures and audit conclusions on non-routine transactions with related parties**

According to the Trademark Use License Contract signed between Anhui Jiatong Tire Co. The five trademarks of ROADKING, 1107977, ENDURO and 1415581 are provided to Fujian Jiatong for use on the tires and other rubber products produced by Fujian Jiatong without compensation until the expiration of the contract.

According to the Trademark License Contract signed between Jiatong Tire Pte Ltd. and Fujian Jiatong, Jiatong Tire Pte Ltd, The eight trademarks 【7182667】 , 【7182677】 and 【7575599】 were provided to Fujian Jiatong for use on the tires produced by Fujian Jiatong without compensation until the expiration of the contract.

According to the Trademark License Contract signed between Yinchuan Jiatong Great Wall Tire Co., Ltd. and Fujian Jiatong, Yinchuan Jiatong Great Wall Tire Co., Ltd. will provide the 【152905】 trademark owned by it to Fujian Jiatong for use on the tire goods produced by it without compensation until the expiration of the contract.

#### 1. Audit Procedures:

- ( 1 ) Obtain the trademark use license contract, verify the validity of the trademark use period, and view the trademark use on site.

- ( 2 ) Obtain the transactions in Fujian Jiatong's accounts and verify whether Fujian Jiatong pays the trademark fees.
- ( 3 ) A detailed reconciliation of the disclosures of related party relationships and their transactions with the records in the books of Fujian Jiatong.

2. Audit Conclusion:

- ( 1 ) As a result of the audit, we did not find that Fujian Jiatong paid related parties trademark royalties in fiscal 2021.

( 2 ) As a result of the audit, we did not find any undisclosed use of related party trademarks in fiscal 2021. **VII. Users of this special audit opinion, restrictions on the purpose of use**

We draw the attention of users of this special report to the fact that this special report has been prepared in accordance with the requirements of Jiatong and is not applicable to other purposes. Consequences arising from improper use are not related to the certified public accountants and accounting firms performing this engagement, and the contents of this paragraph do not affect the verification opinions issued.

Yongtuo CPA (Special General Partnership) Chinese Certified Public

Accountant: Shi Shaoyu China - Beijing Certified

Public Accountant in China: Du Fengli

April 28, 2002

## II. Financial Statements

### Consolidated Balance Sheet

Prepared by: Giti Tire Co.

December 31, 2021

Unit: Yuan Currency: RMB

Proj ects	Note	December 31, 2021	December 31, 2020
<b>Current assets:</b>			
Monetary Funds	VII.1	325,596,196.40	334,402,576.78
Settlement Allowance			
Unwinding funds			
Financial assets held for trading			
Derivative financial assets			
Notes receivable	VII.4	58,470,037.52	62,960,651.14
Accounts Receivable	VII.5	1,295,494,228.62	880,250,946.46
Receivables financing	VII.6	55,204,848.73	212,083,257.29
Prepayments	VII.7	30,826,865.52	16,853,940.43
Premiums receivable			
Sub-insurance receivables			
Reserves for reinsurance contracts receivable			
Other receivables	VII.8	3,954,667.96	6,545,977.06
Of which: Interest receivable	VII.8	137,831.56	24,011.27
Dividend receivable	VII.8		
Buy-back financial assets			
Inventory	VII.9	533,895,896.59	419,132,586.13
Contract Assets			
Assets held for sale			
Non-current assets due within one year		112 /	
Other current assets	VII.13	20,495,247.45	6,685,615.72
Total current assets		2,323,937,988.79	1,938,915,551.01
<b>Non-current assets:</b>			



Long-term receivables			
Long-term equity investments			
Investments in other equity instruments			
Other non-current financial assets			
Investment properties	VII.20	4,568,010.39	4,838,514.90
Fixed Assets	VII.21	946,771,609.47	920,900,938.37
Construction in progress	VII.22	36,766,842.67	58,860,256.91
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII.25	170,327.21	
Intangible assets	VII.26	19,524,134.02	20,160,556.27
Development Expenses			
Goodwill			
Long-term amortized expenses	VII.29	349,747.01	909,061.85
Deferred income tax assets	VII.30	8,001,513.01	7,210,687.29
Other non-current assets			
Total non-current assets		1,016,152,183.78	1,012,880,015.59
Total Assets		3,340,090,172.57	2,951,795,566.60
<b>Current liabilities:</b>			
Short-term borrowings			
Borrowing from the central bank			
Unwinding funds			
Trading financial liabilities			
Derivative financial liabilities			
Notes Payable	VII.35	284,473,609.64	43,690,959.65
Accounts Payable	VII.36	400,644,197.19	107,452,062.74
Receipts in advance	VII.37	45,489.60	45,489.60
Contractual Liabilities	VII.38	983,767.90	588,624.00
Sale of repurchased financial assets			
Deposit-taking and interbank deposits			
Securities trading agency			
Underwriting securities			
Employee compensation payable	VII.39	48,668,339.11	45,990,108.51
Taxes Payable	VII.40	6,995,707.55	10,363,133.12
Other payables	VII.41	78,403,408.89	95,641,656.68
Of which: Interest payable	VII.41	714,011.66	993,000.69
Dividends payable	VII.41	5,072,699.98	4,986,525.50
Fees and commissions payable			
Sub-insurance accounts payable			
Liabilities held for sale			

Non-current liabilities due within one year	VII.43	408,499,162.66	362,120,000.00
Other current liabilities	VII.44	30,754.99	73,994.97
Total current liabilities		1,228,744,437.53	665,966,029.27
<b>Non-current liabilities:</b>			
Reserve for insurance contracts			
Long-term borrowings	VII.45	298,750,000.00	542,380,000.00
Bonds Payable			
Of which: Preferred shares			

Perpetual Debt			
Lease liabilities	VII.47	41,088.76	
Long-term payables			
Long-term employee compensation payable			
Projected liabilities	VII.50	1,093,750.85	927,839.78
Deferred revenue	VII.51	2,279,829.60	2,462,239.08
Deferred income tax liabilities	VII.30	53,660,061.96	43,958,713.40
Other non-current liabilities			
Total non-current liabilities		355,824,731.17	589,728,792.26
Total liabilities		1,584,569,168.70	1,255,694,821.53
<b>Owner's equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)	VII.53	340,000,000.00	340,000,000.00
Other equity instruments			
Of which: Preferred shares			
Perpetual Debt			
Capital surplus	VII.55	1,198,520.57	1,198,520.57
Less: Treasury shares			
Other comprehensive income			
Specialized reserves			
Surplus reserves	VII.59	147,646,931.10	147,646,931.10
General risk allowance			
Undistributed earnings	VII.60	535,215,949.57	517,773,445.98
Equity attributable to owners of the parent company ( Total (or shareholders' equity)		1,024,061,401.24	1,006,618,897.65
Minority interests		731,459,602.63	689,481,847.42
Owner's equity (or shareholders' rights) (Gain) Total		1,755,521,003.87	1,696,100,745.07
Liabilities and Owner's Equity ( Total (or shareholders' equity)		3,340,090,172.57	2,951,795,566.60

Person in charge of the company: Li Huaizheng

Person in charge of accounting work:

Wang Zhenbing

Accounting institution in charge: Liu Lifang

Prepared by: Giti Tire Co.

**Parent**  
**Company**  
**Balance Sheet**

December 31, 2021

Unit: Yuan Currency: RMB

Proj ects	Note	December 31, 2021	December 31, 2020
<b>Current assets:</b>			
Monetary Funds		4,215,543.59	5,599,718.19
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts Receivable			
Receivables financing			
Prepayments		260,207.02	42,250.48

Of which: Interest receivable			
Dividend receivable	XVII.2	264,141,780.26	289,841,780.26
Inventory			
Contract Assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		272,290,740.74	298,806,941.37
<b>Non-current assets:</b>			
Debt Investment			
Other debt investments			
Long-term receivables			
Long-term equity investments		461,359,439.24	461,359,439.24
Investments in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed Assets		58,716.98	36,759.34
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets		170,327.21	
Intangible assets			
Development Expenses			
Goodwill			
Long-term amortized expenses		46,960.12	87,211.72
Deferred income tax assets			
Other non-current assets			
Total non-current assets		461,635,443.55	461,483,410.30
Total Assets		733,926,184.29	760,290,351.67
<b>Current liabilities:</b>			
Short-term borrowings			
Trading financial liabilities			
Derivative financial liabilities			
Notes Payable			
Accounts Payable			
Receipts in advance			
Contractual Liabilities			
Employee compensation payable		2,837,512.50	3,450,807.40
Taxes Payable		512,726.88	332,864.67
Other payables		6,309,949.63	6,152,306.36
Of which: Interest payable			
Dividends payable		5,072,699.98	4,986,525.50
Liabilities held for sale			

Non-current liabilities due within one year		119,162.66	
Other current liabilities			
Total current liabilities		9,779,351.67	9,935,978.43
<b>Non-current liabilities:</b>			
Long-term borrowings			

Bonds Payable			
Of which: Preferred shares			
Perpetual Debt			
Lease liabilities		41,088.76	
Long-term payables			
Long-term employee compensation payable			
Projected liabilities			
Deferred revenue			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		41,088.76	
Total liabilities		9,820,440.43	9,935,978.43
<b>Owner's equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)		340,000,000.00	340,000,000.00
Other equity instruments			
Of which: Preferred shares			
Perpetual Debt			
Capital surplus			
Less: Treasury stock			
Other comprehensive income			
Specialized reserves			
Surplus reserves		147,646,931.10	147,646,931.10
Undistributed earnings		236,458,812.76	262,707,442.14
Owner's equity (or shareholders' rights) (Gain) Total		724,105,743.86	750,354,373.24
Liabilities and Owner's Equity (Total (or shareholders' equity))		733,926,184.29	760,290,351.67

Person in charge of the company: Li Huaizheng

Person in charge of accounting work:

Wang Zhenbing

Accounting institution in charge: Liu Lifang

**Consolidated**  
**Income**  
**Statement**  
January -  
December 2021

Unit: YuanCurrency:RMB

Projects	Note	Year 2021	2020
I. Total operating revenue		3,341,881,316.25	2,803,047,211.18
Of which: Operating income	VII.6 1 119 /	3,341,881,316.25	2,803,047,211.18
Interest income			
Earned premiums			
Handling fee and commission income			
II. Total operating costs		2,342,248,825.52	2,629,462,800.47

Reinsurance costs			
Taxes and surcharges	VII.62	20,534,366.38	19,962,137.81
Selling expenses	VII.63	42,109,622.64	36,403,359.28
Overhead	VII.64	167,573,537.50	153,838,011.22
R&D expenses	VII.65	22,397,464.58	19,495,871.53
Finance costs	VII.66	45,364,577.15	111,888,360.32
Of which: Interest expense		30,352,399.15	42,374,196.43
Interest income		2,792,201.91	2,091,725.65
Add: Other gains	VII.67	11,902,483.75	15,388,605.12
Investment income (loss in "-") (The number is filled in)			
Of which: for associates and joint ventures Investment income of enterprises			
Measured at amortized cost Gain on derecognition of financial assets			
Foreign exchange gain (loss in "-") (The number is filled in)			
Net exposure hedge gain (loss to (The "-" sign is filled in)			
Gain (loss) on changes in fair value (filled in with a "-" sign)			
Credit impairment loss (loss in (The "-" sign is filled in)	VII.71	-1,943,615.11	478,158.71
Impairment loss on assets (loss to (The "-" sign is filled in)	VII.72	-1,992,635.98	-12,310,427.79
Gain (loss) on disposal of assets to (The "-" sign is filled in)	VII.73	58,027.89	38,789.87
III. Operating profit (Losses are marked with a "-") (Fill in the column)		106,656,741.27	167,472,437.92
Add: Non-operating income	VII.74	3,616,135.91	1,103,474.31
Less: Non-operating expenses	VII.75	5,889,041.97	2,480,248.23
IV. Total profit (total loss to (The "-" sign is filled in)		104,383,835.21	166,095,664.00
Less: Income tax expense		26,263,576.41	41,423,615.52
V. Net income (net loss is marked with a "-") (Fill in the column)		78,120,258.80	124,672,048.48
(i) Classification by business continuity			



1. Net income (net loss) from continuing operations (filled in with a "+" sign)		78,120,258.80	124,672,048.48
2. Net profit (net loss) from discontinued operations (filled in with a "+" sign)			
(ii) Classification by ownership attribution			
1. Net profit attributable to shareholders of the parent company (Net loss is presented with a "-" sign)		36,142,503.59	59,636,247.45
2. Minority interests (net loss to (The "+" sign is filled in)		41,977,755.21	65,035,801.03
VI. Other comprehensive income, net of tax			
(i) Its owners attributable to the parent company Other comprehensive income, net of tax			

(1) The following are not reclassifiable to profit or loss Other comprehensive income			
(1) Remeasurement of defined benefit plans Change amount			
(2) Not transferable to profit or loss under the equity method Other comprehensive income			
(3) Fair value of investments in other equity instruments Change in value			
(4) Fairness of the enterprise's own credit risk Change in value			
2. Other reclassified to profit or loss Comprehensive income			
(1) Transferable profit or loss under the equity method of its Other comprehensive income			
(2) Fair value of other debt investments Change			
(3) Reclassification of financial assets to its Amount of other comprehensive income			
(4) Credit impairment of other debt investments Preparation			
(5) Cash flow hedge reserve			
(6) Translation differences on foreign currency financial statements			
(7) Others			
(ii) Other attributable to minority shareholders Net comprehensive income after tax			
VII. Total comprehensive income		78,120,258.80	124,672,048.48
(i) Attributable to owners of the parent company Total comprehensive income		36,142,503.59	59,636,247.45
(ii) Consolidated attributable to minority shareholders Total revenue		41,977,755.21	65,035,801.03
VIII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		0.1063	0.1754
(ii) Diluted earnings per share		0.1063	0.1754

(yuan/share)			
--------------	--	--	--

For business combinations under the same control in the current period, the net income realized by the consolidated party before consolidation was: \$0. The net income realized by the consolidated party in the previous period was: \$0.

Person in charge of the company: Li Huaizheng

Person in charge of accounting work:

Wang Zhenbing

Accounting institution in charge: Liu Lifang

**Parent  
Company  
Income  
Statement**

January-  
December 2021

Unit: YuanCurrency:RMB

Projects	Note	Year 2021	Year 2020
I. Operating income		16,564,920.76	13,725,277.61
Less: Operating costs			
Taxes and surcharges		102,472.36	86,661.24
Selling expenses			
Overhead		24,095,945.12	21,817,245.35

Finance costs		-40,464.35	-36,751.52
Of which: Interest expense		11,334.22	
Interest income		62,363.23	46,860.87
Add: Other gains		45,967.70	97,745.76
Investment income (loss marked with a "-") (Fill in the column)			87,556,812.19
Of which: for associates and joint ventures			
Investment income of the industry			
Gold measured at amortized cost			
Gain on derecognition of financed properties			
Net exposure hedge gain (loss to (The "-" sign is filled in)			
Gain (loss) on change in fair value to (The "-" sign is filled in)			
Credit impairment loss (loss in (The "-" sign is filled in)		-1,567.46	-9,945.00
Impairment loss on assets (loss to (The "-" sign is filled in)			
Gain (loss) on disposal of assets to (The "-" sign is filled in)			
II. Operating profit (Loss is filled with "-" sign) (column)		-7,548,632.13	79,502,735.49
Add: Non-operating income		2.75	0.62
Less: Non-operating expenses			
III. Total profit (total loss in "-") (No. filled in)		-7,548,629.38	79,502,736.11
Less: Income tax expense			
IV. Net profit (net loss is filled with a "-" sign) (column)		-7,548,629.38	79,502,736.11
(i) Net income (net loss) from continuing operations (filled in with a "-" sign)		-7,548,629.38	79,502,736.11
(ii) Net income (net loss) from discontinued operations (filled in with a "-" sign)			
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			
(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			
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		-7,548,629.38	79,502,736.11
VII. Earnings per share:			
(I) Basic earnings per share (yuan/share)			
(ii) Diluted earnings per share (yuan/share)			

Person in charge of the company: Li Huaizheng

Person in charge of accounting work:

Wang Zhenbing

Accounting institution in charge: Liu Lifang

**Consolidated  
Statement of  
Cash Flows**  
January -  
December 2021

Unit: Yuan Currency: RMB

Proj ects	Not e	FY 2021	Year 2020
<b>I. Cash flows from operating activities:</b>			
Sales of goods and services received Cash		2,541,344,453.52	2,557,670,620.00
Net customer deposits and interbank deposits Increase			
Net increase in borrowings from the Central Bank			
Net funds borrowed from other financial institutions Increase			
Premiums received for the original insurance contract acquired Cash			
Net cash received from reinsurance operations			
Net increase in policyholders' savings and investment funds	126 /		
Charging interest, fees and commissions Cash			
Net increase in funds transferred in			

Payment of benefits from the original insurance contract Cash			
Net increase in funds transferred out			
Payment of interest, fees and commissions Cash			
Cash paid as policy dividends			
Paid to and for employees Cash		417,724,805.17	371,237,157.99
All taxes paid		44,826,343.67	60,650,869.88
Payments for other operating activities related to Cash		176,238,522.91	101,463,643.54
Subtotal cash outflow from operating activities		2,308,955,144.95	2,201,914,156.54
Cash flows from operating activities Net volume		310,989,371.87	395,214,216.10
<b>II. Cash flows from investing activities:</b>			
Cash received from the recovery of investments			
Cash received from obtaining investment income			
Disposal of fixed assets, intangible assets and Net cash recovered from other long-term assets		10,473,207.47	11,938,647.35
Disposal of subsidiaries and other business units Net cash received			
Receipt of other investing activities related to Cash			
Subtotal cash inflow from investing activities		10,473,207.47	11,938,647.35
Acquisition and construction of fixed assets, intangible assets and Cash paid for other long-term assets		119,671,410.35	69,357,688.91
Cash paid for investments			
Net increase in pledged loans			
Acquisition of subsidiaries and other business units Net cash paid			
Payments for other investing activities related to Cash			

Subtotal cash outflow from investing activities		119,671,410.35	69,357,688.91
Cash flows from investing activities		-109,198,202.88	-57,419,041.56
Net volume			
<b>III. Cash flows from financing activities:</b>			
Cash received from absorption of investments			
Of which: absorption of minority shareholders by subsidiaries			
Cash received from investments			
Cash received for obtaining loans		245,995,618.81	513,518,046.71
Receipt of other financing activities related to Cash			
Subtotal cash inflow from financing activities		245,995,618.81	513,518,046.71
Cash paid for debt service		443,374,482.27	582,782,496.71
Distribution of dividends, profits or repayment of interest		50,148,119.93	154,033,422.68
Cash paid			
Of which: Subsidiary paid to minority share			84,123,211.72
Dividends and profits of shareholders			



Payments for other financing activities related to Cash		130,808.76	7,950,683.18
Subtotal cash outflow from financing activities		493,653,410.96	744,766,602.57
Cash flows from financing activities		-247,657,792.15	-231,248,555.86
Net volume			
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b> The impact of the price object		-483,612.97	4,986,168.96
<b>V. Net increase in cash and cash equivalents</b> forehead		-46,350,236.13	111,532,787.64
Add: Cash and cash equivalents at beginning of period Balance		325,533,886.85	214,001,099.21
<b>VI. Cash and cash equivalents balance at the end of the period</b> forehead		279,183,650.72	325,533,886.85

Person in charge of the company: Li Huaizheng

Person in charge of accounting work:

Wang Zhenbing

Accounting institution in charge: Liu Lifang

**Parent  
Company Cash  
Flow Statement**  
January-  
December 2021

Unit: YuanCurrency:RMB

Proj ects	Not e	FY 2021	Year 2020
<b>I. Cash flows from operating activities:</b>			
Sales of goods and services received Cash		17,273,323.30	12,561,793.97
Tax refunds received			
Receipt of other operating activities related Cash		94,981.56	107,035.46
Subtotal cash inflow from operating activities		17,368,304.86	12,668,829.43
Purchase of goods and services paid for Cash			
Paid to and for employees Cash	129 /	18,796,952.20	16,236,706.45
All taxes paid		794,048.71	645,226.05
Payments for other operating activities related to Cash		6,083,444.27	5,066,558.09
Subtotal cash outflow from		25,674,445.18	21,948,490.59

Acquisition and construction of fixed assets, intangible assets and Cash paid for other long-term assets		33,400.00	
Cash paid for investments			
Acquisition of subsidiaries and other business units Net cash paid			
Payments for other investing activities related to Cash			
Subtotal cash outflow from investing activities		33,400.00	
Cash flows from investing activities Net volume		25,666,600.00	37,860,000.00
<b>III. Cash flows from financing activities:</b>			
Cash received from absorption of investments			
Cash received for obtaining loans			
Receipt of other financing activities related to Cash			
Subtotal cash inflow from financing activities			
Cash paid for debt service			
Distribution of dividends, profits or repayment of interest Cash paid		18,613,825.52	26,753,491.02
Payments for other financing activities related to Cash		130,808.76	
Subtotal cash outflow from financing activities		18,744,634.28	26,753,491.02
Cash flows from financing activities Net volume		-18,744,634.28	-26,753,491.02
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>			
<b>The impact of the price object</b>			
<b>V. Net increase in cash and cash equivalents forehead</b>			
Add: Cash and cash equivalents at beginning of period		-1,384,174.60	1,826,847.82
		5,599,718.19	3,772,870.37

Balance			
<b>VI. Cash and cash equivalents balance at the end of the period forehead</b>		4,215,543.59	5,599,718.19

Person in charge of the company: Li Huaizheng

Person in charge of accounting work:

Wang Zhenbing

Accounting institution in charge: Liu Lifang

**Consolidated**  
**Statement of Changes**  
**in Owners' Equity**  
January - December  
2021

Unit:

YuanCurrency:R

MB

Total Owner's  
Equity

Proj ects	Year 2021											Unit: Yuan	Currency: MB		
	Equity attributable to owners of the parent company											Minority interest s	Total Owner's Equity		
	Paid-in capital (or share capital)	Other interests Tools			Capital surplus	Less : Stock Unit	Other comprehensive income Benefit	Specialized reserves	Surplus reserves	- General risk quasi Preparation	Undistributed earnings			Other	Subtotal
		Preferred Shares	Perpetual Debt	Other											
I. Prior year -end Balance	340,000,000.00				1,198,520.57				147,646,931.10		517,773,445.98		1,006,618,897.65	689,481,847.42	1,696,100,745.07
									132 / 365						

II. At the beginning of the current year Balance	340,000,000 .00				1,198,520 .57				147,646,931 .10		517,773,445 .98		1,006,618,89 7.65	689,481,847 .42	1,696,100,74 5.07
III. Amount of increase or decrease in the current period (Reduces the number											17,442,503. 59		17,442,503.5 9	41,977,755. 21	59,420,258.8 0

of char acte rs starti ng with "- ••N o. fill (colu mn)														
(I) Tota l com preh ensi ve inco me forehe ad										36,142,503. 59		36,142,503.5 9	41,977,755. 21	78,120,258.8 0
(II) Own er input and redu ction of capit														

al This															
1. Own er's vote Incomi ng															
Gener al Share															
2. Inpu ts from hold ers of othe r equit y instr ume nts This															

3. Share-based payments included in owners' equity Amount															
4. Other															
(III) ) Profit share Matching										18,700,000.00	-	18,700,000.00	-	18,700,000.00	-
1. With drawal of												-			



surplus Accumulation															
2. Extraction General												-			
Risks Preparation															
3. To the owner (or shareholder) of the Matching										- 18,700,000. 00		- 18,700,000.0 0		- 18,700,000.0 0	
4. Other															

(IV) ) With in Own er's Equi ty Carryo ver															
1. Tran sfer of capit al surpl us to capit al (or Unit) (Ben)															
2. Tran sfer of surpl us to capit al (or															
Share s (Ben)															

3. Surp lus rese rves to cove r Losse s															
4. Cha nge s in defin ed ben efit plan s carr y forw ard retai ned earn ings Benefi t															

5. Other comprehensive income carried forward retained Earnings															
6. Other															
(V) ) Special storage Preparation															
1. This period Extraction															
2. This period Use									140 / 365						

(VI) ) its He															
IV. End of the peri od Balanc e	340,000,000 .00				1,198,520 .57				147,646,931 .10		535,215,949 .57		1,024,061,40 1.24	731,459,602 .63	1,755,521,00 3.87

Proje cts	2020													
	Equity attributable to owners of the parent company												Minority interest s	Total Owner's Equity
	Paid-in capital (or share capital)	Other interests Tools			Capital surplus	Les s : St oc k U nit	Ot he r co m pr eh en si ve in co m	S pe ci ali ze d re se rv es	- G en er al ris k qu as i Pr ep ar ati	Undistributed earnings	Ot he r	Subt otal		
		Pr ef er re d S h ar es	P er p et u al D e bt	Ot h er										

						e Be ne fit			on					
I. Prior year -end Balan ce	340,000,000 .00				1,198,520 .57				139,696,657 .49	492,947,472 .14		973,842,650. 20	708,569,258 .11	1,682,411,90 8.31
Add: Acc ounti ng polic ies Chang e														
E x Period differe nce														
Wrong shift Positi ve														
E nterpri ses under comm														

on cont rol Merge r															
its He															
II. At the begi nnin g of the curr ent year Balan ce	340,000,000 .00				1,198,520 .57				139,696,657 .49		492,947,472 .14		973,842,650. 20	708,569,258 .11	1,682,411,90 8.31
III. Amo unt of incre ase or decr eas e in the curr ent peri od									7,950,273.6 1		24,825,973. 84		32,776,247.4 5	- 19,087,410. 69	13,688,836.7 6

(Re duc es the num ber of char acte rs starti ng with "- N o. fill (colu mn)														
(I) Tota l com preh ensi ve inco me forehe ad										59,636,247. 45		59,636,247.4 5	65,035,801. 03	124,672,048. 48
(II) (The) Institut e Those														



who have															
Inputs and reductions This															
1. Owner input general Shares															
2. Inputs from holders of other equity instruments This															

3. Share-based payments included in owners' equity Amount															
4. Other															
(III) ) Profit share Matching								7,950,273.61		-34,810,273.61		-26,860,000.00		-84,123,211.72	-110,983,211.72
1. Withdrawal of surplus								7,950,273.61		-7,950,273.61					

Accumulation															
2. Extraction of general risks Preparation															
3. To the owner (or shareholder) of the Matching										26,860,000.00		26,860,000.00		84,123,211.72	110,983,211.72
4. Other															

(IV) ) With in Own er's Equi ty Carryo ver															
1. Tran sfer of capit al surpl us to capit al (or															
Share (Ben)															
2. Tran sfer of surpl us to capit al (or															

Unit) (Ben)															
3. Surp lus rese rves to cove r Losse s															
4. Cha nge s in defin ed ben efit plan s carr y forw ard															

retai ned earn ings Benefi t															
5. Oth er com preh ensi ve inco me carr yfor war d retai ned Eamin gs															
6. Other															
(V) ) Spe cial															

stor age Prepa ration															
1 . This peri od Extrac tion															
2. This peri od Use															
(VI) ) its He															
IV. End of the peri od Balan ce	340,000,000 .00				1,198,520 .57				147,646,931 .10		517,773,445 .98		1,006,618,89 7.65	689,481,847 .42	1,696,100,74 5.07

Person in charge of the company: Li Huaizheng  
charge: Liu Lifang

Person in charge of accounting work: Wang Zhenbing

Accounting institution in

**Parent Company  
Statement of Changes  
in Owners' Equity**

January - December  
2021

Unit: YuanCurrency:RMB

Proj ects	Year 2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital surpl us	Less: Treas ury stock	Other compr ehensi ve incom	Specia lized rese rves	Surplu s rese rves	Undist ribute d earn ings	Total Owner' s Equity Count
		Preferre d Shares	Perpetua l Debt	Other							



Add: Change in accounting policy											-
Correction of Prior Period Errors											-
Other											-
II. Opening balance of the year	340,000.000.00								147,646,931.10	262,707,442.14	750,354,373.24
III. Amount of increase or decrease in the current period (Reduce by "--" to fill in (column))										- 26,248.629.38	- 26,248.629.38
(i) Total comprehensive income										- 7,548,629.38	- 7,548,629.38
(ii) Owner input and reduction Less capital											
1. Ordinary shares invested by owners											
2. Holders of other equity instruments Invested Capital											
3. Share-based payments included in owners Amount of equity											
4. Other											
(iii) Profit distribution										- 18,700.000.00	- 18,700.000.00
1. Withdrawal of surplus											-

reserves											
2. Distribution to owners (or shareholders)										- 18,700. 000.00	- 18,700. 000.00
3. Other											
(iv) Within owner's equity Carryover											
1. Transfer of capital surplus to capital (or equity)											
2. Transfer of surplus to capital (or equity)											
3. Surplus reserves to cover losses											
4. Changes in defined benefit plans Carry forward of retained earnings											
5. Other comprehensive income carryforward Deposit revenue											
6. Other											
(E) special reserve											
1. Withdrawal in the current period											
2. Used in this period											
(F) Other											
IV. Closing balance of the period	340,000. 000.00								147,646 ,931.10	236,458 ,812.76	724,105 ,743.86

Proj ects	2020										
	Paid-in capital (or share capital)	Other equity instruments			Capital surpl us	Less: Treas ury share s	Other compr ehensi ve incom e	Specia lized rese rves	Surplu s rese rves	Undist ribute d earn ings	Total Owner' s Equity Count
		Preferre d Shares	Perpetua l Debt	Other							
I. Balance at the end of the previous year	340,000. 000.00								139,696 ,657.49	218,014 ,979.64	697,711 ,637.13
Add: Change in accounting policy											
Correction of Prior Period Errors											
Other											
II. Opening balance of the year	340,000. 000.00								139,696 ,657.49	218,014 ,979.64	697,711 ,637.13
III. Amount of increase or decrease in the current period (Reduce by "--" to fill in (column))									7,950,2 73.61	44,692. 462.50	52,642. 736.11
(i) Total comprehensive income										79,502. 736.11	79,502. 736.11
(ii) Owner input and reduction Less capital											
1、Owner input general Share											

2. Other equity instruments held Capital investment											
3. Share-based payments are included in all Amount of equity											
4. Other											
(iii) Profit distribution									7,950,273.61	-34,810.273.61	-26,860.000.00
1. Withdrawal of surplus reserves									7,950,273.61	-7,950,273.61	
2. Distribution to owners (or shareholders)										-26,860.000.00	-26,860.000.00
3. Other											
(iv) Within owner's equity Carryover											
1. Transfer of capital surplus to capital (or equity)											
2. Transfer of surplus to capital (or equity)											
3. Surplus reserves to cover losses											
4. Changes in defined benefit plans Amount of retained											

earnings carried forward											
5. Other comprehensive income carryforward											
Retained earnings											
6. Other											
(E) special reserve											
1. Withdrawal in the current period											
2. Used in this period											
(F) Other											
IV. Closing balance of the period	340,000.000.00								147,646,931.10	262,707,442.14	750,354,373.24

Person in charge of the company: Li Huaizheng  
charge: Liu Lifang

Person in charge of accounting work: Wang Zhenbing

Accounting institution in

### III. Basic information of the company

#### 1. Company Overview

☒Applicable   ☐Not applicable

(hereinafter referred to as "the Company") was established by Heilongjiang Provincial Economic System Reform Commission, Heilongjiang Province.

Ltd. (formerly known as Huaxiang Co., Ltd.) established as a joint stock limited company (formerly known as Huaxiang Co., Ltd.) joint venture of five units, including Heilongjiang Long Hua Joint Distribution Company, approved by document [1993] No. 335 and registered in Mudanjiang City Administration for Industry and Commerce on June 8, 1993 (Registration No. 13023211-7). The Company's directional

In 1996, the Company was approved by the Heilongjiang Provincial Economic System Reform Commission in Document No. [1996] 3 and changed its name to Hualin Tire Company Limited in 1997 by the Heilongjiang Provincial Administration for Industry and Commerce. Approved by the China Securities Regulatory Commission (CSRC) in Document No. [1999] 37, the Company was incorporated on April 12, 1999.

The Company issued 12,000,000 RMB ordinary shares with a par value of RMB1 each at an issue price of RMB3.36 per share. By Shanghai Securities

The above public offering was approved by the Stock Exchange and was listed for trading on the Shanghai Stock Exchange on May 7, 1999. Total share capital of the Company

The number of shares increased to 34,000,000.

In 2003, the foreign-invested enterprise Giti Tire (China) Investment Company Limited ("Giti China") was acquired through judicial auction.

The Company became the largest shareholder of the Company by acquiring 150,107,000 shares of the Company's corporate shares owned by the Company's former controlling shareholder, Huilin Group Co.

On December 5, 2003, the Ministry of Commerce of the People's Republic of China issued Commercial Capital Second Approval [2003] No. 1109, approving the Company as Foreign-invested enterprises; on January 9, 2004, the Company obtained the "Enterprise Legal Person Business License" issued by the Administration for Industry and Commerce of Heilongjiang Province.

(Registration No. 002284) formally changed to a sino-foreign equity joint venture.

In 2004, the Company completed the exchange of its entire legally owned assets and related liabilities with the 51% equity interest in Fujian Jiatong Tire Co. ("Giti Fujian"), a foreign-invested enterprise legally held by Giti Singapore's parent company, in exchange for 51% equity interest in Giti China.

On May 18, 2005, the 2004 annual general meeting of the Company considered and approved the proposal to change the name of the Company to: **"Jiatong Tire Company Limited"**; on July 14, 2005, the Ministry of Commerce of the People's Republic of China issued Commercial Capital Approval [2005] No. 1299, approving the name change of the Company to: **"Ltd."** and re-issued the Certificate of Approval of Foreign Invested Enterprises of the People's Republic of China (Commercial Foreign

Capital Approval No. [2005] No. 0225 approved by the State Administration for Industry and Commerce (State) Name Change Approval No. [2005] No. 74 on July 28, 2005, the Heilongjiang Provincial On July 28, 2005, Heilongjiang Administration for Industry and Commerce reissued the Business License for Enterprise Legal Person.

On May 21, 2008, the Heilongjiang Administration for Industry and Commerce issued a new business license with the business license number 230000400002713.

On July 30, 2013, the Administration for Industry and Commerce of Mudanjiang City, Heilongjiang Province renewed the business license and the new business license number of the Company is 912310002456121609.

Company registered office: Hualin Town, Mudanjiang City, Heilongjiang Province.

Headquarter address: 280-2 Linhong Road,  
Changning District, Shanghai, China. Industry  
and main products: Manufacturing / Rubber  
manufacturing.

Scope of business: production and sales of tires, tire raw and auxiliary materials, production of special equipment for the rubber industry; operation of the company's own products and technology export business and production, research needs of raw and auxiliary materials, instruments, machinery and equipment, spare parts and technology import and export business and the provision of related consulting, management services.

The Company and its subsidiaries are mainly engaged in the production and sale of tires, tire raw and auxiliary materials.

The parent company of the Company is Giti Tire (China) Investment Limited, and the actual controlling party is Giti Tire Singapore Pte.

## 2. Scope of Consolidated Financial Statements

√Applicable    □Not applicable

The Company's subsidiaries included in the scope of consolidation in fiscal 2021 are listed in Note 6, "Interests in other entities". The

There was no change in the scope of consolidation of the Company in the current year compared to the previous year.

These financial statements were approved by the Board of Directors of the Company on April 28, 2022.

## IV. Basis of preparation of financial statements

### 1. Preparation basis

The Company's financial statements were prepared on a going concern basis, based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance (issued by Ministry of Finance Order No. 33 and amended by Ministry of Finance Order No. 76) as of February 15, 2006.

The Company has prepared 42 specific accounting standards, application guidance on ASBEs, interpretations of ASBEs and other related regulations (hereinafter collectively referred to as "ASBEs") issued and revised on and after January 1, 2012, and the disclosure requirements of the China Securities Regulatory Commission's "Rules Governing the Preparation of Information Disclosures by Companies Issuing Public Securities No. 15 - General Provisions on Financial Reporting" (revised in 2014). --(revised in 2014).

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises, the Company's accounting is based on the accrual basis of accounting. Except for certain financial instruments, these financial statements are measured at historical cost. If an asset is impaired, a corresponding provision for impairment is made in accordance with the relevant regulations.

### 2. Going concern

√Applicable    □Not applicable

There are no matters that may cast significant doubt on the Company's ability to continue as a going concern for the 12 months from the end of the reporting period.

Item or situation.

## V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimate tips:

√Applicable    □ Not applicable

The Company and its subsidiaries, in accordance with the actual production and operation characteristics and in accordance with the provisions of the relevant accounting standards for enterprises, make bad debts on receivables

Specific accounting policies and accounting estimates have been established for transactions and events such as provisioning, depreciation of fixed assets and amortization of intangible assets, and revenue recognition, as described in Note V, 10, 23, 29, 38, etc.



### 1. Statement of compliance with corporate accounting standards

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the Company's financial position as of December 2021.

In addition, the Company's financial statements have been prepared in accordance with the provisions of the Company's Articles of Incorporation, including the financial position as of December 31, 2011 and the results of operations and cash flows for fiscal 2021. In addition, the

Company's financial statements are presented in all In material respects, it complies with the "Rules for the Preparation and Reporting of Information Disclosure by Companies Issuing Public Securities" as amended by the China Securities Regulatory Commission in 2014.

The disclosure requirements for the financial statements and notes thereto are set out in Rule 15 - General Provisions for Financial Reporting.

### 2. Accounting Period

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

### 3. Business cycle

☒Applicable   ☐Not applicable

The normal operating cycle is the period from the time the Company purchases assets for processing to the time it realizes cash or cash equivalents. The Company

A business cycle of 12 months is used as the liquidity classification of assets and liabilities.

#### 4. Local currency of accounts

RMB is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate, and the Company and its domestic subsidiaries use RMB as the local currency of accounts. The currency used by the Company in preparing these financial statements is RMB.

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

√Applicable    □Not applicable

A business combination is a transaction or event in which two or more separate enterprises are combined to form a single reporting entity. Business Combination

It is also divided into business combinations under common control and business combinations not under common control.

##### (1) Business combinations under common control

A business combination under common control is one in which the enterprises involved in the combination are under the ultimate control of the same party or the same multiple parties before and after the combination and such control is not temporary. In a business combination under the same control, the party that obtains control over the other participating enterprises at the date of the combination is the combining party, and the other enterprises participating in the combination are the parties being combined. The date of merger is the date on which the merging party actually obtains control over the merged party.

Assets and liabilities acquired by a consolidating party are measured at their carrying values at the date of consolidation at the party being consolidated. The difference between the carrying value of net assets acquired by the consolidating party and the carrying value of the consideration paid for the consolidation (or the total nominal value of shares issued) is adjusted to capital surplus (equity premium); if capital surplus (equity premium) is not sufficient to offset the difference, retained earnings are adjusted.

All directly related expenses incurred by the Company as a consolidator for the business combination, including audit fees, appraisal fees and legal service fees paid, are recognized in profit or loss as incurred.

Fees, commissions, etc. paid for bonds issued or other debts assumed in a business combination are included in the initial measurement amount of the bonds and other debts issued. Fees, commissions and other expenses incurred for the issuance of equity securities in a business combination are offset against the premium income from equity securities, and if the premium income is not sufficient for the offset, it is offset against retained earnings.

##### (2) Business combinations not under common control

A business combination that is not under common control is one in which the enterprises involved in the combination are not under the ultimate control of the same party or the same multiple parties before or after the combination. In a business combination that is not under common control, the party that acquires control over the other participating enterprises at the date of purchase is the purchaser, and the other enterprises participating in the combination are

the purchasee. The date of purchase is the date on which the purchaser actually obtains control of the purchased party.

For business combinations not under common control, the cost of the combination includes the fair value of assets paid, liabilities incurred or assumed and equity securities issued by the purchaser to obtain control of the acquiree at the date of purchase, and intermediary fees such as audit, legal services, appraisal and consulting and other management fees incurred for the business combination are charged to current profit or loss as incurred. Transaction costs of equity securities or debt securities issued by the purchaser as consideration for the merger are included in the initial recognition amount of the equity securities or debt securities. The contingent consideration involved is included in the cost of the combination at its fair value at the date of purchase. If new or further evidence of conditions existing at the date of purchase arises within 12 months after the date of purchase that requires an adjustment to the contingent consideration, the goodwill on the combination is adjusted accordingly. The cost of the combination incurred by the purchaser and the identifiable net assets acquired in the combination are measured at their fair values at the date of purchase. 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 at the date of purchase is recognized as goodwill. If the cost of consolidation is less than the share of the fair value of the identifiable net assets of the acquiree acquired in the merger, the fair value of each identifiable asset, liability and contingent liability of the acquiree acquired in the merger and the measurement of the cost of consolidation are first reviewed, and if, after the review, the cost of consolidation is still less than the share of the fair value of the identifiable net assets of the acquiree acquired in the merger, the difference is recognized in profit or loss for the current period.

If the purchaser acquires deductible temporary differences from the acquiree that are not recognized at the date of purchase because the conditions for recognition of deferred tax assets are not met, the related deferred tax is recognized if, within 12 months after the date of purchase, new or further information becomes available indicating that the relevant conditions existed at the date of purchase and the economic benefits from the acquiree's deductible temporary differences are expected to be realized at the date of purchase

assets and at the same time reduce goodwill, the difference is recognized as current profit or loss if goodwill is not sufficient to be eliminated; except for the above cases, deferred income tax assets related to business combinations are recognized in current profit or loss.

For business combinations under non-identical control achieved in steps through multiple transactions, according to the Circular of the Ministry of Finance on the Issuance of Interpretation No. 5 of Accounting Standards for Business Enterprises (Caihui [2012] No. 19) and Article 51 of Accounting Standard for Business Enterprises No. 33 - Consolidated Financial Statements on **"Package Transactions"** The Company determines whether the multiple transactions are **"package transactions"** in accordance with the judgment criteria of "Accounting Standard 33 - Consolidated Financial Statements". If the transaction is a **"package transaction"**, it is accounted for by referring to the descriptions in the preceding paragraphs of this section and Note V.21 **"Long-term equity investments"**; if it is not a **"package transaction"**, it is accounted for by distinguishing between the individual financial statements and the consolidated financial statements. If the transaction is not a **"package transaction"**, the relevant accounting treatment is differentiated between individual financial statements and consolidated financial statements:

In the individual financial statements, the sum of the carrying value of the equity investment in the investee held before the date of purchase and the cost of the new investment at the date of purchase is used as the initial investment cost of this investment; if the equity interest in the investee held before the date of purchase involves other comprehensive income, the other comprehensive income related to this investment is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee when the investment is disposed of (i.e., except for the corresponding share in the changes resulting from the remeasurement of the net liabilities or net assets of the defined benefit plans of the acquiree accounted for under the equity method, which is transferred to current investment income).

In the consolidated financial statements, the equity interest in the acquiree held before the purchase date is remeasured at the fair value of the equity interest at the purchase date, and the difference between the fair value and its carrying amount is recognized as investment income in the current period; if the equity interest in the acquiree held before the purchase date involves other comprehensive income, the other comprehensive income related to it should be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree (i.e., except for the corresponding share in the remeasurement of the net liabilities or net assets of the defined benefit plan accounted for under the equity method, the rest is transferred to investment income in the current period to which the purchase date belongs).

## 6. Preparation of Consolidated Financial Statements

☒Applicable   ☐Not applicable

### (1) Scope of consolidation

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control means that the Company has power over the investee, enjoys a variable return 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 that return. The scope of consolidation includes the Company and all of its subsidiaries. Subsidiaries, which are subjects controlled by the Company.

The Company will reassess once changes in relevant facts and circumstances result in a change in the relevant elements involved in the above definition of control.

( 2 ) Methodology for the preparation of consolidated financial statements

The Company begins to include subsidiaries in the scope of consolidation from the date it obtains effective control over their net assets and production and operating decisions; it ceases to include them in the scope of consolidation from the date it loses effective control. For subsidiaries disposed of, the operating results and cash flows before the date of disposal have been appropriately included in the consolidated income statement and the consolidated statement of cash flows; the opening balance sheet of the consolidated balance sheet is not adjusted for subsidiaries disposed of in the current period. The results of operations and cash flows after the acquisition date of subsidiaries added by a business combination not under common control have been appropriately included in the consolidated income statement and the consolidated statement of cash flows, and the opening and comparative figures of the consolidated financial statements are not adjusted. The results of operations and cash flows from the beginning of the period of consolidation to the date of consolidation for the subsidiaries added by business combinations under common control and the parties consolidated under absorption have been appropriately included in the consolidated income statement and the consolidated statement of cash flows, and the comparative figures of the consolidated financial statements are adjusted at the same time.

In preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary are not consistent with those of the Company, the necessary adjustments are made to the financial statements of the subsidiary in accordance with the Company's accounting policies and accounting periods. For subsidiaries acquired through business combinations not under common control, adjustments are made to their financial statements based on the fair value of identifiable net assets at the date of purchase.

All significant intra-company balances, transactions and unrealized profits are eliminated in the preparation of the consolidated financial statements.

The shareholders' equity of subsidiaries and the portion of net profit or loss for the period that is not owned by the Company are presented separately in the consolidated financial statements under shareholders' equity and net income as minority interests and minority gains or losses, respectively. Minority interests in net profit or loss of subsidiaries for the period

The minority's share of equity is presented in the consolidated income statement under the item of net income as "minority interests". If the minority's share of losses of a subsidiary exceeds the minority's share of the subsidiary's equity at the beginning of the period, the minority's equity is still eliminated.

When control over the original subsidiary is lost due to the disposal of a portion of the equity investment or for other reasons, the remaining equity interest 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 share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase in proportion to the original shareholding, is recognized as investment income in the period in which control is lost. Other comprehensive income related to the equity investment in the original subsidiary is accounted for at the time of loss of control using the same basis as the direct disposal of the related assets or liabilities by the acquirer (i.e., except for the changes resulting from the remeasurement of the net liabilities or net assets of the defined benefit plan in that original subsidiary, which are transferred to investment income in the current period). Subsequently, subsequent measurement of this portion of the remaining equity interest is made in accordance with the relevant provisions of "ASBE No. 2 - Long-term Equity Investments" or "ASBE No. 22 - Recognition and Measurement of Financial Instruments", as described in Note V.21 to this "Long-term equity investments" or "Financial instruments" in Note V.10.

If the Company disposes of its equity investment in a subsidiary through multiple transactions in stages until it loses control, it is necessary to distinguish whether each transaction for the disposal of equity investment in a subsidiary until it loses control is a package transaction. The terms, conditions and economic effects of each transaction for the disposal of an equity investment in a subsidiary generally indicate that multiple transactions should be accounted for as a package transaction if: (i) the transactions are entered into at the same time or after taking into account their effects on each other; (ii) the transactions as a whole can achieve a complete business result; (iii) the occurrence of one transaction is dependent on the occurrence of at least one other (3) the occurrence of a transaction depends on the occurrence of at least one other transaction; (4) a transaction is not economical when viewed separately, but is economical when considered together with other transactions. If the transaction is not a package transaction, each of these transactions is classified as "partial disposal of long-term equity investments in subsidiaries without loss of control" (see Note 3.14) and "loss of control over the original subsidiary due to partial disposal of equity investments or other reasons" (see previous paragraph), respectively. (see previous paragraph for details) are accounted for under the principles applicable to them. If each transaction of the disposal of equity investment in a subsidiary until the loss of control is a package transaction, the transactions are accounted for as one disposal of a subsidiary and loss of control; however, 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 recognized together with the loss of control in the It is transferred to profit or loss in the period in which control is lost.

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

☐Applicable    ☒Not applicable

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

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

**9. Foreign currency operations and translation of foreign currency statements**

☒Applicable    ☐Not applicable

**(1) Foreign Currency Business**

Foreign currency transactions occurring in the Company are initially recognized and translated into the amount of the recorded local currency at the Bank of China translation rate announced by the Bank of China on the date of the transaction, except for foreign currency exchange operations occurring in the Company or transactions involving foreign currency exchange, which are translated into the amount of the recorded local currency at the exchange rate actually adopted.

At the balance sheet date, monetary items denominated in foreign currencies are translated using the spot exchange rate at the balance sheet date, and the resulting exchange differences, except for: 1) exchange differences arising from special borrowings in foreign currencies related to the acquisition and construction of assets eligible for capitalization are capitalized in accordance with the borrowing costs

(2) exchange differences on hedging instruments used to effectively hedge net investments in foreign operations (such differences are recognized in other comprehensive income until the net investment is disposed of) and (3) exchange differences arising from changes in the carrying amount of available-for-sale foreign currency monetary items other than amortized cost, other than those recognized in other comprehensive income, are recognized in profit or loss for the current period.

Non-monetary items measured in terms of historical cost in foreign currencies are still measured using the amount of the carrying amount in the local currency translated at the spot exchange rate at the date of the transaction. Non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date the fair value was determined. The difference between the translated amount in the carrying amount and the amount in the original carrying amount is treated as a change in fair value (including exchange rate changes) and recognized in current profit or loss or as other comprehensive income.

#### ( 2 ) Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date, and owner's equity items, except for "undistributed earnings", are translated using the spot exchange rate at the time of occurrence; income and expense items in the income statement are translated using the spot exchange rate at the date of occurrence of the transaction (usually refers to the middle rate of the current day's foreign exchange rate announced by the People's Bank of China, the same below). The income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction (usually the mid-price of the foreign exchange rate published by the People's Bank of China, the same below). Translation differences arising from the above translation of foreign currency financial statements are recognized as other comprehensive income. The translation of comparative financial statements is treated in accordance with the above provisions.

## 10. Financial Instruments

√Applicable

☐Not

applicable I.

Financial

instruments

A financial asset or a financial liability is recognized when the Company becomes a party to a financial instrument contract.

#### ( 1 ) Classification, recognition and measurement of financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets as follows: financial assets carried at amortized cost; financial assets at fair value through other comprehensive income; and financial assets at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. For financial assets at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial assets, the related transaction costs are recognized in the initial



recognition amount.

① Financial assets measured at amortized cost

The Company's business model for managing financial assets carried at amortized cost is to target the collection of contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the underlying borrowing and lending arrangements, i.e., the cash flows generated on a specific date are solely payments of principal and interest based on the principal amount outstanding. The Company uses the effective interest rate method for such financial assets, which are subsequently measured at amortized cost, and gains or losses arising from their amortization or impairment are recognized in profit or loss for the current period.

② Financial assets at fair value through other comprehensive income

The Company's business model for managing such financial assets is to both collect the contractual cash flows and sell them, and the contractual cash flow characteristics of such financial assets are consistent with the underlying borrowing and lending arrangements. The Company measures such financial assets at fair value and the changes are recognized in other comprehensive income, except for impairment losses or gains, foreign exchange gains or losses and interest income calculated under the effective interest rate method, which are recognized in profit or loss for the current period.

In addition, the Company designates some of its investments in non-trading equity instruments as financial assets at fair value through other comprehensive income. The Company recognizes the dividend income related to such financial assets in current profit or loss and the changes in fair value in other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings and is not recognized in profit or loss for the current period.

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

The Company classifies financial assets other than financial assets at amortized cost and financial assets at fair value through other comprehensive income as described above as financial assets at fair value through profit or loss. In addition, upon initial recognition, the Company designates some financial assets as financial assets at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches. For such financial assets, the Company uses fair value for subsequent measurement, and changes in fair value are recognized in current profit or loss.

## (2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss, and for other financial liabilities, the related transaction costs are recognized in their initial recognition amounts.

### ① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss on initial recognition.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and changes in fair value are recognized in current profit or loss, except when they relate to hedge accounting.

For financial liabilities designated as at fair value through profit or loss, changes in fair value arising from **changes in the Company's own credit risk are recognized in** other comprehensive income, and upon derecognition of the liability, the cumulative changes in fair value arising from changes in its own **credit** risk included in other comprehensive income are transferred to retained earnings. The remaining changes in fair value are recognized in profit or loss. If the treatment of the effect of changes in the financial liabilities' own credit risk as described above would result in or enlarge the accounting mismatch in profit or loss, the Company recognizes all gains or losses on the financial liabilities (including the amount of the effect of changes in the enterprise's own credit risk) in profit or loss for the current period.

### ② Other financial liabilities

Financial liabilities other than those arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets and financial guarantee contracts are classified as financial liabilities measured at amortized cost and are subsequently measured at amortized cost, with gains or losses arising from derecognition or amortization recognized in profit or loss for the current period.

## (3) Basis of recognition and measurement of transfer of financial assets

A financial asset is derecognized when one of the following conditions is met: ① The contractual rights to receive cash flows from the financial asset cease;

② The financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferor; ③ The financial asset is transferred and the enterprise relinquishes control over the financial asset although it neither transfers nor retains

substantially all the risks and rewards of ownership of the financial asset.

If an enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset and does not relinquish control over the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the related liability accordingly. The extent of continuing involvement in the transferred financial asset is the level of risk to which the enterprise is exposed as a result of changes in the value of the financial asset.

If the conditions for derecognition are met for the transfer of a financial asset as a whole, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received for the transfer and the cumulative amount of changes in fair value originally recognized in other comprehensive income is recognized in profit or loss for the current period.

When a partial transfer of a financial asset satisfies the derecognition condition, the carrying amount of the transferred financial asset is apportioned between the derecognized and unrecognized portions at their relative fair values, and the difference between the sum of the consideration received for the transfer and the cumulative amount of changes in fair value that should be apportioned to the derecognized portion that was previously recognized in other comprehensive income and the previously apportioned carrying amount is recognized in profit or loss for the current period. For financial assets sold using the recourse method or transferred by endorsement of the financial assets held by the Company, the Company is required to determine the financial

Whether substantially all the risks and rewards of ownership of the asset have been transferred. If substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferring party, the financial asset is derecognized; if substantially all the risks and rewards of ownership of the financial asset have been retained, the financial asset is not derecognized; if neither substantially all the risks and rewards of ownership of the financial asset have been transferred nor retained, the

Continue to determine whether the enterprise retains control over the asset and account for it in accordance with the principles described in the preceding paragraphs.

#### ( 4 ) Derecognition of financial liabilities

If the present obligation of a financial liability (or a portion thereof) is discharged, the Company derecognizes the financial liability (or the portion thereof) If the Company (the borrower) enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from those of the original financial liability, the original financial liability is derecognized and a new financial liability is recognized at the same time. If the Company materially modifies the contractual terms of the original financial liability (or part thereof), the original financial liability is derecognized and a new financial liability is recognized at the same time in accordance with the modified terms.

If a financial liability (or a portion thereof) is derecognized, the Company recognizes the difference between its carrying amount and the consideration paid (including non-cash assets transferred or liabilities assumed) in profit or loss for the current period.

#### ( 5 ) Offsetting of financial assets and financial liabilities

When the Company has a legal right to offset the recognized amounts of financial assets and financial liabilities, and such legal right is currently enforceable, and the Company plans to settle the financial assets and settle the financial liabilities on a net basis or simultaneously, the financial assets and financial liabilities are presented in the balance sheet at their net amounts after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting each other.

#### ( 6 ) Methodology for determining the fair value of financial assets and financial liabilities

Fair value is the price that market participants would receive to sell an asset or pay to transfer a liability in an orderly transaction occurring on the measurement date. If an active market exists for a financial instrument, the Company uses quoted prices in the active market to determine its fair value. Quoted prices in active markets are prices that are readily and regularly available from exchanges, brokers, industry associations, pricing services, etc., and that represent market transactions that actually occur at arm's length. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions conducted by familiar and voluntarily trading parties, reference to current fair values of other financial instruments that are substantially the same, discounted cash flow methods, and option pricing models. 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 the transaction of the relevant asset or liability, and gives preference to relevant observable inputs whenever possible. Where relevant observable inputs are unavailable or impractical to obtain, unavailable inputs are used.

#### ( 7 ) Equity Tools

An equity instrument is a contract that evidences ownership of the Company's residual interest in the assets after deducting all liabilities. The Company issues

(including refinancing) repurchase, sale or cancellation of equity instruments are treated as changes in equity, and transaction costs associated with equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

Dividends (including "interest" from instruments classified as equity instruments) distributed during the life of the Company's equity instruments are treated as an appropriation of earnings.

## II. Impairment of financial instruments

The financial instruments subject to impairment loss recognition are financial assets measured at amortized cost (including receivables), investments in debt instruments measured at fair value through other comprehensive income, and lease receivables, which mainly include notes receivable, accounts receivable, other receivables, debt investments, other debt investments, and long-term receivables. In addition, for some financial guarantee contracts, provision for impairment and recognition of credit impairment loss should also be made in accordance with the accounting policies described in this section.

### ( 1 ) Method of recognition of impairment allowance

The Company provides for impairment and recognizes credit impairment losses for each of the above items on the basis of expected credit losses in accordance with its applicable expected credit loss measurement method.

Credit losses represent the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the Company, discounted at the original effective interest rate, which is the present value of all cash shortages. In particular, for financial assets purchased or originated by the Company that are credit impaired, they should be discounted at the credit-adjusted effective interest rate of the financial assets.

The general method of measuring expected credit losses is that the Company assesses at each balance sheet date whether the credit risk of a financial asset has increased significantly since initial recognition, and if the credit risk 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 asset; if the credit risk 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. The Company considers all reasonable and substantiated information, including forward-looking information, in assessing expected credit losses.

For financial instruments with low credit risk at the balance sheet date, the Company has elected to measure the allowance for losses based on expected credit losses over the next 12 months assuming that the credit risk has not increased significantly since initial recognition.

#### ( 2 ) Criteria for determining whether credit risk has increased significantly since initial recognition

The credit risk of a financial asset increases significantly if the probability of default over the expected life of the financial asset determined at the balance sheet date is significantly higher than the probability of default over the expected life of the financial asset determined at initial recognition. Except for special circumstances, the Company uses the change in the risk of default occurring within the next 12 months as a reasonable estimate of the change in the risk of default occurring over the entire duration to determine whether the credit risk has increased significantly since initial recognition.

#### ( 3 ) Assessing expected credit risk on a portfolio basis

The Company evaluates credit risk for individual notes receivable, accounts receivable and other receivables that have significantly different credit risks and have the following characteristics. For example, receivables that are in dispute with the counterparty or involved in litigation or arbitration; notes and receivables that have clear indications that the debtor is likely to be unable to meet its repayment obligations, etc.

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

#### ( 4 ) Accounting for impairment of financial assets

At the end of the period, the Company calculates the expected credit loss for each class of financial assets and recognizes the difference as an impairment loss if the expected credit loss is greater than the carrying amount of its current impairment allowance, or as an impairment gain if the difference is less than the carrying amount of its current impairment allowance.

#### ( 5 ) Methodology for determining credit losses on financial assets

For financial assets that are individually evaluated for credit risk, the Company elects to always measure the allowance for losses at an amount equal to the expected credit loss over the life of the asset.

The Company classifies financial assets that are not individually assessed for credit impairment into different portfolios based on their credit risk characteristics:

① Basis for determining the portfolio of credit risk characteristics

Proj ects	Basis for determining the portfolio
Portfolio 1 (ageing portfolio)	In addition to accounts receivable and other receivables for which the allowance for losses has been measured separately, the Company bases the expected credit losses on a portfolio of accounts receivable with similar credit risk characteristics by ageing segment that are the same or similar in prior years basis, considering forward-looking information, to determine the allowance for losses
Portfolio 2 (portfolio of very low credit risk financial assets)	Notes receivable and other receivables with very low credit risk as measured by expected credit losses

② When credit risk assessment is implemented on a portfolio basis, the allowance for losses on financial assets is recognized based on the structure of the financial asset portfolio and similar credit risk characteristics (the debtor's ability to repay the amount owed under the terms of the contract), combined with historical default loss experience and current economic conditions and consideration of forward-looking information, and the expected credit losses are measured on an expected duration basis.

Provision for losses for different combinations of measurements:

Proj ects	Accrual Method
Portfolio 1 (ageing portfolio)	Expected duration
Portfolio 2 (portfolio of very low credit risk financial assets)	Expected duration

(iii) The expected credit loss rates for each portfolio are presented as follows: Portfolio 1 (aged portfolio):

Expected credit loss rate

Age of acco unts	Expected credit loss ratio on accounts receivable (%)	Expected credit loss ratio of other receivables (%)
Within 1 year (including 1 year, the same below)	0.5	0.5
1-2 years	5	5
2-3 years	10	10
3-4 years	30	30
4-5 years	50	50
More than 5 years	100	100

Portfolio 2 (portfolio of financial assets with very low credit risk): Combining historical default loss experience with current economic conditions and considering forward-looking information, the expected credit loss rate is 0.

## 11. Notes receivable

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

√Applicable □ Not applicable

For related accounting policies, please refer to 10.



## **12. Accounts Receivable**

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

✓Applicable ☐ Not applicable

For related accounting policies, please refer to 10.

## **13. Receivables financing**

✓Applicable ☐ Not applicable

For related accounting policies, please refer to 10.

## **14. Other receivables**

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

✓Applicable ☐ Not applicable

For related accounting policies, please refer to 10.

## 15. Inventory

☒Applicable   ☐Not applicable

### ( 1 ) Classification of inventories

Inventories mainly include raw materials, work-in-process, packaging, low-value consumables, and inventory goods.

### ( 2 ) Inventory acquisition and issuance valuation methods

Inventories are initially measured at cost when acquired, including purchase cost, processing cost and other costs. Inventories are accounted for under the planned cost method when they are claimed and issued, and material cost differences are adjusted at the end of the month based on actual costs; production costs are accounted for using the step-by-step method of gradual carryforward; inventory goods are issued at standard cost and cost differences are apportioned at the end of the month; and low-value consumables are amortized using the lump-sum method.

### ( 3 ) Measurement of closing inventories

At the balance sheet date, inventories are measured at the lower of cost or net realizable value. If the cost of inventories is higher than their net realizable value, a provision for decline in value of inventories is recorded in profit or loss for the current period.

Net realizable value is the estimated selling price of inventory in the ordinary course of activities, less the estimated costs to be incurred to completion, estimated selling expenses and related taxes. In determining the net realizable value of inventories, the determination is based on conclusive evidence obtained, taking into account the purpose for which the inventories are held and the effect of post-balance sheet events.

Provision for decline in value of inventories is made for the difference between the cost of individual inventory items and their net realizable value. For inventories with large quantities and low unit prices, provision for decline in value of inventories is made by category of inventories.

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 ) The inventory system for inventories is perpetual inventory system.

## 16. Contract Assets

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

✓Applicable ☐ Not applicable

In a contract between the Company and a customer, the Company is entitled to receive the contract price for the goods and related services that have been transferred to the customer, while at the same time assuming the performance obligation to transfer the goods or services to the customer. When the customer actually pays the contract consideration or before the consideration is due and payable, the enterprise has transferred the goods or services to the customer, the right to receive the consideration for the transferred goods or services should be presented as a contract asset and recognized as an account receivable or long-term receivable when the unconditional right to receive the consideration is obtained.

In the Company's contracts with customers, the Company is entitled to receive contractual consideration before it has transferred goods or services to the customer, while at the same time presenting the obligation to transfer goods or services to the customer for which consideration has been received or is receivable as a contractual liability. A contract liability is recognized as revenue when the Company fulfills its obligation to transfer goods or provide services to the customer.

The Company presents contract assets and contract liabilities under the same contract on a net basis.

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

☐Applicable ☒Not applicable

**17. Assets held for sale**

☒Applicable ☐ Not applicable

If a non-current asset in its current condition is available for immediate sale only under customary terms for the sale of such assets, the Company has resolved to dispose of the non-current asset, has entered into an irrevocable transfer agreement with the transferee, and the transfer will be completed within one year, the non-current asset is accounted for as a non-current asset held for sale and is not depreciated or amortized from the date it is classified as held for sale. They are measured at the lower of book value or fair value less costs of disposal. Non-current assets held for sale include individual assets and disposal groups. A disposal group includes goodwill created in a business combination if the disposal group is an asset group as defined in ASU No. 8 - Impairment of Assets and goodwill acquired in a business combination is allocated to the asset group in accordance with the provisions of that standard, or if the disposal group is an operation within an asset group.

Assets in the individual non-current assets and disposal groups classified as held for sale are presented separately in the current assets section of the balance sheet; liabilities related to transferred assets in the disposal groups classified as held for sale are presented separately in the current liabilities section of the balance sheet.

When an asset or disposal group is classified as held for sale but subsequently ceases to meet the conditions for recognition as a noncurrent asset held for sale, the Company ceases to classify it as held for sale and measures it at the lower of (1) the carrying amount of the asset or disposal group before it was classified as held for sale, adjusted for the depreciation, amortization or adjusted for impairment, and (2) the recoverable amount at the date of the decision not to sell.

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

☐Applicable ☒Not applicable

**19. Other debt investments**

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

☐Applicable ☒Not applicable

**20. Long-term receivables**

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

☐Applicable ☒Not applicable

## 21. Long-term equity investments

√Applicable ☐ Not applicable

Long-term equity investments referred to in this section are long-term equity investments in which the Company has control, joint control or significant influence over the investee. Long-term equity investments in which the Company does not have control, joint control or significant influence over the investee are accounted for as financial assets at fair value through profit or loss, the accounting policies of which are described in Note V.10 "Financial Instruments."

Joint control, which refers to the control shared by the Company over an arrangement in accordance with the relevant agreement, and where the relevant activities of the arrangement can be decided only with the unanimous consent of the participants sharing the control. Significant influence means that the Company has the power to participate in decision-making over the financial and operating policies of the investee, but does not control or share control with other parties over the formulation of those policies.

### (1) Initial measurement

#### ① Long-term equity investments resulting from business combinations

For long-term equity investments acquired in a business combination under common control, the initial investment cost of the long-term equity investment is determined by the share of the ownership interest in the consolidated financial statements of the ultimate controlling party at the date of consolidation. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital surplus; if capital surplus is not sufficient to offset the difference, retained earnings is adjusted. If equity securities are issued as consideration for a merger, the difference between the initial investment cost and the aggregate nominal value of the shares issued is adjusted to capital surplus; if capital surplus is not sufficient to offset the difference, the difference is adjusted to retained earnings. The difference between the initial investment cost and the par value of the shares issued is adjusted to capital surplus. If the equity interest of the party under the same control is acquired in stages through multiple transactions, resulting in a business combination under the same control, it should be treated as a "package transaction" or not: if it is a "package transaction", each transaction should be treated as a single transaction to acquire control. If the transaction is a "package transaction", each transaction will be accounted for as a transaction to obtain control. If the transaction is not a "package transaction", the initial investment cost of the long-term equity investment is based on the share of the book value of the ownership interest in the ultimate controlling party in the consolidated financial statements at the date of consolidation, and the initial investment cost of the long-term equity investment is the same as the

book value of the long-term equity investment before the consolidation plus the book value of further acquisition of shares at the date of consolidation. The difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before consolidation and the book value of the consideration paid for the acquisition of further shares at the date of consolidation is adjusted to capital surplus; if capital surplus is not sufficient to offset the difference, retained earnings is adjusted. Other comprehensive income recognized for equity investments held prior to the date of consolidation that are accounted for under the equity method or as financial assets at fair value through other comprehensive income is not yet accounted for.

Directly related costs incurred for the business combination, including audit fees, appraisal fees and legal service fees, are recognized in profit or loss as incurred.

For long-term equity investments acquired in a business combination not under common control, the long-term equity investment is accounted for as long-term equity investment at the date of purchase at the cost of the combination.

The initial cost of investment in a business combination includes the sum of the assets paid, liabilities incurred or assumed, and the fair value of equity securities issued by the purchaser. If the acquisition of the equity interest of the acquiree is made in several transactions in stages, which eventually form a business combination not under the same control, it should be treated separately whether it is a "package transaction" or not: if it is a "package transaction", each transaction is treated as a transaction to obtain control. If it is a "package transaction", each transaction will be accounted for as a control transaction. If the transaction is not a "package transaction", the initial investment cost of the long-term equity investment accounted for under the cost method is the sum of the book value of the equity investment in the investee plus the cost of the new investment. The equity interest previously held is accounted for as a "package transaction".

If accounted for by the equity method, the related other comprehensive income is not accounted for for the time being.

Intermediary fees such as auditing, legal services, appraisal and consulting, and other related administrative expenses incurred by the merging parties or the purchaser for the business combination are charged to current profit or loss as incurred.

Long-term equity investments other than those resulting from business combinations are initially measured at cost, which is determined, depending on the method of acquisition, by the actual cash purchase price paid by the Company, the fair value of equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or original carrying amount of the assets exchanged in a non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. The fair value of the long-term equity investment is determined by the fair value of the long-term equity investment itself. Costs, taxes and other necessary expenses directly related to the acquisition of long-term equity investments are also included in the cost of investments. For additional investments that enable significant influence or joint control over the investee but do not constitute control, the cost of the long-term equity investment is the sum of the fair value of the original equity investment held plus the cost of the additional investment as determined in accordance with ASBE No. 22, "Recognition and Measurement of Financial Instruments".

## ( 2 ) Subsequent measurement

Long-term equity investments in which the Company has joint control (except for those that constitute joint operators) or significant influence over the investee are accounted for using the equity method. In addition, the Company's financial statements use the cost method to account for long-term equity investments that enable it to exercise control over the investee.

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

When the cost method of accounting is adopted, long-term equity investments are carried at initial investment cost, and the cost of long-term equity investments is adjusted for additional or recovered investments. Except for cash dividends or profits declared but not yet paid included in the actual price or consideration paid for the investment, current investment income is recognized on the basis of entitlement to cash dividends or profits declared by the investee.

### ② Long-term equity investments accounted for under the equity method

When the equity method of accounting is adopted, if the initial investment cost of a long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the share of the fair value of the identifiable



net assets of the investee at the time of investment, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted.

Under the equity method of accounting, investment income and other comprehensive income are recognized in accordance with the investee's share of net profit or loss and other comprehensive income, respectively, and the carrying value of long-term equity investments is adjusted; the carrying value of long-term equity investments is reduced accordingly to the extent of the investee's share of profits or cash dividends declared by the investee; the carrying value of long-term equity investments is adjusted for changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution, For changes in the ownership interest of the investee other than net profit or loss, other comprehensive income and profit distribution, the carrying value of the long-term equity investment is adjusted and recognized as capital surplus. In recognizing the share of net profit or loss of the investee, the fair value of each identifiable asset of the investee at the time the investment is acquired is used as the basis for recognition, after adjusting the net profit of the investee. If the accounting policies and accounting periods adopted by the investee are different from those of the Company, the financial statements of the investee are adjusted in accordance with the Company's accounting policies and accounting periods, and investment income and other comprehensive income are recognized accordingly. For transactions between the Company and its affiliates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction gains or losses are offset in proportion to the percentage of enjoyment that is attributable to the Company, and investment gains or losses are recognized on this basis. However, unrealized internal transaction losses incurred by the Company and the investee that are attributable to impairment losses on the assets transferred are not offset. If the assets invested by the Company in a joint venture or an associate constitute a business, and the investor thus acquires a long-term equity investment but does not obtain control, the fair value of the business invested is used as the initial investment cost of the new long-term equity investment, and the difference between the initial investment cost and the carrying amount of the business invested is recognized in full in profit or loss for the current period. The Company's investment in joint ventures

If the assets sold by the Company from its subsidiaries or associates constitute a business, the difference between the consideration received and the carrying value of the business is recognized in full in profit or loss for the period. If the assets acquired by the Company from its associates and joint ventures constitute a business, they are accounted for in accordance with the provisions of ASBE No. 20, "Business Combinations", and the full amount of transaction-related gains or losses is recognized.

In recognizing the share of net loss incurred by an investee, the carrying value of long-term equity investments and other long-term interests that substantially constitute a net investment in the investee are written down to zero. In addition, if the Company has an obligation to assume additional losses of the investee, it recognizes a projected liability for the expected obligation to be assumed, which is included in the current investment loss. If the investee achieves net profit in a subsequent period, the Company resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

#### (iii) Acquisition of minority interests

In preparing the consolidated financial statements, the difference between the additional long-term equity investment resulting from 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 percentage of the additional shareholding is adjusted to capital surplus, and if capital surplus is not sufficient to offset the difference, retained earnings are adjusted.

#### ④ Disposal of long-term equity investments

In the consolidated financial statements, if the parent company partially disposes of its long-term equity investments in subsidiaries without loss of control, the difference between the disposal price and the entitlement to the net assets of the subsidiaries corresponding to the disposal of the long-term equity investments is recorded in shareholders' equity; if the parent company partially disposes of its long-term equity investments in subsidiaries resulting in the loss of control over the subsidiaries, it is treated in accordance with the relevant accounting policies described in Note V.6 hereto. For long-term equity investments disposed of under other circumstances, the difference between the book value and the actual acquisition price of the disposed equity is recorded as

The Company's profit and loss is recognized in the current period.

For long-term equity investments accounted for using the equity method, if the remaining equity interest after disposal is still accounted for using the equity method, the portion of other comprehensive income originally recognized in owners' equity is accounted for at the time of

disposal on the same basis as the direct disposal of the related assets or liabilities by the investee in proportion to the corresponding percentage. Owner's equity recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution is carried forward to current profit or loss on a proportionate basis.

For long-term equity investments accounted for under the cost method, if the remaining equity interest after disposal is still accounted for under the cost method, other comprehensive income recognized as a result of accounting under the equity method or the Financial Instruments Recognition and Measurement Guideline prior to the acquisition of control over the investee is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee and is carried forward to current profit or loss on a pro rata basis; changes in owner's equity other than net profit or loss, other comprehensive income and profit or loss recognized as a result of accounting under the equity method are carried forward to current profit or loss on a pro rata basis. Changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution recognized in the net assets of the investee as a result of the adoption of the equity method of accounting are carried forward proportionately to the current period's profit or loss.

If the Company loses control over an investee due to the disposal of a portion of its equity investment, the remaining equity interest after the disposal is able to exercise joint control or significant influence over the investee when preparing the individual financial statements is accounted for under the equity method, and the remaining equity interest is adjusted as if it had been accounted for under the equity method since its acquisition; if the remaining equity interest after the disposal is unable to exercise joint control or significant influence over the investee, it is accounted for in accordance with the relevant provisions of the Guidelines on Recognition and Measurement of Financial Instruments. The difference between the fair value and the carrying amount at the date of loss of control is recognized in profit or loss for the current period. For other comprehensive income recognized as a result of the adoption of the equity method of accounting or the standard on recognition and measurement of financial instruments before the Company gained control over the investee, the same basis of accounting as that used for the direct disposal of the related assets or liabilities of the investee is used when control over the investee is lost, and the other comprehensive income recognized in the net assets of the investee as a result of the adoption of the equity method of accounting, other than net profit or loss, other comprehensive income and Changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution are accounted for on the basis of the loss of control over the investee.

The balance is carried forward to current profit or loss when control over the investee is lost. Of which, if the remaining equity interest after disposal is accounted for under the equity method, other comprehensive income and other owners' equity are carried forward proportionately; if the remaining equity interest after disposal is accounted for under the recognition and measurement of financial instruments standard instead, other comprehensive income and other owners' equity are carried forward in full.

If the Company loses joint control or significant influence over an investee as a result of the disposal of a portion of its equity investment, the remaining equity interest after disposal is accounted for in accordance with the Criteria for Recognition and Measurement of Financial Instruments instead, and the difference between its fair value and carrying amount at the date of loss of joint control or significant influence is recognized in profit or loss for the period. Other comprehensive income recognized as a result of the adoption of the equity method of accounting for the former equity investment 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 owner's equity recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution is transferred to current investment income upon the termination of the equity method of accounting.

If the Company disposes of its equity investments in subsidiaries through multiple transactions until it loses control, each transaction is accounted for as a disposal of an equity investment in a subsidiary and loss of control, and the difference between the disposal price and the carrying value of the long-term equity investment corresponding to the equity interest disposed of prior to the loss of control is first recognized as other comprehensive income and then transferred to profit or loss in the period in which control is lost. The difference between the disposal price and the book value of the long-term equity investment before the loss of control is first recognized as other comprehensive income and then transferred to the profit or loss for the period in which control is lost.

## **22. Investment properties**

### **(1). If the cost measurement**

#### **model is used: Depreciation**

or amortization method

Investment properties are real estate held to earn rent or for capital appreciation, or both. Includes land that has been leased

The right to use, land use rights held and intended to be transferred after appreciation, and

buildings that have been leased out, etc. Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if it is probable that the economic benefits associated with the asset will flow and its cost can be measured reliably. Other subsequent expenditures are recognized in profit or loss as incurred.

The Company uses the cost model for subsequent measurement of investment properties and depreciates or amortizes them in accordance with policies consistent with those for buildings or land use rights.

Investment properties are stated at the lower of cost or recoverable amount at the balance sheet date, and if the recoverable amount is less than cost, a provision for impairment is made for the difference between the two. If the value of an investment property for which provision for impairment has been made is restored, the provision for impairment made in prior periods is not reversed.

Investment properties are derecognized when they are disposed of, or permanently withdrawn from use, and no economic benefits are expected from their disposal. Proceeds from disposal of investment properties that are sold, transferred, scrapped or destroyed, net of their carrying amounts and related taxes, are recognized in profit or loss in the current period.

## **23. Fixed**

**assets (1).**

**Recognitio**

**n**

**conditions**

✓Applicable ☐ Not applicable

Fixed assets are tangible assets held for the production of goods, provision of services, rental or operation management with a useful life of more than one fiscal year. The Company's fixed assets are classified as buildings and structures, machinery and equipment, transportation equipment, auxiliary equipment and office equipment.

## (2). Depreciation Method

√Applicable ☐ Not applicable

Category	Depreciation Method	Depreciable life (years)	Residual Value Rate	Annual depreciation rate
Houses and Buildings	Annual averaging method	30	4%	3.20%

Fixed assets are initially measured at cost and taking into account the effect of expected abandonment cost factors. Fixed assets are depreciated over their useful lives using the average annual method starting from the month after they reach their intended useable condition. The useful lives, estimated net salvage values and annual depreciation rates of various types of fixed assets are shown in the table above. Estimated net salvage value is the amount that the Company currently obtains from the disposal of a fixed asset, net of estimated disposal costs, assuming that the asset has reached the end of its estimated useful life and is in its expected condition at the end of its useful life.

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

√Applicable ☐ Not applicable

A finance lease is a lease that transfers substantially all the risks and rewards associated with the ownership of an asset, the ownership of which may or may not ultimately be transferred. Fixed assets leased under finance leases are depreciated using policies consistent with those for owned fixed assets. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is charged over the useful life of the leased asset; if it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is charged over the shorter of the lease term and the useful life of the leased asset.

## (4) Other notes

Subsequent expenditures related to fixed assets are included in the cost of the fixed assets and the carrying amount of the replaced part is derecognized if it is probable that the economic benefits associated with the fixed assets will flow and their cost can be measured reliably. Subsequent expenditures other than these are recognized in profit or loss as incurred.

The difference between disposal proceeds from the sale, transfer, scrapping or destruction of fixed assets, net of their book value and related taxes, is recognized in profit or loss for the current period.

The Company reviews the useful lives, estimated net salvage values and depreciation methods of fixed assets at least at the end of the year, and treats any changes as changes in accounting estimates.

## **24. Construction in progress**

☒Applicable   ☐Not applicable

( 1 ) Type of construction in progress

The construction in progress is accounted for by the classification of standing projects.

( 2 ) Criteria and timing for carrying forward construction-in-progress to fixed assets

Construction in progress is recorded as the value of fixed assets based on all expenditures incurred to construct the asset before it reaches its intended useable state. This includes construction costs, the original cost of machinery and equipment, other necessary expenses incurred to bring the construction in progress to its intended useable state, and the cost of construction work in progress.

The Company recognizes the borrowing costs incurred for the project and the borrowing costs incurred for the general borrowing occupied before the asset reaches its intended useable condition. The Company transfers construction in progress to fixed assets when the installation or construction is completed and reaches its intended useable state. Fixed assets that have reached their intended useable state but have not yet been finalized are transferred to fixed assets at their estimated value from the date they reach their intended useable state, and are depreciated in accordance with the Company's depreciation policy for fixed assets, and the original provisional estimated value is adjusted to the actual cost after the finalization of the project, but not the original depreciation. The depreciation amount is not adjusted.

( 3 ) Impairment test method and impairment provision method for construction in progress

The Company determines at the end of each period whether there is any indication that construction in progress may be impaired.

The recoverable amount of construction in progress is estimated if there is an indication of impairment. If there is an indication that a construction in progress may be impaired, the enterprise estimates the recoverable amount of the construction in progress on the basis of a single construction in progress. If it is difficult for an enterprise to estimate the recoverable amount of a single construction-in-progress, the recoverable amount of the asset group to which the construction-in-progress belongs is determined on the basis of the asset group.

The recoverable amount is determined as the higher of the fair value of construction in progress less costs of disposal and the present value of estimated future cash flows from construction in progress.

When the recoverable amount of construction in progress is less than its carrying amount, the carrying amount of construction in progress is written down to its recoverable amount, and the written down amount is recognized as impairment loss on construction in progress and charged to current profit or loss, together with a corresponding provision for impairment of construction in progress.

Once an impairment loss on construction in progress is recognized, it is not reversed in subsequent accounting periods.

## 25. Borrowing Costs

☒Applicable   ☐Not applicable

( 1 ) Recognition principle and capitalization period for capitalization of borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition or production of assets eligible for capitalization begin to be capitalized when the expenditure on the assets has been incurred, the borrowing costs have been incurred, and the acquisition or production activities necessary to bring the assets to their intended use or saleable condition have commenced; capitalization ceases when the assets constructed or produced that are eligible for capitalization reach their intended useable or saleable condition. The remaining



borrowing costs are recognized as expenses in the period in which they are incurred.

During the capitalization period, all exchange differences on special borrowings in foreign currencies are capitalized; exchange differences on general borrowings in foreign currencies are recognized in current profit or loss.

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.

If there is an unusual interruption in the acquisition or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs is suspended until the acquisition or production of the asset resumes.

( 2 ) Calculation of the amount of borrowing costs capitalized

The interest expense actually incurred in the period for special borrowings is capitalized, less the interest income earned on the unused borrowed funds deposited in banks or the investment income earned on temporary investments; the amount capitalized for general borrowings is determined by multiplying the weighted-average amount of asset expenses in excess of the portion of accumulated asset expenses for special borrowings by the capitalization rate of the general borrowings occupied. The capitalization rate is determined based on the weighted-average interest rate of general borrowings.

**26. Biological Assets**

☐Applicable    ☒Not applicable

**27. Oil and gas assets**

☐Applicable    ☒Not applicable

**28. Right-of-use assets**

☒Applicable    ☐ Not applicable

**( 1 ) Conditions for recognition of right-to-use assets**

The Company's right-to-use assets are the rights of the Company as a lessee to use the leased assets during the lease term.

Right-of-use assets are initially measured at cost at the inception date of the lease term. 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, net of the amount related to the lease incentives taken, if any; the initial direct costs incurred by the Company as lessee; and the costs expected to be incurred by the Company as lessee to disassemble and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the condition agreed under the terms of the lease Costs The Company, as the lessee, recognizes and measures the cost of dismantling and restoration in accordance with ASBE No. 13, "Contingencies". Subsequent adjustments are made for any remeasurement of the lease liability.

**( 2 ) Depreciation method for right-of-use assets**

The Company uses the straight-line method to record depreciation. If the Company, as the lessee, is able to obtain ownership of the leased asset at the end of the lease term with reasonable certainty, depreciation is provided over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset.

**29. Intangible assets****(1). Valuation methods, useful life, impairment testing**

☒Applicable    ☐ Not applicable

Intangible assets are identifiable non-monetary assets that are not in physical form and are owned or

controlled by the Company.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of the intangible assets if it is probable that the related economic benefits will flow to the Company and their cost can be measured reliably. Expenditures for items other than these are charged to current profit or loss as incurred.

Acquired land use rights are usually accounted for as intangible assets. For self-developed buildings such as plants, the related land use right expenses and building construction costs are accounted for as intangible assets and fixed assets, respectively. In the case of outsourced buildings and structures, the relevant prices are allocated between land use rights and buildings, and if it is difficult to allocate them reasonably, all of them are treated as fixed assets.

Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method on an average basis from the time they become available for use.

Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with finite useful lives are reviewed and treated as a change in accounting estimate if there is a change. In addition, the useful lives of intangible assets with indefinite useful lives are reviewed, and if there is evidence that the intangible asset will provide economic benefits to the enterprise for a foreseeable period, its useful life is estimated and amortized in accordance with the amortization policy for intangible assets with finite useful lives.

Impairment testing method and provision for impairment of intangible assets

For intangible assets with definite useful lives, impairment tests are performed at the end of the period if there is an obvious indication of impairment. For intangible assets with indefinite useful lives, impairment tests are performed at the end of each period.

Intangible assets are tested for impairment and their recoverable amounts are estimated. The recoverable amount is determined as the higher of the fair value of the intangible asset, less costs of disposal, and the present value of the estimated future cash flows from the intangible asset.

When the recoverable amount of an intangible asset is less than its carrying amount, the carrying amount of the intangible asset is written down to its recoverable amount, and the amount written down is recognized as impairment loss on intangible assets and charged to current profit or loss, together with a corresponding provision for impairment of intangible assets.

After an impairment loss on an intangible asset is recognized, the depreciation or amortization expense of the impaired intangible asset is adjusted accordingly in future periods so that the adjusted carrying amount of the intangible asset (net of estimated net residual value) is apportioned systematically over the remaining useful life of the intangible asset.

Once an impairment loss on an intangible asset is recognized, it is not reversed in subsequent accounting periods.

If there is an indication that an intangible asset may be impaired, the Company estimates the recoverable amount of the intangible asset on an individual basis. If it is difficult for the company to estimate the recoverable amount of a single asset, the recoverable amount of the intangible asset group is determined on the basis of the asset group to which the intangible asset belongs.

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

✓Applicable ☐ Not applicable

Expenditures for the Company's internal research and development projects are classified as research stage expenditures and development stage expenditures. Research stage expenditures are charged to current profit or loss as incurred.

Expenditures in the development stage are recognized as intangible assets if both of the following conditions are met, and expenditures in the development stage that cannot meet the following conditions are recognized in current profit or loss:

- (i) It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② have the intent to complete the intangible asset and use or sell it;
- (iii) The manner in which the intangible asset will generate economic benefits, including the ability to demonstrate the existence of a market for the product produced using the intangible asset or the existence of a market for the intangible asset itself, and the ability to demonstrate the usefulness of the intangible asset if it will be used internally;
- ④ have sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset;
- ⑤ The expenditure attributable to the development phase of 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.

### **30. Impairment of long-lived assets**

☐Applicable    ☒Not applicable

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

☒Applicable    ☐Not applicable

Long-term amortization is an expense that has been incurred but should be borne by the reporting period and subsequent periods and is apportioned over a period of more than one year. Long-term amortization is amortized on a straight-line basis over the period of expected benefit.

### **32. Contractual Liabilities**

#### **(1). Method of recognition of contract liabilities**

☒Applicable    ☐Not applicable

In a contract between the Company and a customer, the Company is entitled to receive the contract price for the goods and related services that have been transferred to the customer, while at the same time assuming the performance obligation to transfer the goods or services to the customer. When the customer actually pays the contract consideration or the enterprise has transferred the goods or services to the customer before the consideration is due and payable, the right to receive the consideration for the transferred goods or services should be presented as a contract asset and recognized as an account receivable or long-term receivable when the unconditional right to receive the consideration is obtained. In contracts between the Company and its customers, the Company is entitled to receive the contractual consideration before transferring the goods or services to the customer, while at the same time, the obligation to transfer the goods or services to the customer for the consideration received or receivable is presented as a contractual liability. A contract liability is recognized as revenue when the Company fulfills its obligation to transfer goods or provide services to the customer. The Company presents contract assets and contract liabilities under the same contract on a net basis.

### **33. Employee Compensation**

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

☒Applicable    ☐Not applicable

The Company's employee compensation mainly includes short-term employee compensation, post-employment benefits and termination benefits. Of which:

Short-term compensation mainly includes salaries, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, maternity insurance premiums, work injury insurance premiums, housing fund, labor union expenses and employee education expenses, and non-monetary benefits. The Company recognizes the actual short-term employee compensation incurred as a liability in the accounting period in which the employees render services to the Company and recognizes it as current profit or loss or the cost of related assets. Among them, non-monetary benefits are measured at fair value.

**(2). Accounting for post-employment benefits**√/Applicable   ☐Not applicable

Post-employment benefits consist mainly of defined contribution plans. The defined contribution plans mainly include basic pension insurance and unemployment insurance, and the corresponding contribution amounts are recognized in the cost of related assets or current profit or loss when incurred.

**(3). Accounting for Termination Benefits**√/Applicable   ☐Not applicable

If an employee's employment relationship is terminated prior to the expiration of the employee's employment contract, or if a proposal for compensation is made to encourage the employee to voluntarily accept a reduction in force, the Company recognizes a liability for employee compensation arising from termination benefits at the earlier of the termination plan or the proposed reduction in force, and the Company recognizes costs associated with the restructuring involving the payment of termination benefits, and recognizes the liability in profit or loss for the current period. The liability is recognized in profit or loss.

**(4). Accounting for other long-term employee benefits**☐Applicable   √/Not applicable**34. Lease liabilities**√/Applicable   ☐ Not applicable

For related accounting policies, see 42.

**35. Projected liabilities**√/Applicable   ☐Not applicable**( 1 ) Criteria for recognition of projected liabilities**

The Company recognizes a contingent obligation as a projected liability if the obligation associated with the contingent event also meets the following conditions:

- (i) The obligation is a present obligation assumed by the enterprise;
- ② the performance of the obligation is likely to result in an outflow of economic benefits from the enterprise;
- (iii) The amount of the obligation can be measured reliably.

**( 2 ) Measurement of projected liabilities**



The amount is the best estimate of the expenditures required to settle the projected liability. If a range of amounts exists for the required expenditures, the best estimate is determined as the average of the upper and lower amounts of the range; if a range of amounts does not exist for the required expenditures, the best estimate is determined as follows:

- ① When a contingency relates to a single item, the best estimate is determined by the most probable amount;
- ② When a contingency involves multiple items, the best estimate is determined based on various possible occurrences and their probabilities of occurrence.

( 3 ) If all or part of the expenditure required to settle a recognized projected liability is expected to be reimbursed by a third party or other parties, the amount of reimbursement is recognized separately as an asset only when it is virtually certain that it will be received. The amount of compensation recognized does not exceed the carrying amount of the liability recognized.

### **36. Share-based payment**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

### **38. Revenue**

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

☒Applicable ☐ Not applicable

The Company recognizes revenue when it has fulfilled its performance obligations under the contract, i.e., when the customer obtains control of the relevant goods or services. The acquisition of control of the relevant goods or services is defined as the ability to dominate the use of and derive substantially all of the economic benefits from the goods or services. If a contract contains two or more performance obligations, the Company apportions the transaction price to each individual performance obligation on the contract commencement date in proportion to the relative share of the individual selling price of the goods or services promised by each individual performance obligation. The Company measures revenue based on the transaction price apportioned to each individual performance obligation. The price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract, taking into account its past customary practice, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time

the relevant uncertainty is removed. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration over the term of the contract using the effective interest rate method.

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

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

( 3 ) The goods produced in the course of the Company's performance have irreplaceable uses and the Company is entitled to receive payment for the cumulative portion of performance completed to date throughout the term of the contract. For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance during that period, except where the progress of performance cannot be reasonably determined. The Company uses the output method or input method to determine the progress of performance, taking into account the nature of the goods or services. When the progress of performance cannot be reasonably determined, the Company recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

For performance obligations performed at a point in time, the Company recognizes revenue at the point in time when the customer obtains control of the related goods or services.

In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

- ( 1 ) The Company has the right to receive payment now for the goods or services, i.e. the customer has the obligation to pay now for the goods or services.
- ( 2 ) The Company has transferred legal ownership of the merchandise to the customer, i.e., the customer has legal ownership of the merchandise.
- ( 3 ) The Company has physically transferred the merchandise to the customer, i.e., the customer has taken physical possession of the merchandise.
- ( 4 ) The Company has transferred the principal risks and rewards of ownership of the goods to the customer, i.e., the customer has acquired the principal risks and rewards of ownership of the goods.
- ( 5 ) The customer has accepted the goods or services.
- ( 6 ) Other indications that the customer has acquired control of the commodity.

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

☐Applicable ☒Not applicable

**39. Contract Costs**

☒Applicable ☐ Not applicable

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

- ( 1 ) This cost is directly related to a current or anticipated contract.
- ( 2 ) This cost increases the resources available to the Company to meet its performance obligations in the future.
- ( 3 ) 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 contract acquisition costs as an asset. 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 that are amortized over a period of less than one year, the Company recognizes them in profit or loss as incurred.

If the carrying value of an asset related to contract costs is 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.

#### **40. Government Grants**

✓Applicable ☐ Not applicable

### (1) Type

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

### (2) Point of recognition of government grants

The Company recognizes government grants when it acquires monetary assets or non-monetary assets from the government at no cost, when the conditions attached to the government grants can be met and when the government grants can be received.

### (3) Measurement of government grants

Government grants that are monetary assets are measured at the amounts received or receivable. Government grants that are non-monetary assets are measured at fair value; if the fair value cannot be reliably obtained, they are measured at nominal amounts.

Government grants related to assets are recognized as deferred income and are recognized in profit or loss or reduced to the carrying amount of the related assets in accordance with a reasonable and systematic method over the useful life of the related assets. If the related assets are sold, transferred, scrapped or destroyed before the end of their useful lives, the unallocated balance of the deferred gain is transferred to profit or loss in the period when the assets are disposed of in a lump sum.

Government grants related to income, which are used to compensate for related expenses and losses in subsequent periods, are recognized as deferred income and charged to current profit or loss or reduced to related costs and expenses in the period in which the related expenses are recognized; those used to compensate for related expenses and losses already incurred are charged directly to current profit or loss or reduced to related costs and expenses.

Government grants that contain both asset-related and revenue-related components are separately accounted for by distinguishing the different components; if it is difficult to distinguish them, they are classified as a whole as revenue-related government grants.

Government grants related to the Company's ordinary activities are recorded in other income or offset against related costs and expenses in accordance with the substance of the economic operations; government grants not related to ordinary activities are recorded in non-operating income and expenses.

When a recognized government subsidy needs to be returned, if there is a related deferred revenue balance, the related deferred revenue carrying amount is reduced and the excess is charged to current profit or loss or (for asset-related government subsidy that is initially

recognized as a reduction of the carrying amount of the related asset) the carrying amount of the asset is adjusted; if it belongs to other cases, it is directly charged to current profit or loss.

#### **41. Deferred income tax assets / deferred income tax liabilities**

✓Applicable    ☐Not applicable

##### **( 1 ) Current income tax**

At the balance sheet date, current income tax liabilities (or assets) arising in the current and prior periods are measured at the amount of income tax expected to be paid (or refunded), calculated in accordance with the provisions of the tax laws. The taxable income on which the current income tax expense is based is calculated by adjusting the accounting profit before tax for the year accordingly in accordance with the relevant tax laws.

##### **( 2 ) Deferred income tax assets and deferred income tax liabilities**

Temporary differences arising from differences between the carrying amount of certain items of assets and liabilities and their tax bases, as well as differences between the carrying amount and tax bases of items not recognized as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax law, are adopted

Deferred income tax assets and deferred income tax liabilities are recognized using the balance sheet liability method.

in connection with the initial recognition of goodwill, and in connection with a business combination that is neither a business combination nor, when it occurs, affects accounting profit and taxable income (or deductible loss) arising from the initial recognition of an asset or liability in a transaction, the related deferred income tax liability is not recognized. In addition, deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The Company recognizes deferred income tax liabilities arising from all other taxable temporary differences, except for the exceptions mentioned above.

Deferred tax assets are not recognized for deductible temporary differences associated with the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor, when incurred, affect accounting profit or taxable income (or deductible losses). In addition, for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, if it is not probable that the temporary differences will reverse in the foreseeable future or it is not probable that taxable income will be available against which the deductible temporary differences can be utilized in the future, the related deferred tax assets are not recognized. Except for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

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 carried forward.

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 carrying amount of deferred tax assets is reviewed and 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 the future. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

( 3 ) Income tax expense



Income tax expense consists of current income tax and deferred income tax.

Current income taxes and deferred income taxes are recognized in other comprehensive income or owners' equity, except for current income taxes and deferred income taxes related to transactions and events recognized in other comprehensive income or recognized directly in owners' equity, and deferred income taxes arising from business combinations that adjust the carrying value of goodwill, which are recognized in current income or loss.

( 4 ) Offsetting of income taxes

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, the Company's current income tax assets and current income tax liabilities are stated at the net amount after offsetting.

When there is a legal right to settle current income tax assets and current income tax liabilities on a net basis, and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but in each future period in which the deferred income tax assets and liabilities are materially reversed, the taxable entities involved intend to settle current income tax assets and liabilities on a net basis. The Company's deferred tax assets and deferred tax liabilities are stated at the net amount after offsetting when the taxable entity intends to settle the current period's income tax assets and liabilities or to acquire the assets and settle the liabilities simultaneously.

**42. Leasing****(1). Accounting for operating leases**

☐Applicable    ☒Not applicable

**(2). Accounting treatment of finance leases**

☐Applicable    ☒Not applicable

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

☒Applicable    ☐ Not applicable

**( 1 ) Identification of the lease**

At the contract start date, the Company, as lessee or lessor, assesses whether the customer under the contract is entitled to substantially all of the economic benefits arising from the use of the identified assets during the period of use and has the right to dominate the use of the identified assets during that period of use. The Company determines that 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 of the identified assets for a certain period of time in exchange for consideration.

**( 2 ) The Company as the lessee**

At the inception date of the lease term, the Company recognizes right-of-use assets and lease liabilities for all leases, except for short-term leases and leases of low-value assets that are treated in a simplified manner.

Lease liabilities are initially measured at the present value of the lease payments outstanding at the inception date of the lease based on the interest rate embedded in the lease or the incremental borrowing rate. Lease payments include: fixed payments and substantially fixed payments, net of amounts related to lease incentives if lease incentives exist; variable lease payments that depend on an index or rate; the exercise price of a purchase option, provided that the lessee is reasonably certain that the option will be exercised; payments required to exercise the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; and payments based on the amount expected to be paid based on the residual value of the security provided by the lessee. Subsequent interest expense is calculated on the lease liability for each period of the lease term at a fixed periodic rate and is included in profit or loss for the current period. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss when they are actually incurred.

**Short-term lease**

Short-term leases are leases with a lease term of not more than 12 months at the commencement date of the lease term, except for leases that include an option to purchase.

The Company will calculate the lease payments for short-term leases on a straight-line basis or other systematic and reasonable basis for each period of the lease term.

It is included in the cost of the related assets or in profit or loss for the current period.

For short-term leases, the Company selects the above simplified treatment method for items that meet the conditions for short-term leases among the following asset types according to the category of the leased assets.

**Low value asset leasing**

A low-value asset lease is a lease with a value of less than \$40,000 when the single leased asset is a brand-new asset.

The Company recognizes the lease payments under low-value asset leases as the cost of the related assets or current profit or loss on a straight-line basis or other systematic and reasonable basis in each period of the lease term.

For low-value asset leases, the Company chooses to use the simplified treatment described above based on the specific circumstances of each lease.

( 3 ) The Company as lessor

When the Company acts as a lessor, leases that transfer substantially all the risks and rewards associated with the ownership of assets are recognized as finance leases, and leases other than finance leases are recognized as operating leases.

### **Finance Leasing**

Under finance leases, the Company accounts for the finance lease receivable at the net lease investment amount at the beginning of the lease term, which is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the beginning of the lease term discounted at the interest rate embedded in the lease. As a lessor, the Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company as lessor that are not included in the net lease investment measurement are recognized in profit or loss when they are actually incurred.

Derecognition and impairment of finance lease receivables are in accordance with AS 22 - "Recognition and Measurement of Financial Instruments" and

The accounting treatment is based on the provisions of AS 23 -

### **Transfer of Financial Assets. Operating Leases**

Rentals under operating leases are recognized in the Company's current profit or loss on a straight-line basis or other more systematic and reasonable method in each period of the lease term. Initial direct costs incurred in connection with operating leases should be capitalized and amortized over the lease term on the same basis as the recognition of rental income and recognized in profit or loss in the current period. Variable lease payments acquired in connection with operating leases that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred.

## **43. Other significant accounting policies and accounting estimates**

☒Applicable

☐Not applicable

(1) Impairment of

### assets

For non-current non-financial assets such as property, plant and equipment, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates, the Company determines at the balance sheet date whether there is an indication of impairment. If there is an indication of impairment, the recoverable amount is estimated and tested for impairment. Goodwill, intangible assets with indefinite useful lives and intangible assets that have not yet reached their useful lives are tested for impairment annually, regardless of whether there is an indication of impairment.

If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and an impairment loss is recorded. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of estimated future cash flows of the asset. The fair value of an asset is determined based on the agreed-upon price of the asset in an arm's-length transaction; if no sales agreement exists but an active market for the asset exists, the fair value is determined based on the buyer's bid for the asset; if no sales agreement and no active market for the asset exist, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees, related taxes, removal costs and direct costs incurred to bring the asset to a saleable condition in connection with the disposal of the asset. The present value of the expected future cash flows of an asset is determined by discounting the asset at an appropriate discount rate based on the expected future cash flows arising from its continuing use and eventual disposal. The provision for asset impairment is calculated and recognized on an individual asset basis, if it is difficult to determine the recoverable amount of an individual asset.

Where recovery is estimated, 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.

Goodwill that is separately presented in the financial statements is tested for impairment by apportioning the carrying amount of goodwill to the group of assets or combination of groups of assets that are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of the asset group or group of assets containing the apportioned goodwill is less than its carrying amount, a corresponding impairment loss is recognized. The amount of the impairment loss is reduced first by the carrying amount of the goodwill apportioned to the asset group or group of assets, and then by the carrying amount of each asset group or group of assets other than goodwill in proportion to its proportionate share of the carrying amount of each other asset group or group of assets.

Once the above impairment loss is recognized, the portion of the asset whose value can be restored is not reversed in subsequent periods.

(2) Discontinued operations

Discontinued operations means a component that meets one of the following conditions and that can be separately distinguished and has been disposed of by the Company or classified as held for sale: (i) the component represents a separate major business or a separate major operating area; and (ii) the component is part of an associated plan for the proposed disposal of a separate major business or a separate major operating area; (iii) The component is a subsidiary acquired exclusively for resale.

**44. Changes in significant accounting policies and accounting estimates (1).  
Changes in significant accounting policies**

√Applicable □ Not applicable

Content and reasons for changes in accounting policies	Approval Process	Remarks (Statement items that are significantly affected) name and amount)
<p>① Implementation of ASBE No. 14 - Revenue (revised 2017)</p> <p>The Ministry of Finance revised the Accounting Standards for Business Enterprises (ASBE) No. 1 in fiscal year 2017 No. 14 - Revenue ("New Revenue Standard")</p> <p>The Company has taken into account the actual situation except for the transportation cost in 2020</p> <p>The new revenue standard was implemented on January 1, 2012. According to the Ministry of Finance on</p> <p>Implementation of Accounting Standards for Business Enterprises issued on November 2, 2021</p> <p>Q&amp;A, the Company reported transportation costs as contract performance costs in operating costs effective January 1, 2021</p>	<p>Approved by the resolution of the eighth meeting of the tenth board of directors</p>	<p>Operating costs in the consolidated income statement for fiscal 2020 were 2,213,450,252.76 before adjustment and 2,297,582,159.01 after adjustment.</p> <p>Selling expenses in the consolidated income statement for fiscal 2020 were 120,535,265.53 before adjustment and 36,403,359.28 after adjustment.</p>

Other  
descripti  
ons None

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

□Applicable √Not applicable

**(3) Adjustments to the financial statements at the beginning of the year of first-time implementation of the new lease standard from 20 2 1**

√Applicable □ Not applicable

Consolidated  
Balance Sheet

Unit: YuanCurrency:RMB

Projects	December 31, 2020	January 1, 2021	Adjustments
<b>Current assets:</b>			
Monetary Funds	334,402,576.78	334,402,576.78	
Settlement Allowance			
Unwinding funds			
Financial assets held for trading			
Derivative financial assets			
Notes receivable	62,960,651.14	62,960,651.14	
Accounts Receivable	880,250,946.46	880,250,946.46	
Receivables financing	212,083,257.29	212,083,257.29	
Prepayments	16,853,940.43	16,843,558.78	-10,381.65
Premiums receivable			
Sub-insurance receivables			
Reserves for reinsurance contracts receivable			
Other receivables	6,545,977.06	6,545,977.06	
Of which: Interest receivable	24,011.27	24,011.27	
Dividend receivable			
Buy-back financial assets			
Inventory	419,132,586.13	419,132,586.13	
Contract Assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	6,685,615.72	6,685,615.72	
Total current assets	1,938,915,551.01	1,938,905,169.36	-10,381.65
<b>Non-current assets:</b>			
Issuance of loans and advances			
Debt Investment			
Other debt investments			
Long-term receivables			
Long-term equity investments			
Investments in other equity instruments			
Other non-current financial assets			
Investment properties	4,838,514.90	4,838,514.90	



Development Expenses			
Goodwill			
Long-term amortized expenses	909,061.85	909,061.85	
Deferred income tax assets	7,210,687.29	7,210,687.29	
Other non-current assets			
Total non-current assets	1,012,880,015.59	1,013,163,894.24	283,878.65
Total Assets	2,951,795,566.60	2,952,069,063.60	273,497.00
<b>Current liabilities:</b>			
Short-term borrowings			
Borrowing from the central bank			
Unwinding funds			
Trading financial liabilities			
Derivative financial liabilities			
Notes Payable	43,690,959.65	43,690,959.65	
Accounts Payable	107,452,062.74	107,452,062.74	
Receipts in advance	45,489.60	45,489.60	
Contractual Liabilities	588,624.00	588,624.00	
Sale of repurchased financial assets			
Deposit-taking and interbank deposits			
Securities trading agency			
Underwriting securities			
Employee compensation payable	45,990,108.51	45,990,108.51	
Taxes Payable	10,363,133.12	10,363,133.12	
Other payables	95,641,656.68	95,641,656.68	
Of which: Interest payable	993,000.69	993,000.69	
Dividends payable	4,986,525.50	4,986,525.50	
Fees and commissions payable			
Sub-insurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	362,120,000.00	362,244,579.80	124,579.80
Other current liabilities	73,994.97	73,994.97	-
Total current liabilities	665,966,029.27	666,090,609.07	124,579.80
<b>Non-current liabilities:</b>			
Reserve for insurance contracts			
Long-term borrowings	542,380,000.00	542,380,000.00	
Bonds Payable			
Of which: Preferred shares			
Perpetual Debt			
Lease liabilities		148,917.20	148,917.20
Long-term payables			
Long-term employee compensation payable			

Projected liabilities	927,839.78	927,839.78	
Deferred revenue	2,462,239.08	2,462,239.08	
Deferred income tax liabilities	43,958,713.40	43,958,713.40	
Other non-current liabilities			
Total non-current liabilities	589,728,792.26	589,877,709.46	148,917.20
Total liabilities	1,255,694,821.53	1,255,968,318.53	273,497.00
<b>Owner's equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)	340,000,000.00	340,000,000.00	

Other equity instruments			
Of which: Preferred shares			
Perpetual Debt			
Capital surplus	1,198,520.57	1,198,520.57	
Less: Treasury stock			
Other comprehensive income			
Specialized reserves			
Surplus reserves	147,646,931.10	147,646,931.10	
General risk allowance			
Undistributed earnings	517,773,445.98	517,773,445.98	
Equity attributable to owners of the parent company (Total (or shareholders' equity))	1,006,618,897.65	1,006,618,897.65	
Minority interests	689,481,847.42	689,481,847.42	
Owner's equity (or shareholders' rights) (Benefit) Total	1,696,100,745.07	1,696,100,745.07	
Liabilities and Owner's Equity (or Shareholders' equity) Total	2,951,795,566.60	2,952,069,063.60	273,497.00

Description of the adjustment of each project:

☐Applicable ☒Not applicable

Parent company  
balance sheet

Unit: YuanCurrency:RMB

Proj ects	December 31, 2020	January 1, 2021	Adjustmen ts
<b>Current assets:</b>			
Monetary Funds	5,599,718.19	5,599,718.19	
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts Receivable			
Receivables financing			
Prepayments	13,259.18	2,877.53	-10,381.65
Other receivables	293,193,964.00	293,193,964.00	
Of which: Interest receivable			
Dividend receivable	289,841,780.26	289,841,780.26	
Inventory			
Contract Assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets	298,806,941.37	298,796,559.72	-10,381.65
<b>Non-current assets:</b>			
Debt Investment			
Other debt investments	219 / 365		
Long-term receivables			
Long-term equity investments	461,359,439.24	461,359,439.24	
Investments in other equity			

Fixed Assets	36,759.34	36,759.34	
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets		283,878.65	283,878.65
Intangible assets			
Development Expenses			
Goodwill			
Long-term amortized expenses	87,211.72	87,211.72	-
Deferred income tax assets			
Other non-current assets			
Total non-current assets	461,483,410.30	461,767,288.95	283,878.65
Total Assets	760,290,351.67	760,563,848.67	273,497.00
<b>Current liabilities:</b>			
Short-term borrowings			
Trading financial liabilities			
Derivative financial liabilities			
Notes Payable			
Accounts Payable			
Receipts in advance			
Contractual Liabilities			
Employee compensation payable	3,450,807.40	3,450,807.40	
Taxes Payable	332,864.67	332,864.67	
Other payables	6,152,306.36	6,152,306.36	
Of which: Interest payable			
Dividends payable	4,986,525.50	4,986,525.50	
Liabilities held for sale			
Non-current liabilities due within one year		124,579.80	124,579.80
Other current liabilities			
Total current liabilities	9,935,978.43	10,060,558.23	124,579.80
<b>Non-current liabilities:</b>			
Long-term borrowings			
Bonds Payable			
Of which: Preferred shares			
Perpetual Debt			
Lease liabilities		148,917.20	148,917.20
Long-term payables			
Long-term employee compensation payable			
Projected liabilities			
Deferred revenue			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		148,917.20	148,917.20
Total liabilities	9,935,978.43	10,209,475.43	273,497.00
<b>Owner's equity (or shareholders' equity):</b>			
Paid-in capital (or share	340,000,000.00	340,000,000.00	

capital)			
Other equity instruments			
Of which: Preferred shares			
Perpetual Debt			

Capital surplus			
Less: Treasury stock			
Other comprehensive income			
Specialized reserves			
Surplus reserves	147,646,931.10	147,646,931.10	
Undistributed earnings	262,707,442.14	262,707,442.14	
Owner's equity (or shareholders' rights) (Gain) Total	750,354,373.24	750,354,373.24	
Liabilities and Owner's Equity (or Shareholders' equity) Total	760,290,351.67	760,563,848.67	273,497.00

Description of the adjustment of each project:

☐Applicable ☒Not applicable

#### (4).Note on retrospective adjustment of prior period comparative data for the first implementation of the new lease standard from 20 2 1

☐Applicable ☒Not applicable

#### 45. Other

☐Applicable ☒Not applicable

### VI. Taxes

#### 1. Main tax types and rates

Main tax types and tax rates

☒Applicable ☐ Not applicable

Taxes	Taxation basis	Tax rate
Value Added Tax	Taxable income is subject to output tax at the rates of 13%, 9% and 6%, and VAT is calculated on the difference after deducting the input tax allowed for the current period; taxable income The income is levied at a simple rate of 5% or 3%.	13%, 9%, 6%, 5%, 3%
Consumption tax		
Business tax		
City Maintenance and	5% and 7% of the actual turnover tax paid	5% 7%

If there are taxable entities with different corporate income tax rates, disclose the description of the situation

☐Applicable ☒Not applicable

#### 2. Tax Benefits

☐Applicable ☒Not applicable

#### 3. Other

☐Applicable ☒Not applicable

#### Notes to the

**Consolidated Financial  
Statements 1.**

☒Applicable   ☐Not applicable

Unit: Yuan   Currency: RMB

Proj ects	Closing balance	Opening balance
Cash on hand		
Bank deposits	279,183,650.72	325,533,886.85
Other monetary funds	46,412,545.68	8,868,689.93
Total	325,596,196.40	334,402,576.78
Of which: deposited abroad Total amount of the		

## Other notes

The ending balance of other monetary funds of \$46,412,545.68 is a security deposit, the use of which is restricted.

**2. Financial assets held for trading**

☐Applicable ☒Not applicable

**3. Derivative financial assets**

☐Applicable ☒Not applicable

**4. Notes receivable****(1). Presentation of notes receivable by category**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Bankers' Acceptances		
Commercial Acceptances	58,470,037.52	62,960,651.14

**(2). Notes receivable pledged by the Company at the end of the period**

☐Applicable ☒Not applicable

**(3). Notes receivable that have been endorsed or discounted by the Company and are outstanding at the balance sheet date at the end of the period**

☐Applicable ☒Not applicable

**(4). Notes that the Company transferred to accounts receivable at the end of the period due to the non-performance of the drawer**

☐Applicable ☒Not applicable

**(5). Disclosure by bad debt accrual method**

☐Applicable ☒Not applicable

Provision for bad debts is made on an individual basis:

☐Applicable ☒Not applicable

Provision for bad debts is made on a portfolio basis:

☐Applicable ☒Not applicable



If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐Applicable ☒Not applicable

**(6). Provision for bad debts**

☐Applicable ☒Not applicable

**(7). Actual write-off of notes receivable during the period**

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

**5. Accounts receivable**

**(1).**

**Disclosure by**

Unit: Yuan Currency: RMB

Ageing	Age of accounts	Closing book balance
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable		
Within 1 year		
Of which: Within 1 year subdivision		
Subtotal within 1 year		1,302,004,249.89
1 to 2 years		
2 to 3 years		
More than 3 years		
3 to 4 years		
4 to 5 years		
More than 5 years		76,320.00

**(2). Disclosure by bad debt****accrual method**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable		Closing balance				Opening balance				
Category	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Accrual ratio (%)		Amount	Proportion (%)	Amount	Accrual ratio (%)	
Allowance for bad debts by										

Provision for bad debts is made on an individual basis:

☐Applicable ☒Not applicable

Provision for bad debts is made on a portfolio basis:

☒ Applicable ☐ Not applicable

Combined accrual items: by aging item

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts Receivable	Provision for bad debts	Accrual rate (%)
Subtotal within 1 year	1,302,004,249.89	6,510,021.27	0.50
1 to 2 years			
2 to 3 years			
3 to 4 years			

Recognition criteria and description of bad debts by portfolio:

☐ Applicable ☒ Not applicable

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☒ Applicable ☐ Not applicable

For details, see Note V.11 "Financial instruments" related accounting policies

### (3). Provision for bad debts

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change for the period				Closing balance
		Accrual	Recovery or Transfer	Resale or Write-off	Other variations	

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Unit Name	Closing balance	As a percentage of the closing balance of accounts receivable	Closing balance of provision for bad debts
-----------	-----------------	---	--

Giti Tire (China) Investment Co.	495,585,415.83	38.06	2,477,927.08
BARAKA CONTRACTING & TRADING CO	7,078,002.87	0.54	35,390.01
FCA ITALY S.P.A.	3,336,800.95	0.26	16,684.00
ARABIAN SUPPLY CENTER W.L.L	595,171.08	0.05	2,975.86
Total	1,301,489,117.29	99.96	6,507,445.58

Other  
descripti  
ons None

#### (6). Derecognition of receivables due to transfer of financial assets

☐Applicable ☒Not applicable

#### (7). Transfer of accounts receivable and continued involvement in the amount of assets and liabilities formed

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

### 6. Receivables financing

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Notes receivable	55,204,848.73	212,083,257.29

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

☒Applicable ☐ Not applicable

Cate gory	Opening balance	Closing balance					
		Initial Cost	Int er es t A dj us tm en t W hol e	A cc ru ed int er es t Inf or ma tion	Cha nge s in fair valu e	Carrying value	Prov ision for imp airm ent

Notes receivable	212,083,257.29	55,204,848.73				55,204,848.73	
Total	212,083,257.29	55,204,848.73				55,204,848.73	

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐ Applicable ☒ Not applicable

Other notes:

☒ Applicable ☐ Not applicable

Financing of receivables endorsed or discounted at period end and not yet due at the balance sheet date

Projects	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank Acceptance	478,405,919.82	
Total	478,405,919.82	

## 7. Prepayments

### (1). Prepayments by ageing

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	30,324,866.03	79.41	16,565,795.71	68.03
1 to 2 years	311,375.22	0.82	7,550,408.05	31.00

Description of the reasons for the untimely settlement of prepayments with an age of more than one year and significant amounts:

Among the prepayments aged from 2 to 3 years, \$7,356,800.39 were prepayments to Chongqing Shanshe Chemical Co.

### (2). Top five prepayments with closing balances grouped by prepaid objects

☒Applicable ☐Not applicable

Unit Name	Closing balance	Total closing balance of prepayments as a percentage of Proportion of
Chongqing Shanshe Chemical Co.	7,356,800.39	19.27
Micro-Poise Measurement Systems, LLC	4,898,641.58	12.83
China National Petroleum Corporation Limited	4,737,261.31	12.41

Other notes

The prepayment to Chongqing Shanshe Chemical Co., Ltd. has been fully accrued for bad debt loss due to the serious credit risk of Chongqing Shanshe, and is currently in litigation stage, so the write-off has

Unit Name	231 / 365		Closing balance	
	Prepayments	Provision for bad debts	Expected	Reason for accrual

not been done yet.



Chongqing Shanshe Chemical Co.	7,356,800.39	7,356,800.39	100	Serious credit risk arises
Total	7,356,800.39	7,356,800.39	/	/

Other notes

☒Applicable ☐Not applicable

The prepayment balance at the beginning of the period was \$ 16,843,558.78 and the prepayment balance at the end of the previous year was \$16,853,940.43, the difference

10,381.65 was due to the adjustment of the opening financial statements for the first time implementation of the new lease standard.

8.

**Presentation  
of other  
receivable  
items**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
Interest receivable	137,831.56	24,011.27
Dividend receivable		
Other receivables	3,816,836.40	6,521,965.79

Other notes:

☐Applicable ☒Not applicable

**Interest receivable**

**(1). Classification of interest receivable**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Fixed Deposit	137,831.56	24,011.27
Entrusted Loan		
Bond Investment		

**(2). Important late interest**

☐Applicable ☒Not applicable

**(3). Provision for bad debts**

☐Applicable ☒Not applicable

Other

Description:  
None

**Dividend  
receivable  
(4).**

**Dividends  
receivable**

☐Applicable ☒Not applicable

**(5). Significant dividends receivable aged over 1 year**

□Applicable √Not applicable

**(6). Provision for bad debts**

□Applicable √Not applicable

Other Description: None

**Other  
receivables****(7).****Disclosure by**

Unit: Yuan Currency: RMB

Age of accounts	Closing book balance
Age of accounts	
Within 1 year	
Not applicable	
Of which: within 1 year subdivision	
Subtotal within 1 year	3,834,659.70
1 to 2 years	
2 to 3 years	1,500.00
More than 3 years	
3 to 4 years	
4 to 5 years	
More than 5 years	

**(8). Breakdown by****nature of**

Unit: Yuan Currency: RMB

Nature of payments	Closing book balance	Opening book balance
Web Hosting Fees	3,652,371.58	3,366,878.89
Personal Borrowing	82,146.96	301,384.00
Guarantee	1,500.00	1,500.00
Other	100,141.16	2,885,044.44

**(9). Provision for****bad debts**

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I	Phase II	Stage 3	Total
Expected credit losses for the next 12 months	Expected credit losses for the entire duration (without credit with impairment)	Expected credit losses for the entire duration (incurred credit with impairment)		
January 1, 2021 remaining forehead	32,841.54			32,841.54
January 1, 2021	32,841.54			32,841.54

--Turn back to the second stage				
--Turn back to the first stage				
Current accrual	1,567.46			1,567.46
Current period reversal	15,085.70			15,085.70
Current period reversal				
Current write-offs				
Other changes				
December 31, 2021 Balance	19,323.30			19,323.30

A description of significant changes in the carrying amount of other receivables for which changes in the allowance for losses occurred during the period:

☐Applicable ☒Not applicable

The amount of provision for bad debts for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instruments:

☐Applicable ☒Not applicable

#### (10). Provision for bad debts

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change for the period				Closing balance
		Accrual	Recapture or transfer	Write-offs or write-offs	Other changes	

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

☐Applicable ☒Not applicable

#### (11). Actual write-off of other receivables during the period

☐Applicable ☒Not applicable

#### (12). Top five other receivables with closing balances, grouped by party in arrears

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Unit Name	Nature of the payment	Closing balance	Age of accounts	As a percentage of the total ending balance of other receivables Proportion of number (%)	Closing balance of provision for bad debts
Giti Tire (China) Investment Capital Limited	Web Hosting Fees	3,652,371.58	236 / 365 Within 1 year	95.21	18,261.86

Staff 2	Employee Borrowing	30,000.00	Within 1 year	0.78	150.00
Total	/	3,834,509.70	/	99.96	19,172.54

**(13). Receivables involving government grants**

☐Applicable ☒Not applicable

**(14). Other receivables derecognized due to transfer of financial assets**

☐Applicable ☒Not applicable

**(1). Transfer of other receivables and continued involvement in the amount of assets and liabilities formed**

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

**9.****Inventory****(1).****Inventory**

Unit: Yuan Currency: RMB

Inventory classification	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories/contract performance costs Provision for impairment	Carrying value	Book balance	Provision for decline in value of inventories/contract performance costs Provision for impairment	Carrying value
Raw material	227,402,920.34	325,962.29	227,076,958.05	204,588,693.57	308,986.16	204,279,707.41
In production product	39,688,768.78		39,688,768.78	35,352,576.80		35,352,576.80

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

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Opening balance	Amount of increase for the period		Decrease for the period		Closing balance
		Accrual	Ot he r	Tran sfer back	Other	

Stock items	2,064,101.59	1,596,749.05				3,660,850.64
Turnaround materials						
Expendable biological assets						
Contract performance costs						
Total	2,373,087.75	1,613,725.18				3,986,812.93

**(3). Description of the closing balance of inventories containing the amount of capitalized borrowing costs**

☐Applicable ☒Not applicable

**(4). Description of the current amortization amount of contract performance costs**

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

**10. Contract assets (1).**

**Status of contract assets**

☐Applicable ☒Not applicable

**(2). Amount of and reasons for significant changes in the carrying value during the reporting period**

**(3). Provision for impairment of contract assets for the period**

☐Applicable ☒Not applicable

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

**11. Assets held for sale**

☐Applicable ☒Not applicable

**12. Non-current assets due within one year**

☐Applicable ☒Not applicable

Significant debt investments and other debt investments at the end of the period:

☐Applicable

☒Not applicable

Other

explanations

None

**13. Other current assets**√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proje cts	Closing balance	Opening balance
Input tax to be certified	906,397.80	171,900.89
Tax credits retained at the end of	19,573,284.17	6,513,714.83



Total	20,495,247.45	6,685,615.72
-------	---------------	--------------

Other  
descripti  
ons None

#### 14. Debt investments (1).

##### Debt investments

☐Applicable ☒Not applicable

#### (2). Significant debt investments at period end

☐Applicable ☒Not applicable

#### (3). Provision for impairment

☐Applicable ☒Not applicable

The amount of provision for impairment for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instrument

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

#### 15. Other debt investments (1).

##### Other debt investments

☐Applicable ☒Not applicable

#### (2). Significant other debt investments at the end of the period

☐Applicable ☒Not applicable

#### (3). Provision for impairment

☐Applicable ☒Not applicable

The amount of provision for impairment for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instrument

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

#### 16. Long-term receivables (1).

##### Long-term

**receivables**

☐Applicable ☒Not applicable

**(2). Provision for bad debts**

☐Applicable ☒Not applicable

The amount of the provision for bad debts for the period and the basis used to assess whether the credit risk of the financial instruments has increased significantly

☐Applicable ☒Not applicable

**(3). Long-term receivables derecognized due to transfer of financial assets**

□Applicable    ✓Not applicable

**(4). Transfer of long-term receivables and continued involvement in the amount of assets and liabilities formed**

□Applicable    ✓Not applicable

Other notes

□Applicable    ✓Not applicable

**17. Long-term equity investments**

□Applicable    ✓Not applicable

**18. Investments in other equity instruments (1).****Investments in other equity instruments**

□Applicable    ✓Not applicable

**(2). Investments in non-trading equity instruments**

□ Applicable

✓Not applicable

Other

Description:

□Applicable    ✓Not applicable

**19. Other non-current financial assets**

□ Applicable

✓Not applicable

Other

Description:

□Applicable    ✓Not applicable

**20. Investment properties**

Investment property measurement model

**(1). Investment properties using the cost measurement model**

Unit: Yuan    Currency: RMB

Proj ects	Houses, buildings	Land use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	8,453,266.45			8,453,266.45
2. Increase in the current period				
(1) Outsourcing				
(2) Inventory \ fixed assets \ in Transfer of construction work to	243 / 365			
(3) Increase in business combinations				
3. Decrease in the				

(1) Accrual or amortization	270,504.51			270,504.51
3. Decrease in the current period				
(1) Disposal				
(2) Other transfers out				
4. Closing balance	3,885,256.06			3,885,256.06
III. Provision for impairment				
1. Opening balance				
2. Increase in the current period				
(1) Accrual				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfers out				
4. Closing balance				
IV. Book value				
1. Closing book value	4,568,010.39			4,568,010.39
2. Opening book value	4,838,514.90			4,838,514.90

**(2). Status of investment properties without proper title certificates**

□Applicable

√Not applicable

Other

Description

□Applicable √Not applicable

**21.****Presentation****of fixed****assets items**

Unit: Yuan Currency: RMB

√Applicable □ Projects	Closing balance	Opening balance
Not applicable		
Fixed Assets	946,771,609.47	920,900,938.37
Fixed Assets Liquidation		

Other notes:

□Applicable

√Not applicable

**Fixed assets****(1). Fixed Assets**

√Applicable □

Unit: Yuan Currency: RMB

Project	Houses and Buildings	Machinery and equipment	Transportation	Office equipment	Auxiliary equipment	Total
I. Original book value:						
1. Beginning of the period Balance	576,819,422.41	2,293,029,212.47	24,007,095.98 244 / 365	15,421,961.98	484,460,206.58	3,393,737,899.42
2.						

(2) Trans fer of const ructio n in progr ess Enter	19,646,344.53	77,209,526.89	1,711,344.66	15,582,838.30	42,309.82	114,192,364.20
(3) Busin ess combi natio n incre ase Add						
3 · Decr ease for the perio d Amoun t		21,402,150.94	475,222.96	10,512.81	54,743,734.39	76,631,621.10
1) Dispo sal or Scrapp ed		21,402,150.94	475,222.96	10,512.81	54,743,734.39	76,631,621.10
4 · End of Term Balan ce	596,465,766.94	2,355,456,504.11	26,125,290.51	33,803,401.00	469,184,005.47	3,481,034,968.03
II. Accumulated depreciation						
1 · Begin ning of the period Balan ce	321,273,053.86	1,720,334,937.72	20,773,316.03	10,371,908.77	389,828,272.10	2,462,581,488.48
2 · Incre ase in the curre nt perio d	17,586,234.49	75,240,768.14	1,281,005.77	1,785,157.19	33,447,147.71	129,340,313.30

Amount						
1) Continuing mention	17,586,234.49	75,240,768.14	1,281,005.77	1,785,157.19	33,447,147.71	129,340,313.30
3 · Decrease for the period Amount		19,025,466.23	456,214.04	10,092.30	47,441,173.07	66,932,945.64
1) Disposal or Scrapped		19,025,466.23	456,214.04	10,092.30	47,441,173.07	66,932,945.64
4 · End of Term Balance	338,859,288.35	1,776,550,239.63	21,598,107.76	12,146,973.66	375,834,246.74	2,524,988,856.14
III. Provision for impairment						
1 · Beginning of the period Balance		10,253,238.49		2,234.08		10,255,472.57
2 · Increase in the current period Amount		351,572.90			27,337.90	378,910.80
1) Continuing mention		351,572.90			27,337.90	378,910.80

3 · Decrease for the period Amount		1,332,543.05			27,337.90	1,359,880.95
--	--	--------------	--	--	-----------	--------------

1) Disposal or Scrapped		1,332,543.05			27,337.90	1,359,880.95
4 . End of Term Balance		9,272,268.34		2,234.08		9,274,502.42
IV. Book value						
1 . End of period book Value	257,606,478.59	569,633,996.14	4,527,182.75	21,654,193.26	93,349,758.73	946,771,609.47
2 . Open ing balance of the period Value	255,546,368.55	562,441,036.26	3,233,779.95	5,047,819.13	94,631,934.48	920,900,938.37

**(2). Temporarily idle fixed assets**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Original book value	Accumulated depreciation	Provision for impairment	Carrying value	Remar ks
Machinery and equipment	47,218,056.00	38,575,656.96	6,753,676.74	1,888,722.30	
Transportation equipment	260,914.50	250,477.92		10,436.58	

**(3). Fixed assets leased through finance leases**☐Applicable √Not applicable**(4). Fixed assets leased out through operating leases**☐Applicable √Not applicable**(5). Fixed assets without proper title certificate**☐ Applicable √

Not applicable

Other

Description:

☐Applicable √Not applicable



**Fixed Assets Liquidation**

☐Applicable ☒Not applicable

**22.**

**Construction  
in progress  
items are  
listed**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Construction in progress	36,766,842.67	58,860,256.91
Engineering Materials		

Other notes:

☐Applicable ☒Not applicable**Construction in****progress****(1). Constructio**

n in progress		Closing balance			Opening balance		
		Book balance	Im pa ir m en t All	Carrying value	Book balance	Im pa ir m en t All	Carrying value
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable							

Unit: Yuan Currency: RMB

**(2). Changes in significant****construction-in-progress**

projects during the period				Unit: Yuan      Currency: RMB								
√Applicable   □ Not applicable												
Pr o j e c t N a m e	Budget	Ope ning bala nce	Amou nt of increa se for the period	Amoun t transfe rred to fixed assets during the period	Oth er decr eases duri ng the peri od	Clos ing bala nce	C u m u l a t i v e i n v e s t m e n t i n t h e p r o j e c t a s a p e r c e n t a g e o f t h e b u	Pr o j e c t P r o g r e s s	Accum ulated amoun t of interes t capitali zed	Of which: Amou nt of interes t capitali zed in the period	Cu rre nt inte rest cap itali zati on rate (%)	Fun ding Sour ces
				250 / 365								

**(3). Provision for impairment of construction in progress during the period**☐Applicable☒Not applicable

Other

explanations

☐Applicable ☒Not applicable**Engineering Materials****(4). Project material situation**☐Applicable ☒Not applicable**23. Productive biological assets****(1). Productive biological assets using the cost measurement model**☐Applicable ☒Not applicable**(2). Productive biological assets using the fair value measurement model**☐Applicable☒Not applicable

Other

explanations

☐Applicable ☒Not applicable**24. Oil and gas assets**☐Applicable ☒Not applicable**25. Right-to-use assets**☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Proj ects	House	Total
I. Original book value		
1. Opening balance	283,878.65	283,878.65
2. Increase in the current period		
3. Decrease in the current period		
4. Closing balance	283,878.65	283,878.65
II. Accumulated depreciation		
1. Opening balance		
2. Increase in the current period	113,551.44	113,551.44
(1) Accrual	113,551.44	113,551.44
3. Decrease in the current period		
(1) Disposal		
4. Closing balance	113,551.44	113,551.44
III. Provision for impairment		
1. Opening balance	251 / 365	
2. Increase in the current period		

1. Closing book value	170,327.21	170,327.21
2. Opening book value	283,878.65	283,878.65

Other notes:

The carrying value of the right-of-use asset at the beginning of the period was \$283,878.65 and the carrying value of the right-of-use asset at the end of the previous year was \$0. The difference

283,878.65 was due to the adjustment of the opening financial statements for the first time implementation of the new lease standard.

## 26. Intangible assets (1).

### Intangible assets

√Applicable    □Not applicable

Unit: Yuan    Currency: RMB

Proj ects	Land use rights	Patents	Generic Technolo gy Technique	Software	Total
I. Original book value					
1. Opening balance	33,825,758.75			1,050,000.00	34,875,758.75
2. Increase in the current period Amount				155,265.48	155,265.48
(1) Acquisition				155,265.48	155,265.48
(2) Internal research Hair					
(3) Business cooperatio n and add					
3. Decrease in the current period Amount					
(1) Disposal					
4. Closing balance	33,825,758.75			1,205,265.48	35,031,024.23
II. Accumulated amortization					
1. Opening balance	14,601,452.48	252 / 365		113,750.00	14,715,202.48
2. Increase in the current period	676,515.17			115,172.56	791,687.73

IV. Book value					
1. Closing accounts Value	18,547,791.10			976,342.92	19,524,134.02
2. Opening accounts Value	19,224,306.27			936,250.00	20,160,556.27

Intangible assets formed through in-house research and development as a percentage of the balance of intangible assets at the end of the period 0

**(2). The situation of land use rights without proper title certificate**

☐Applicable

☒Not applicable

Other

Description:

None

**27. Development Expenses**

☐Applicable ☒Not applicable

**28. Goodwill**

**(1). Original carrying amount of goodwill**

☐Applicable ☒Not applicable

**(2). Provision for impairment of goodwill**

☐Applicable ☒Not applicable

**(3). Information about the asset group or combination of asset groups in which the goodwill is located**

☐Applicable ☒Not applicable

**(4). Description of the goodwill impairment testing process, key parameters (e.g. projected period growth rate at present value of expected future cash flows, stabilization period growth rate, profit margin, discount rate, projection period, etc., if applicable) and the method of recognition of goodwill impairment loss**

☐Applicable ☒Not applicable

**(5). Impact of goodwill impairment testing**

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

**29. Long-term amortized expenses**

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Proj ects	Opening balance	Increase in the current <sup>253</sup> period forehead	Amortizatio n for the <sup>365</sup> period forehead	Other decrease amount	Closing balance
Finished tire tent	821,850.13		519,063.24		302,786.89

Other  
Description:  
None

**30. Deferred income tax assets/deferred income tax liabilities (1). Deferred income tax assets without offsetting**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable Projects	Closing balance		Opening balance	
	Deductible temporary Differences	Deferred income tax Assets	Deductible temporary Differences	Deferred income tax Assets
Provision for asset impairment	13,261,315.35	3,315,328.84	12,628,560.32	3,157,140.08
Unrealized profit on internal transactions				
Deductible losses				
Provision for credit	13 944 052 35	3 486 013 09	12 002 004 70	3 000 501 17

**(2). Deferred income tax liabilities without offsetting**

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable Projects	Closing balance		Opening balance	
	Taxable temporary differences different	Deferred income tax Liabilities	Taxable temporary differences different	Deferred income tax Liabilities
Asset evaluation of non-simultaneously controlled business combinations Valuation Value Added				

**(3). Deferred income tax assets or liabilities presented as net of offsetting**

☐ Applicable ☒ Not applicable

**(4). Details of unrecognized deferred income tax assets**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Deductible temporary differences	18,412.61	16,845.15
Deductible losses	57 840 404 40	50 004 000 40

~~(5). Deductible losses on unrecognized deferred income tax assets will expire in the following years~~

✓Applicable ☐ Not applicable



Unit: Yuan Currency: RMB

Year	End of period amount	Opening amount	Remarks
2020		8,129,918.55	
2021	14,219,642.58	14,219,642.58	
2022	9,448,048.50	9,448,048.50	
2023	9,854,328.87	9,854,328.87	
2024	9,747,180.50	9,747,180.50	
2025	7,282,803.49	7,282,803.49	
2026	6,667,400.49		

Other notes:

☐Applicable ☒Not applicable**31. Other non-current assets**☐Applicable ☒Not applicable
**32. Short-term borrowings (1).**  
**Classification of short-term borrowings**
☐Applicable ☒Not applicable**(2). Status of short-term loans that have been overdue**☐Applicable ☒Not applicable

The significant overdue short-term borrowings are as follows:

☐Applicable☒Not applicable

Other

Description

☐Applicable ☒Not applicable**33. Trading financial liabilities**☐Applicable ☒Not applicable**34. Derivative financial liabilities**☐Applicable ☒Not applicable**35. Notes****Payable (1).**
**Notes payable are presented**
☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance	Opening balance
Commercial acceptances	257 / 365	
Bank	284,172,600.64	12,600,050.65

Total notes payable that were due and unpaid at the end of the period were \$0.

**36. Accounts****Payable (1).****Accounts****payable are****presented**√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Payable for raw materials	400,644,197.19	107,452,062.74

**(2). Significant accounts payable aged over 1 year**☐ Applicable

√/Not applicable

Other

explanations

☐ Applicable √/Not applicable**37. Receipts in advance****(1). Presentation of pre-receivable items**√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Pre-paid rent	45,489.60	45,489.60

**(2). Significant receipts in advance aged over 1 year**☐ Applicable

√/Not applicable

Other

explanations

☐ Applicable √/Not applicable**38. Contract****liabilities (1).****Status of****contract****liabilities**√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Receipt of goods in advance	983,767.90	588,624.00

**(2). The amount of and reasons for significant changes in the carrying value during the reporting period**☐ Applicable √

Not applicable

Other

Description:

☐ Applicable ☒ Not applicable

**39. Employee  
compensation  
payable (1).  
Employee  
compensation  
payable is  
presented**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
----------	--------------------	-----------------------------------	----------------------------	--------------------

II. Post-employment benefits-Set up a withdrawal plan		32,138,331.10	32,067,105.60	71,225.50
III. Termination benefits				
IV. Expires within one year Other benefits				
Total	45,990,108.51	420,403,035.77	417,724,805.17	48,668,339.11

**(2). Presentation of short-term compensation**

Unit: Yuan Currency: RMB

term compensation plan	Opening balance	Increase in the current period	Decrease for the period	Closing balance
I. Wages, bonuses and allowances Subsidies and subsidies <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	45,379,150.32	343,994,002.33	341,380,894.29	47,992,258.36
II. Employee benefit costs	0	6,740,954.34	6,740,954.34	0
III. Social insurance premiums	57,819.40	15,129,379.92	15,141,183.32	46,016.00
Of which: medical insurance premiums	52,037.40	12,425,621.13	12,432,333.23	45,325.30
Worker's compensation insurance premiums	0	1,359,467.14	1,358,776.44	690.70
Maternity insurance premiums	5,782.00	1,344,291.65	1,350,073.65	0

**(3). Defined contribution plan**

Unit: Yuan Currency: RMB

plan presentation	Opening balance	Increase in the current period	Decrease for the period	Closing balance
1. Basic pension insurance <input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable		31,167,034.83	31,097,967.73	69,067.10
2. Unemployment insurance premiums		971,296.27	969,137.87	2,158.40

Other notes:

2021 Annual

☐ Applicable ☒ Not applicable

#### 40. Taxes and fees payable

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
Value Added Tax	317,530.64	179,081.38
Corporate Income Tax	3,611,137.91	7,110,436.37
Personal Income Tax	477,891.29	379,058.80
City Maintenance and Construction Tax	23,004.59	25,637.20
Property Tax	1,140,241.50	1,144,754.19
Land use tax	4,220,247.65	4,220,247.65

Education Fee Surcharge	16,653.95	89,008.58
Environmental Protection Tax	2,726.18	40,944.45
Total	6,995,707.55	10,363,133.12

Other

Description:

None

**41.****Presentation****of other****accounts****payable items**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Interest Payable	714,011.66	993,000.69
Dividends payable	5,072,699.98	4,986,525.50
Other payables	72,616,697.25	89,662,130.49

Other notes:

☐Applicable ☒Not applicable**Interest****payable (1).****Classified****presentation****n**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Interest on long-term loans with interest installments and principal repayment due Information	714,011.66	993,000.69
Corporate bond interest		
Interest payable on short-term		

Significant overdue interest status:

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable**Dividends****payable (2).****Classified**

**presentation**  
**n**

√/Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
Dividends on ordinary shares	5,072,699.98	4,986,525.50
Preferred shares classified as equity instruments \ Forever Continuing Debt Equity		



Dividends payable-XXX		
Dividends payable-XXX		
Total	5,072,699.98	4,986,525.50

Other notes, including significant dividends payable outstanding for more than one year, should disclose the reason for non-payment: None

## Other payables

### (1). Presentation of other payables by nature of payment

Unit: Yuan Currency: RMB

Projects √Applicable □ Not applicable	Closing balance	Opening balance
Equipment and Moulds	27,508,695.35	30,221,514.45
Guarantee	6,927,034.23	5,890,450.99
Repair and renovation	6,264,073.95	5,106,230.72
Technology Usage Fee		18,357,547.55
Other Fees	31,916,893.72	30,086,386.78

### (2). Significant other payables aged over 1 year

Unit: Yuan Currency: RMB

Projects √Applicable □ Not applicable	Closing balance	Reasons for non-reimbursement or carry-forward

Other notes:

□Applicable √Not applicable

## 42. Liabilities held for sale

□Applicable √Not applicable

## 43. Non-current liabilities due within 1 year

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Long-term loans due within 1 year	408,380,000.00	362,120,000.00
Bonds payable due within 1 year		
Long-term payables due within		

Other notes:

The balance of non-current liabilities due within one year at the beginning of the period was \$362,244,579.80 and the balance of non-current liabilities due within one year at the end of the previous year was

The difference of \$124,579.80 is due to the adjustment of the opening financial statements for the first time to implement the new lease standard.

**44. Other**  
**current**  
**liabilities** Other  
current liabilities

✓/Applicable    □/Not applicable

Unit: Yuan    Currency: RMB

Projects	Closing balance	Opening balance
Short-term bonds payable		
Returned goods payable		
VAT pending reversal	30,754.99	73,994.97

Increase or decrease in short-term bonds payable:

□/Applicable    ✓/Not applicable

Other notes:

□/Applicable    ✓/Not applicable

#### 45. Long-term borrowings

##### (1). Classification of long-term loans

✓/Applicable    □/Not applicable

Unit: Yuan    Currency: RMB

Projects	Closing balance	Opening balance
Pledged loans		
Collateralized Borrowing		
Guaranteed Borrowing	80,000,000.00	120,000,000.00
Credit Borrowing	218,750,000.00	422,380,000.00

Notes to the  
classification of long-  
term loans: None

Other notes, including interest rate bands:

□/Applicable    ✓/Not applicable

#### 46. Bonds payable (1). Bonds payable

□/Applicable    ✓/Not applicable

##### (2). Changes in bonds payable: (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

□/Applicable    ✓/Not applicable

##### (3). Description of the conversion conditions and conversion time of convertible corporate bonds

□/Applicable    ✓/Not applicable

##### (4). Description of other financial instruments classified as financial liabilities

Basic information of other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐Applicable ☒Not applicable

Statement of changes in financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐Applicable ☒Not applicable

Description of the basis for classifying other financial instruments as financial liabilities:

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

#### 47. Lease liabilities

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Closing balance	Opening balance
Lease payment amount	166,106.40	290,686.20
Unrecognized financing costs	-5,854.98	-17,189.20
Lease liabilities due within one	-119,162.66	-124,579.80

Other notes: (1) The opening balance of lease liabilities was \$148,917.20, while the closing balance of lease liabilities of the previous year was \$0, the difference

148,917.20 was due to the adjustment of the opening financial statements for the first time to implement the new lease standard; (2) Interest expense on lease liabilities in 2021

The amount of \$11,334.22 is included in finance costs - interest expense.

48.

#### Presentation of long-term payable items

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

#### Long-term payables

##### (1). Presentation of long-term payables by nature of payment

☐Applicable ☒Not applicable

#### Specialized accounts payable

##### (2). Presentation of special accounts payable by nature of payment

☐Applicable ☒Not applicable

#### 49. Long-term employee compensation payable

☐Applicable ☒Not applicable

#### 50. Projected liabilities

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Opening balance	Closing balance	Reasons for formation
	269 / 365		
External guarantees			
Pending Litigation			
Product Quality	927,839.78	1,093,750.85	

Loss-making contracts pending execution			
Returned goods payable			
Other			
Total	927,839.78	1,093,750.85	/

Other descriptions, including significant assumptions,  
estimates of significant projected liabilities: None

## 51. Deferred income

### Deferred

Unit: Yuan Currency: RMB

income					
Projects	Opening balance	Increase in the current period	Decrease for the period	Closing balance	Reasons for formation
√Applicable					
□Not applicable					

Projects involving  
government grants:

√Applicable □ Not

Unit: Yuan Currency: RMB

applicable

Liability items	Opening balance	Amount of new grants for the period	Included in non-operating income for the period Income amount	Amount charged to other income during the period	Other changes	Closing balance	Asset-related / and earnings Off
1. Radial tire technical reform Projects	764,607.78			33,123.81		731,483.97	Asset Related
2. Boiler energy-saving technology Change project	100,833.45			9,999.96		90,833.49	Asset Related
3. Primary molding machine	1,351,678.80			118,571.43		1,233,107.37	Asset Related

technic			2021 Annual				
al reform Projects							
4. Special funds for technological reform Gold Projects	245,119.05			20,714.28		224,404.77	Asset Related
Total	2,462,239.08			182,409.48		2,279,829.60	

Other notes:

☐Applicable ☒Not applicable

## 52. Other non-current liabilities

☐Applicable ☒Not applicable

## 53. Share Capital

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

	Opening balance	Increase or decrease in this change (+, I)					Closing balance
		Distrib	Share	Provid	Other	Subtot	

Total number of shares	340,000,000.00						340,000,000.00
------------------------	----------------	--	--	--	--	--	----------------

Other

Description:

None

#### 54. Other equity instruments

##### (1). Basic information of other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐Applicable ☒Not applicable

##### (2). Statement of changes in financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐Applicable ☒Not applicable

Changes in other equity instruments during the period, the reasons for the changes, and the basis for the related accounting treatment:

☐Applicable ☒Not applicable

Other notes.

☐Applicable ☒Not applicable

#### 55. Capital surplus

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
Capital premium (equity				

Other explanations, including changes in the current period and reasons for changes: None

#### 56. Inventory Unit

☐Applicable ☒Not applicable

#### 57. Other comprehensive income

☐Applicable ☒Not applicable

#### 58. Special reserve

☐Applicable ☒Not applicable

#### 59. Surplus reserves

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Opening balance	Increase in the current period	Decrease for the period	Closing balance
Legal reserve	147,646,931.10	272 / 365		147,646,931.10
Discretionary surplus				



Total	147,646,931.10			147,646,931.10
-------	----------------	--	--	----------------

Description of surplus reserves, including changes in the current period and reasons for the changes:

Legal reserve can be used to make up for the company's losses, expand the company's production and operation or increase the company's capital.

## 60. Undistributed earnings

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Issue	Prev ious perio d
Unallocated earnings at the end of the previous period before adjustment	517,773,445.98	492,947,472.14
Adjustment to total unappropriated earnings at the beginning of the period (increase +, minus -)		
Adjustment to unappropriated earnings at the beginning of the period	517,773,445.98	492,947,472.14
Add: Net attributable to owners of the parent company for the period	36,142,503.59	59,636,247.45

Adjustments to the opening unappropriated earnings breakdown:

1. The retroactive adjustment due to the ASBE and its related new regulations affected the opening unappropriated earnings by \$0.
2. Due to the change in accounting policy, it affected the opening unappropriated earnings by \$0.
3. As a result of the correction of significant accounting errors, the opening unappropriated earnings of the period was affected by \$0.
4. The change in the scope of consolidation due to the same control affected the opening unappropriated earnings by \$0
5. Other adjustments totaling \$0 affected the opening unappropriated earnings of the period.

## 61. Operating income and operating costs (1).

### Operating income and operating costs

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred		Prior Period Incurrence	
	Revenue	Cost	Revenue	Cost
Main Business	3,305,546,803.16	2,937,213,533.77	2,775,253,066.88	2,292,257,489.51

Other explanations: The amount of operating cost before adjustment was \$2,213,450,252.76 and the amount after adjustment was \$2,297,582,159.01 in the previous period.

The difference of \$84,131,906.25 is due to the adjustment of the Company's implementation of the new revenue standard.

**(2). of revenue generated by the contract**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Contract Classification	Fujian Jiatong	Total
Product Type		
Tires	3,305,546,803.16	3,305,546,803.16
Total	3,305,546,803.16	3,305,546,803.16
By region of operation		
Domestic	1,789,975,930.87	1,789,975,930.87
Export	1,515,570,872.29	1,515,570,872.29
Total	3,305,546,803.16	3,305,546,803.16
Classification by the time of commodity transfer		
Confirmation at a point in time	3,305,546,803.16	3,305,546,803.16
Confirmation at a certain point in time		
Total	3,305,546,803.16	3,305,546,803.16
Bv sales channel		

Description of revenue generated by the contract:

√Applicable ☐ Not applicable

The main business of the Company and its subsidiaries is the sale of goods, and revenue is recognized at the point when control of the goods is transferred.

**(3). Description of performance obligations**√Applicable ☐ Not applicable

Domestic sales: The point of transfer of control of the goods of the products is usually agreed in the sales contract between the Company and the domestic sales customer as the point at which the products are sent out and passed by the customer.

Upon acceptance by the customer, the Company recognizes sales revenue when the products are dispatched and confirmed by the customer.

Foreign sales: The sales contracts signed between the Company and its foreign sales customers usually stipulate that the point of transfer of control of the goods of the products is when the goods are loaded on board and leave the port, so the Company recognizes revenue from foreign sales when the goods leave the port.

**(4). Description of the apportionment to the remaining performance obligation**☐Applicable √Not applicable

Other Description: None

**62. Taxes and surcharges**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence
City Maintenance and Construction Tax	5,413,255.56	5,354,242.23
Education Fee Surcharge	4,154,025.33	3,824,458.73
Property Tax	4,560,965.97	4,579,016.76
Land use tax	5,424,270.60	5,424,270.60

Stamp duty	1,180,397.14	941,049.30
Environmental Protection Tax	80,263.69	117,372.10
Total	20,534,366.38	19,962,137.81

Other

Description:

None

### 63. Cost of sales

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Employee Expenses	32,644,934.17	28,519,430.59
Depreciation	1,478,717.14	994,192.75
Other	7,985,971.33	6,889,735.94

Other notes:

The amount of \$120,535,265.53 before adjustment and \$36,403,359.28 after adjustment of selling expenses in the prior period, the difference of \$84,131,906.25 is due to the implementation of the new revenue standard by the Company.

### 64. Overhead

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Employee Expenses	64,240,047.21	58,828,126.51
Depreciation	4,526,140.44	4,413,739.08
Technology Usage Fee	75,615,252.94	67,076,237.10
Repair Fee	1,010,062.51	669,836.54
Other	22,182,034.40	22,850,071.99

Other notes:

1. In FY2017, the Company entered into a research and development technology agreement with Anhui Jiatong Passenger Radial Tire Co.

After the expiration of the term of this agreement, this agreement shall continue to be effective if no objection is raised by both parties in writing. The Agreement stipulates that the Company shall pay the technology royalty to Anhui Jiatong for using its authorized research and development technology. The technology royalty shall be calculated by multiplying the sales revenue of the products benefited from the use of Anhui Jiatong's authorized R&D technology by the technology royalty rate.

2. Other mainly represents IT service expenses of \$4,277,089.27 for the year.

### 65. R&D expenses

√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence
Product trial research fee	185,700.57	835,263.22
Experimental test inspection fee	68,596.57	54,239.94

Product design fee		315,451.26
R&D staff costs	9,169,199.86	8,278,000.17
Depreciation	2,241,063.21	2,085,254.59
Other	1,805,007.57	1,057,147.17
Total	22,397,464.58	19,495,871.53

Other

Description:

None

**66. Finance costs**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Interest expense	30,352,399.15	42,374,196.43
Interest income	-2,792,201.91	-2,091,725.65
Foreign exchange gains and losses	16,080,364.60	70,872,345.57
Other	1,724,015.31	733,543.97

Other

Description:

None

**67. Other gains**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Government Grants	10,708,934.85	14,117,587.76
Decrease in input tax accrual	13,362.36	9,510.49
Withholding Fee Refund	44,514.92	90,756.87
Placement of retired soldiers tax relief	1,109,250.00	1,170,750.00
Other	26,424.62	

Other notes:

(1) Government grants included in other income

Category	This issue	Previous period	Asset-related / with earnings Off
1.Radial tire technical reform project	33,123.81	33,123.81	Asset Related
2. Boiler energy-saving technology improvement project	9,999.96	9,999.96	Asset Related
3. Primary molding machine technology improvement project	118,571.43	118,571.43	Asset Related
4. Special funds for technological reform projects	20,714.28	44,880.95	Asset Related
5. Road transport subsidies	279 / 365 830,050.00	1,171,700.00	Earnings

11. Job Stabilization Subsidy	494,082.39	914,810.31	Earnings Related
12. Industrial enterprises to resume work and production subsidy funds		555,040.00	Earnings Related
13. Industrial enterprises restructuring special subsidies		3,469,768.00	Earnings Related
14. Municipal-level enterprise technology center subsidies		100,000.00	Earnings Related
15. Key export industry transformation, upgrading and development Dedicated support funds	565,000.00	289,000.00	Earnings Related
16. Online monitoring of energy consumption of key energy-using units to supplement Financial Assistance		20,000.00	Earnings Related
17. Provincial energy-saving circular economy special block of funds Financial Assistance	300,000.00	400,000.00	Earnings Related
18. Enterprise vocational skills to improve funding subsidies		555,500.00	Earnings Related
19. Rongxinda premium support and financing discount	1,650,000.00	2,028,000.00	Earnings Related
20. BRICS import and export growth incentive payments		85,900.00	Earnings Related
21. Provincial import subsidies for interest-bearing projects		230,000.00	Earnings Related
22. Award for continuous production and stable employment during the Spring Festival Supplementary gold		3,258,000.00	Earnings Related
23. The first batch of work-for-training subsidies in 2020		42,000.00	Earnings Related
24. The absorption of poor people to work in cross-provincial subsidies	38,525.80	74,409.98	Earnings Related
25. Central air pollution prevention and control funds	1,080,400.00		Earnings Related
26. Key enterprises during the Spring Festival to increase production and efficiency awards Incentive funds	100,000.00		Earnings Related
27. Adjustment of urban land use differential management Financial incentive funds	706,900.00		Earnings Related
28. Production-oriented export enterprises to expand domestic sales market Incentive funds	2,839,000.00		Earnings Related
29. Industrial enterprise disaster relief funds	60,000.00		Earnings Related



30. Department of Commerce exchange rate subsidy	22,500.00		Earnings Related
31. Commerce Bureau of foreign trade development support funds	1,297,000.00		Earnings Related
Total	10,708,934.85	14,117,587.76	

**68. Investment income**

☐Applicable ☒Not applicable

**69. Net exposure to hedging gains**

☐Applicable ☒Not applicable

**70. Gain on changes in fair value**

☐Applicable ☒Not applicable

**71. Credit impairment losses**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence
Bad debt loss on notes receivable		
Bad debt losses on accounts receivable	-2,109,241.01	501,069.91
Bad debt losses on other receivables	12,518.24	22,011.20

Impairment loss on other debt investments		
Bad debt losses on long-term receivables		
Impairment loss on contract assets		
Impairment loss on prepaid accounts	152,107.66	
Total	-1,943,615.11	478,158.71

Other

Description:

None

**72. Impairment loss on assets**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
I. Bad debt losses		
II. Loss on decline in value of inventories and contract performance Impairment loss on capital	-1,613,725.18	616,957.55
III. Impairment loss on long-term equity investments		
IV. Impairment loss on investment properties		
V. Impairment loss on fixed assets	-378,910.80	-12,927,385.34
VI. Impairment loss of engineering materials		
VII. Impairment loss on construction in progress		

Other notes:

None

**73. Gain on disposal of assets**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Net gain on disposal of fixed	58,027.89	38,789.87

Other notes:

None

**74. Non-****operating****income Non-****operating**

income

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence	Included in non- recurring loss for the period
----------	----------------------------	----------------------------	--

Including: Gain on disposal of fixed assets	2,499,205.13	833,547.63	2,499,205.13
Gain on disposal of intangible assets			
Gain on exchange of non-monetary assets			
Donation Acceptance			
Government Grants			
Other	1,116,930.78	269,926.68	1,116,930.78
Total	3,616,135.91	1,103,474.31	3,616,135.91

Government grants recognized in current profit or loss

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

## 75. Non-operating expenses

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence	Included in non- recurring loss for the period Amount of benefits
Total loss on disposal of non-current assets	642,111.98	2,131,995.30	642,111.98
Including: Loss on disposal of fixed assets	642,111.98	2,131,995.30	642,111.98
Loss on disposal of intangible assets			

Other

Description:

None

## 76. Income tax expense (1).

### Income tax expense table

Unit: Yuan Currency: RMB

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Current Period Incurred	Prior Period Incurrence
Current income tax expense	17,353,053.57	30,820,869.24
Deferred income tax expense	8,910,522.84	10,602,746.28

## (2). Accounting profit and income tax expense adjustment

process

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred
Total profit	104,383,835.21
Income tax expense at statutory/applicable tax rates	26,095,958.80

Impact of non-taxable income	
Effect of non-deductible costs, expenses and losses	-370,592.72
Use of deductible losses on deferred tax assets not recognized in prior periods The impact of loss	
Deductible temporary nature of deferred tax assets not recognized in the current period Effect of differences or deductible losses	1,667,241.99
Income tax expense	26,263,576.41

Other notes:

☐Applicable ☒Not applicable

## 77. Other comprehensive income

☐Applicable ☒Not applicable

## 78. Cash flow statement items

### (1). Other cash received in connection with operating activities

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Interest income	2,792,201.91	2,091,725.65
Current payments	1,402,369.39	242,333.21
Government subsidy income	10,526,525.37	14,201,011.61

Description of other cash received in connection with operating activities: None

### (2). Other cash paid in connection with operating activities

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Cash paid for selling expenses and administrative expenses, etc.	123,371,092.05	99,252,317.85
Bank charges	1,692,335.31	733,543.97
Current payments	54,475,005.55	4,477,784.70

Description of other cash paid in connection with operating activities: None

### (3). Other cash received in connection with investing activities

☐Applicable ☒Not applicable

### (4). Other cash paid in connection with investing activities

☐Applicable ☒Not applicable

**(5). Other cash received in connection with financing activities**

□Applicable √Not applicable

**(6). Other cash paid in connection with financing activities**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Current Period Incurred	Prior Period Incurrence
Note Margin		7,950,683.18
Rent	130,808.76	

Description of other cash paid in relation to financing activities: None

**79. Supplementary Information to the Statement of Cash Flows (1).  
Supplementary information on the statement of cash flows**

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Additional Information	Amount for the period	Amount of previous period
<b>1. Reconciliation of net income to cash flows from operating activities:</b>		
Net Profit	78,120,258.80	124,672,048.48
Add: Provision for asset impairment	1,992,635.98	12,310,427.79
Credit impairment losses	1,943,615.11	-478,158.71
Depreciation of fixed assets, depreciation of oil and gas assets, production Depreciation of productive biological assets	129,610,817.81	130,426,441.40
Amortization of right-to-use assets	113,551.44	
Amortization of intangible assets	791,687.73	781,515.17
Amortization of long-term amortization	559,314.84	559,314.80
Loss on disposal of property, plant and equipment, intangible assets and other long-lived assets (gain is shown with a "-" sign) (column)	-58,027.89	-38,789.87
Loss on scrapping of fixed assets (gain by "-") (No. fill in)	-1,857,093.15	1,298,447.67
Loss on changes in fair value (gain of "-") (No. fill in)		
Finance costs (income is shown with a "-" sign)	30,352,399.15	42,374,196.43



Net cash flows from operating activities	310,989,371.87	395,214,216.10
<b>2. Significant investing and financing activities that do not involve cash receipts or disbursements:</b>		
Conversion of debt to capital		
Convertible bonds due within one year		
Finance leased fixed assets		
<b>3. Net change in cash and cash equivalents:</b>		
Closing balance of cash	279,183,650.72	325,533,886.85
Less: Opening balance of cash	325,533,886.85	214,001,099.21
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-46,350,236.13	111,532,787.64

**(2). Net cash paid during the period for acquisition of subsidiaries**

□Applicable ✓/Not applicable

**(3). Net cash received during the period from disposal of subsidiaries**

□Applicable ✓/Not applicable

**(4). Composition of cash and cash equivalents**

✓/Applicable □ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
I. Cash	279,183,650.72	325,533,886.85
Of which: cash on hand		
Bank deposits readily available for disbursement	279,183,650.72	325,533,886.85
Other monetary funds readily available for disbursement		
Deposited central bank funds available for disbursement		
Interbank deposits		
Interbank loans		
II. Cash equivalents		
Of which: Bond investments maturing		

Other notes:

✓/Applicable □ Not applicable

Cash and cash equivalents do not include cash and cash equivalents whose use by the parent or subsidiary is restricted.

**80. Notes to Items in the Statement of Changes in Owners' Equity**

Description of "Other" items adjusted for prior year's ending balance and the amount of the adjustment, etc:

☐Applicable ☒Not applicable

**81. Assets subject to restrictions on ownership or use**

☒Applicable ☐ Not applicable

Unit: Yuan    Currency: RMB

Projects	Carrying value at the end of the period	Restricted Reasons
Monetary Funds	46,412,545.68	Note/bond deposit
Notes receivable		
Inventory		
Fixed Assets		
Intangible assets		
Total	46,412,545.68	/

Other

Description:

None

**82. Foreign currency monetary items (1). Foreign currency monetary items**

☒ Applicable ☐ Not applicable

Unit: Yuan

Projects	Foreign currency balance at the end of the period	Converted exchange rate	Translated into RMB at the end of the period Balance
Monetary Funds			
Of which: USD	16,102,785.06	6.3757	102,666,526.71
Euro	106,604.00	7.2197	769,648.90
Accounts Receivable			
Of which: USD	13,875,854.95	6.3757	88,468,288.41
Euro	462,180.00	7.2197	3,336,800.95
Prepayments			
Of which: USD	867,174.20	6.3757	5,528,842.54
Accounts Payable			
Of which: USD	4,842,921.20	6.3757	30,877,012.68
Japanese Yen	310,000.00	0.0554	17,178.65
Contractual Liabilities			
Of which: USD	117,193.57	6.3757	747,191.05

Other

Description:

None

**(2). Description of foreign operating entities, including, for significant foreign operating entities, disclosure of their principal place of business outside of the country, the base currency of account and the basis of selection, and the reasons for any change in the base currency of account**

☐ Applicable ☒ Not applicable

**83. Hedging**

☐Applicable ☒Not applicable

#### 84. Government grants

##### (1). Basic information of government subsidies

☒Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Cate	Amo	Reported items	Amount charged to
------	-----	----------------	-------------------

Other gains related to assets	2,279,829.60	Deferred revenue	182,409.48
Other gains related to revenue	10,526,525.37	Other gains	10,526,525.37

**(2). Return of government grants**☐ Applicable ☒ Not applicable

Not applicable

Other

Description:

None

**85. Other**☐ Applicable ☒ Not applicable**VIII. Changes in the scope of consolidation****1. Business combinations not under common control**☐ Applicable ☒ Not applicable**2. Business combination under common control**☐ Applicable ☒ Not applicable**3. Reverse purchase**☐ Applicable ☒ Not applicable

#### **4、 Disposal of subsidiaries**

Whether there is a loss of control upon a single disposal of investment in a subsidiary

☐ Applicable ☒ Not applicable

Not applicable

Other

Description:

☐ Applicable ☒ Not applicable

#### **5. Changes in the scope of consolidation for other reasons**

Describe changes in the scope of consolidation due to other reasons (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and the related circumstances:

☐ Applicable ☒ Not applicable

#### **6、 Others**

☐ Applicable ☒ Not applicable

**9. Interests in other entities**  
**1. Interests in subsidiaries (1).**  
**Composition of the enterprise group**

√Applicable □ Not applicable

Subsidiaries Name	Main business ground	Place of registration	Business Nature	Shareholding ratio (%)		Get Mode
				Direct	Indirect	
Fujian Jiatong	Putian City	Putu, Fujian Province	Rubber Industry	51		Purchase

Description of the shareholding ratio in subsidiaries different from the voting ratio: Not applicable

Basis for holding half or less of the voting rights but still controlling the investee, and for holding more than half of the voting rights but not controlling the investee:  
 Not applicable

Basis of control for significant structured entities included in the scope of consolidation: Not applicable

Basis for determining whether a company is an agent or a principal:  
 None

Other Description:  
 None

**(2). Significant non-wholly owned subsidiaries**

√Applicable □ Not applicable

Subsidiary Name	Minority shareholding Proportion	Attributable to minorities for the period Profit or loss for	To minority shareholders during the period Dividends	Unit:Yuan Currency:RMB	
				Minority interests at the end of the period	

Description of the percentage of shareholding of minority shareholders of subsidiaries different from the percentage of voting rights:

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

**(3). Key financial information of significant non-wholly owned subsidiaries**

√Applicable ☐ Not applicable

Unit:Yuan Currency:RMB

S ub si di ar	Closing balance						Opening balance					
	Curr ent	Non- curre	Tota l	Curr ent	Non- curre	Tota l	Curr ent	Non- curre	Tota l	Curr ent	Non- curre	Tota l



F uji an Ji at on g Tir e C o. Di vi si on	231,5 78.90	101,5 87.62	333,1 66.52	148,3 10.69	35,57 8.36	183,8 89.05	192,9 95.04	101,2 75.60	294,2 70.64	94,58 7.18	58,97 2.88	153,5 60.06
--	----------------	----------------	----------------	----------------	---------------	----------------	----------------	----------------	----------------	---------------	---------------	----------------

S ub si di ar y N a m e We igh ing	Current Period Incurred				Prior Period Incurrence			
	Operating income	Net Profit	Total compr ehensi ve incom e	Cash flow from operating activities	Operating income	Net Profit	Total compr ehensi ve incom e	Cash flow from operating activities
F uji an Ji at on g Tir e C o. Div isio n	332,531.64	8,566.89	8,566.89	31,929.55	278,932.19	13,272.61	13,272.61	40,449.39

Other  
Description:  
None

**(4). Significant restrictions on the use of enterprise group assets and the settlement of enterprise group debts**

☐Applicable ☒Not applicable

**(5). Financial or other support provided to structured subjects included in the scope of the consolidated financial statements**

☐Applicable    ☒Not applicable

Other notes:

☐Applicable    ☒Not applicable

**2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled**

☐Applicable    ☒Not applicable

**3. Interest in joint ventures or associates**

☐Applicable    ☒Not applicable

**4. Important co-management**

☐Applicable    ☒Not applicable

**5. Interests in** structured entities not included in the scope of the consolidated financial statements Notes relating to structured entities not included in the scope of the consolidated financial statements:

☐Applicable ☒Not applicable

## **6、 Others**

☐Applicable ☒Not applicable

## **X. Risks associated with financial instruments**

☒Applicable ☐ Not applicable

The Company's major financial instruments include loans, receivables and other receivables, payables and other payables, bank deposits, etc., each

A detailed description of each financial instrument is disclosed in the respective notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The Company's management manages and monitors these risk exposures to ensure that the above risks are contained within limits.

The Company uses sensitivity analysis techniques to analyze the impact that reasonable and probable changes in risk variables may have on net income for the period. Since changes in any risk variable rarely occur in isolation and the correlation that exists between variables will have a significant effect on the ultimate amount of the impact of a change in a risk variable, the following is performed assuming that changes in each variable are independent.

### **(i) Risk management objectives and policies**

The Company engages in risk management with the goal of striking an appropriate balance between risk and return, minimizing the negative impact of risk on the Company's operating performance, and maximizing the interests of shareholders and other equity investors. Based on this risk management objective, the Company's basic strategy for risk management is to identify and analyze the various risks to which the Company is exposed, establish appropriate risk tolerance floors and conduct risk management, and monitor the various risks in a timely and reliable manner in order to control the risks within the limits.

#### **1、 Market risk**

##### **( 1 ) Foreign exchange risk**

Foreign exchange risk refers to the risk of loss arising from changes in exchange rates. The Company's exposure to foreign exchange risk is mainly related to the U.S. dollar and the euro, etc. Except for one of the Company's subsidiaries, which purchases and sells in U.S. dollars and euros, the Company's other major business activities are conducted in Renminbi.

The Company's assets and liabilities are denominated and settled in RMB. As of December 31,

2021, the Company's assets and liabilities were all in RMB, except for the assets or liabilities described in the table below, which were in foreign currency. Foreign exchange risk arising from assets and liabilities with such foreign currency balances may have an impact on the Company's results of operations.

Unit: RMB Yuan

Proj ects	Closing balance			Total
	USD	Euro	Japa nese Yen	
Bank deposits	102,539,012.71	769,648.90		103,308,661.61
Other monetary funds	127,514.00			127,514.00

Proj ects	Closing balance			Total
	USD	Euro	Japa nese Yen	
Subtotal foreign currency financial assets	196,663,657.66	4,106,449.85		200,770,107.51
Accounts Payable	30,877,012.68		17,178.65	30,894,191.33
Contractual Liabilities	747,191.05			747,191.05
Other payables	1,432,288.25			1,432,288.25
Subtotal foreign currency financial liabilities	33,056,491.98		17,178.65	33,073,670.63
Net	163,607,165.68	4,106,449.85	-17,178.65	167,696,436.88

Proj ects	Opening balance			Total
	USD	Euro	Japa nese Yen	
Bank deposits	182,167,960.66	9,106.05		182,177,066.71
Other monetary funds	130,498.00			130,498.00
Accounts Receivable	710,753,979.58	1,430,844.66		712,184,824.24
Subtotal foreign currency financial assets	893,052,438.24	1,439,950.71		894,492,388.95
Accounts Payable	26,924,700.88		33,894.50	26,958,595.38
Contractual Liabilities	19,431.94			19,431.94
Other payables	841,228.60			841,228.60
Subtotal foreign currency financial liabilities	27,785,361.42		33,894.50	27,819,255.92

Net	865,267,076.82	1,439,950.71	-33,894.50	866,673,133.03
-----	----------------	--------------	------------	----------------

The Company pays close attention to the impact of exchange rate changes on the Company's foreign exchange risk and is not currently taking measures to hedge foreign exchange risk.

Foreign exchange risk sensitivity analysis:

Foreign exchange risk sensitivity analysis assumes that the Company's exposure to foreign exchange risk is primarily related to changes in the exchange rates of the U.S. dollar, euro, etc. with the RMB. In the sensitivity analysis performed by management, a 5% increase or decrease in change is considered to reasonably reflect the possible range of exchange rate changes. Based on the above assumptions, a 5% appreciation or depreciation of each foreign currency against the RMB at December 31, 2021, with other variables held constant, would increase or decrease the Company's net income by \$6,288,600,000 (December 31, 2020: \$32,500,200,000).

## (2) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is primarily related to borrowings with floating interest rates.

Interest rate risk sensitivity analysis:

The sensitivity analysis for interest rate risk assumes that changes in market interest rates affect interest income or expense on variable rate financial instruments; for borrowings with variable interest rates, the sensitivity analysis is based on the fact that the borrowings will be available for continued revolving borrowings for a full fiscal year. In addition, in the sensitivity analysis performed by management, an increase or decrease of 100 basis points is considered a reasonable reflection of the possible range of interest rate changes. Based on the above assumptions, a 100 basis point increase/decrease in interest rates, **with** all other variables held constant, would result in the Company 2021

The net profit for the year would increase/decrease by RMB2,819,700,000. The impact was mainly due to the change in interest rate of the borrowings held by the Company with floating interest rates.

### (3) Other price risks

The Company does not hold any equity investments in other listed companies; therefore, the Company is not exposed to the risk of changes in the securities market. The Company's management believes that the Company is not exposed to any other price risk.

## 2. Credit risk

At December 31, 2021, the largest exposure to credit risk that could give rise to financial losses for the Company arises primarily from losses incurred on the Company's financial assets as a result of the failure of the other party to the contract to perform its obligations. To mitigate credit risk, the Company has established a group responsible for determining credit limits, performing credit approvals, and implementing other monitoring procedures to ensure that the necessary steps are taken to collect past due claims. In addition, the Company reviews the collection status of each individual receivable at each balance sheet date to ensure that adequate bad debt provisions are made for uncollectible amounts. As a result, the Company's management believes that the Company's exposure to credit risk is low.

The Company's liquidity is deposited with banks with high credit ratings, so the credit risk of liquidity is low. 3. Liquidity risk

In managing liquidity risk, the Company maintains and monitors cash and cash equivalents that management believes are sufficient to meet the Company's operating needs and to reduce the impact of cash flow fluctuations, and the Company's management believes that the Company's exposure to liquidity risk is low. The Company's management monitors the use of bank borrowings and ensures compliance with borrowing agreements.

As of December 31, 2021, the Company had unused bank borrowings  
The financial assets and liabilities held by the Company are analyzed by the maturity of the

undiscounted remaining contractual obligations as follows The financial assets and financial liabilities held by the Company are analyzed by the maturity of the undiscounted remaining contractual obligations as follows:

The contractual obligations for short-term borrowings and long-term borrowings due within one year have maturities of 1-12 months. The contractual obligations for long-term borrowings expire in 2024. The maturity of contractual obligations for financial assets and other financial liabilities are disclosed in the respective notes.

**xi. fair value disclosures**

**1. Closing fair value of assets and liabilities measured at fair value**

☐Applicable ☒Not applicable

**2. Basis for determining the market value of continuing and discontinuing level 1 fair value measurement items**

☐Applicable ☒Not applicable

**3. ongoing and discontinued Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and important parameters**

☐Applicable ☒Not applicable



**4. ongoing and discontinued Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques used and important parameters**

☐Applicable    ☒Not applicable

**5. ongoing Level 3 fair value measurement items, reconciliation information between opening and closing book values and sensitivity analysis of unobservable parameters**

☐Applicable    ☒Not applicable

**6. For ongoing fair value measurement items, if conversion between levels occurred during the period, the reasons for conversion and the policy for determining the point of conversion**

☐Applicable    ☒Not applicable

**7. Changes in valuation techniques that occurred during the period and the reasons for the changes**

☐Applicable    ☒Not applicable

**8. Fair value of financial assets and financial liabilities that are not measured at fair value**

☐Applicable    ☒Not applicable

**9、 Others**

☐Applicable    ☒Not applicable

**XII, RELATED PARTIES AND RELATED TRANSACTIONS 1. Information on the parent company of the Company**

☒Applicable    ☐Not applicable

Unit: RMB million					
Parent Company Name	Place of registration	Business Nature	Registered Capital	Parent Company Currency: RMB For our company The industry's hold Share ratio (%)	Parent company to this Corporate Voting Percentage of rights (%)
Giti Tire (China) Investment	China (above) (Sea) Freedom No. 88, Century Avenue,	After the state allows foreign Investment in tires and wheels Tire accessories, rubber	371.8 million USD 198 / 365	44.43	44.43

Note on the status of the  
parent company of the  
enterprise None

The ultimate controlling parties of the Company are Mei-Feng Lin, Zhen-Wei Lin and Ying-Yi Chen

Other

Description:

None

## 2. Information on the Company's subsidiaries

For details of the Company's subsidiaries, see Note

☒Applicable ☐Not applicable

For details, see IX.1. Interests in subsidiaries.

## 3. Joint ventures and associates of the enterprise

For details of the Company's significant joint ventures or associates, please refer to the notes

☐Applicable ☒Not applicable

Other joint ventures or associates with which the Company had related party transactions during the period, or with which the Company had related party transactions in the prior period that resulted in balances, are as follows

☐Applicable

☒Not applicable

Other

explanations

☐Applicable ☒Not applicable

## 4. Other related parties

☒Applicable ☐Not applicable

Name of other related parties	Relationship between other related parties and the enterprise
Anhui Jiatong Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Yinchuan Jiatong Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Yinchuan Jiatong Great Wall Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Chongqing Jiatong Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Hualin Jiatong Tire Co.	Wholly-owned subsidiary of a controlling shareholder
Fuzhou Jiatong First Plastics Co.	Controlled by the same ultimate controller
Hubei Jiatong Steel Cord Co.	Wholly-owned subsidiary of a controlling shareholder
PT Gajah Tunggal Tbk	Same as under the control of the ultimate controller
GITI Tire Global Trading Pte Ltd.	Same as under the control of the ultimate controller
GITI Tire (UK) Ltd.	Same as under the control of the ultimate controller
GITI Tire Deutschland GmbH	Same as under the control of the ultimate controller
GITI Tire (USA) Ltd.	Same as under the control of the ultimate controller
Giti Tire Manufacturing (USA) Ltd.	Same as under the control of the ultimate controller
GITI Tire (CANADA) Ltd.	Controlled by the same ultimate controller
GITI Tire (EUROPE) Ltd.	Controlled by the same ultimate controller

Other  
descripti  
ons None

## 5. Connected transactions

### (1). Related transactions for the purchase and sale of goods, provision and receipt of services

Purchase of goods/acceptance of services table

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related Parties	Content of connected transactions	Current Period Incurred	Prior Period Incurrence
Giti Tire (China) Investment Capital Limited	Purchase of raw and auxiliary materials and other commodities	45,651,157.46	637,135,823.82
PT. Prima Sentra Megah	Purchase of raw and auxiliary materials and other commodities	5,761,226.94	3,862,883.85
Anhui Jiatong Tire Co. Division	Purchase of raw and auxiliary materials and other commodities	13,198,148.32	27,860,617.68
Anhui Jiatong passenger radial Tire Co.	Purchase of raw and auxiliary materials and other commodities	112,742,789.12	113,328.71
Shanghai Jinghe Mould Co. Division	Purchase of raw and auxiliary materials and other commodities		53,766.87
SP Resource International Pte Ltd.	Purchase of raw and auxiliary materials and other commodities		215,142.75
GITI Tire Global Trading Pte Ltd.	Purchase of raw and auxiliary materials and other commodities	311,488,158.23	249,680,463.37
Shanghai Jing Yuan Machinery Co. Division	Purchase of raw and auxiliary materials		19,845.14

Yinchuan Jiatong Great Wall Tire has Limited company	Purchase of fixed assets	641,821.31	490,923.46
Shanghai Jing Yuan Machinery Co. Division	Purchase of fixed assets		11,662,770.53
Hubei Jiatong Steel Cord Co. Company	Purchase of fixed assets		242.74
Giti Tire (China) Investment Capital Limited	Acceptance of labor services - three packages Claims Fee	4,034,558.69	1,640,932.73
Anhui Jiatong passenger radial Tire Co.	Acceptance of labor services - technology Usage Fee	75,615,252.94	67,076,237.10
Giti Tire (China) Investment Capital Limited	Acceptance of labor services-IT services Service Fee	4,277,089.27	4,858,931.85

## Sale of goods/provision of services

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related Parties	Content of connected transactions	Current Period Incurred	Prior Period Incurrence
Giti Tire (China) Investment Ltd.	Sales of goods - Sales of tires	1,783,673,662.69	1,544,817,161.37
GITI Tire Global Trading Pte Ltd.	Sales of goods - Sales of tires	1,481,686,972.48	1,176,755,335.57
Anhui Jiatong Tire Co. Division	Sales of goods - Sales of tires	797,404.41	
Anhui Jiatong passenger radial wheel Tire Co.	Sales of goods - Sales of tires	194,350.44	
Hualin Jiatong Tire Co.	Sales of goods - Sales of tires		1,977.88
Anhui Jiatong Tire Co.	Sales of goods - Sales of materials	194,347.57	295,938.58
Hualin Jiatong Tire Co.	Sales of goods - Sales of materials	39,551.49	952,574.14
Anhui Jiatong passenger radial wheel Tire Co.	Sales of goods - Sales of materials	1,316,950.43	234,285.84
Anhui Jiatong Tire Co.	Sales of fixed assets	6,673.29	9,484.18
Hualin Jiatong Tire Co.	Sales of fixed assets	658,999.47	7,587,717.83

Description of related transactions for the purchase and sale of goods, provision and receipt of services

☐Applicable ☒Not applicable

**(2). Affiliated entrusted/contracted and entrusted/contracted to the Company**

Table of entrusted/contracted status:

☐Applicable ☒Not applicable

Description of affiliated hosting/contracting

☐Applicable ☒Not applicable

Table of our entrusted management/contracting

☐Applicable ☒Not applicable

Affiliate management/out-sourcing description

☐Applicable ☒Not applicable

### (3). Affiliated

**leases** The

Company as lessor:

☐Applicable ☒Not applicable

The Company as lessee:

☐Applicable ☒Not applicable

Description of affiliated leases

☐Applicable ☒Not applicable

### (4). Related

**Guarantees** The

Company as

guarantor

Unit: RMB million

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Guarantee amount	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Not applicable				Bi

The Company as the  
guaranteed party

☒Applicable ☐Not applicable

Unit: RMB million

<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable	Guarantee amount	Guarantee start date	Guarantee maturity date	Whether the guarantee has been fulfilled
Guarantor				Bi
Giti Tire	9,800	Three years from		No

Description of related guarantees

☒Applicable ☐Not applicable

(1) As a guarantor

On October 29, 2019, Fujian Jiatong Tire Co., Ltd, a holding subsidiary of the Company, and the principal, Fujian Enterprise Technology Reform Co.

The Company has entered into an entrusted borrowing contract with Industrial Bank of China

2021 Annual

~~Limited, Putian Dongshen Road Sub-branch, the trustee, for an amount of RMB20,000.00 million~~  
with a term from October 29, 2019 to October 28, 2023. The loan under this contract is jointly and severally guaranteed by the Company for a period of two years from the expiration of the term of performance of the principal debt.

( 2 ) As a secured party

On October 29, 2019, Fujian Jiatong Tire Co., Ltd., a controlling subsidiary of the Company, entered into a contract of entrusted borrowing with Fujian Enterprise Technology Reform Investment Fund (Limited Partnership), the principal party, and Putian Dongshen Road Sub-branch of Industrial Bank Co.



The loan amount is RMB20,000.00 million, and the loan period is from October 29, 2019 to October 28, 2023, and the loan under this contract is jointly and severally guaranteed by the Company for a period of two years from the expiration of the term of performance of the principal debt. Giti Tire (China) Investment Co., Ltd. shall bear 49% of the aforesaid joint and several guarantee liability of the Company for a period of two years from the expiration of the term of performance of the principal debt.

The guarantee period shall be calculated separately for each guarantee period if the Company performs the guarantee responsibility more than once.

As of December 31, 2021, the balance of the above entrusted borrowings was \$12,000.00 million.

#### (5). Related party funds borrowing and lending

☐Applicable ☒Not applicable

#### (6). Transfer of assets and debt restructuring by related parties

☐Applicable ☒Not applicable

#### (7). Key Management Compensation

☒Applicable ☐ Not applicable

Unit: RMB million		
Projects	Current Period	Currency RMB Period Incurrence

#### (8). Other Related Transactions

☐Applicable ☒Not applicable

### 6. Receivables and payables from related parties (1).

#### Receivable items

☒Applicable ☐Not applicable

Projects Name	Related Parties	Closing balance		Opening balance		YuanCurrency:
		Book balance	Provision for bad debts	Book balance	Provision for bad debts	
Notes receivable	Giti Tire (China) Investment Co. Company	58,470,037.52		62,960,651.14		
Accounts receivable	Giti Tire (China) Investment Co. Company	55,204,848.73	206 / 365	212,083,257.29		

Other receivables paragraph	Giti Tire (China) Investment Co. Company	3,652,371.58	18,261.86	3,366,878.89	16,834.39
-----------------------------	--	--------------	-----------	--------------	-----------

**(2). Payable items**

√Applicable    □Not applicable

Project Name	Related Parties	Closing book balance	Unit:	
			Opening book balance	Currency:
Accounts Payable	Anhui Jiatong Tire Co.		RMB 3,685,040.81	Yuan
Accounts Payable	Anhui Jiatong Passenger Radial Tire Co. Division	45,349,140.41		
Accounts Payable	Hualin Jiatong Tire Co.	20,000.00		
Accounts Payable	PT. Prima Sentra Megah	5,007,474.78	890,648.85	
Accounts Payable	SP Resources International Pte Ltd.		198,131.98	
Accounts	Anhui Jiavuan Industrial Fiber Co.		8.186.86	

**7. Commitment of related parties**

□Applicable    √Not applicable

**8. Others**

□Applicable    √Not applicable

**XIII. Share-based payment****1. General information on share-based payment**

□Applicable    √Not applicable

**2. Equity-settled share-based payments**

□Applicable    √Not applicable

**3. Cash-settled share-based payments**

□Applicable    √Not applicable

**4. Modification and termination of share-based payment**

□Applicable    √Not applicable

## 5、 Others

☐Applicable    ☒Not applicable

**XIV,  
Commitments and  
Contingencies 1.  
Material  
Commitments**

☒ Applicable ☐ Not applicable

Significant external commitments existing at the balance sheet date, nature and amount

Proj ects	End of period	Number at the beginning of the year
Contracted but not yet recognized in the financial statements		

**2. Contingencies**

**(1). Significant contingencies existing at the balance sheet date**

☐ Applicable ☒ Not applicable

**(2). There are no material contingencies that the company is required to disclose, which should also be stated:**

☒ Applicable ☐ Not applicable

As of December 31, 2021, the Company had no material contingencies requiring disclosure.

**3. Others**

☐ Applicable ☒ Not applicable

**XV. Events after the balance sheet date**

**1. Significant non-adjusting events**

☐ Applicable ☒ Not applicable

**2. Profit distribution**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Profit or dividends to be distributed	
Profit or dividends declared after	11,900,000.00

In accordance with the resolution of the eighth meeting of the tenth session of the Board of Directors of the Company on April 28, 2022, the profit distribution plan of the Company for 2021 is as follows  
A cash dividend of NT\$0.35 (including tax) per 10 shares will be paid to all shareholders based on the total share capital of the Company as of December 31, 2021.

The total cash dividend is RMB11,900,000.00. The above profit distribution proposal is subject to the consideration and approval of the shareholders' meeting before it can be implemented.

**3. Sales return**

☐ Applicable ☒ Not applicable

**4. Description of other post-balance sheet events**

☐Applicable    ☒Not applicable

**Other significant  
items 1. Correction  
of prior-period  
accounting errors  
(1). Retrospective  
restatement  
method**

☐Applicable    ☒Not applicable

**(2). Future application method**

☐Applicable ☒Not applicable

**2. Debt restructuring**

☐Applicable ☒Not applicable

**3. Asset swap****(1). Non-monetary asset exchange**

☐Applicable ☒Not applicable

**(2). Other asset swaps**

☐Applicable ☒Not applicable

**4. Annuity Plan**

☐Applicable ☒Not applicable

**5. Termination of business**

☐Applicable ☒Not applicable

**6. Segment information****(1). Basis of determination of reportable segments and accounting policies**

☐Applicable ☒Not applicable

**(2). Financial information for reportable segments**

☐Applicable ☒Not applicable

**(3). If the company has no reportable segments or cannot disclose the total assets and total liabilities of each reportable segment, it should state the reasons**

☐Applicable ☒Not applicable

**(4). Other notes**

☐Applicable ☒Not applicable

**7. Other important transactions and events that have an impact on investors' decisions**

☐Applicable ☒Not applicable

**8. Others**

☒Applicable ☐Not applicable

1. The proposal of daily connected transactions was not approved by the shareholders' meeting

The total estimated amount of daily connected transactions of Giti Tire in FY2020 and FY2021 is 4.656 billion yuan and 4.466 billion yuan, respectively, and the total actual amount of daily connected transactions of Giti Tire in FY2020 and FY2021 is 3.771 billion yuan and 3.915 billion yuan, respectively. Giti Tire daily connected transactions for two consecutive years did not

obtain the approval of the shareholders' meeting, the Board of Directors of the Company, after careful study, believes that daily connected transactions are necessary at present and even for a considerable period of time in the future, and cannot be avoided and resolved, and it would not be in the interest of the Company and all shareholders to stop connected transactions before a perfect solution is available. The Company, in order to maintain normal operation and ensure sustainable operation

Daily connected transactions were still conducted. In response to this matter, the Company continues to actively communicate with its shareholders and re-perform the appropriate approval procedures in accordance with the actual situation of the Company.

## 2、Trademark use license situation

According to the Trademark Use License Contract signed between Anhui Jiatong Tire Co. The five trademarks of ROADKING, 1107977, ENDURO and 1415581 are provided to Fujian Jiatong for use on the tires and other rubber products produced by Fujian Jiatong without compensation until the expiration of the contract.

According to the Trademark License Contract signed between Jiatong Tire Pte Ltd. and Fujian Jiatong, Jiatong Tire Pte Ltd. will use 【1551461】 , 【1551462】 , 【1551463】 , 【1551464】 , 【883541】 , 【7182667】

The 8 trademarks 【7182677】 and 【7575599】 are provided to Fujian Jiatong for free use on the tires produced by Fujian Jiatong until the expiration of the contract.

According to the Trademark License Contract signed between Yinchuan Jiatong Great Wall Tire Co., Ltd. and Fujian Jiatong, Yinchuan Jiatong Great Wall Tire Co., Ltd. will provide the 【152905】 trademark owned by it to Fujian Jiatong for use on the tire goods produced by it without any compensation until the expiration of the contract.

## **XVII, Notes to the main items of the parent company's financial statements 1. Accounts receivable**

### **(1). Disclosure by age**

☐Applicable ☒Not applicable

### **(2). Disclosure by bad debt accrual method**

☐Applicable ☒Not applicable

Provision for bad debts is made on an individual basis:

☐Applicable ☒Not applicable

Provision for bad debts is made on a portfolio basis:

☐Applicable ☒Not applicable

If the provision for bad debts is based on the general model of expected credit losses, please refer to the disclosure of other receivables as follows:

☐Applicable ☒Not applicable

### **(3). Provision for bad debts**

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

### **(4). Actual write-off of accounts receivable during the period**



☐Applicable ☒Not applicable

Of which significant write-offs of accounts receivable

☐Applicable ☒Not applicable

**(5). Top five accounts receivable with closing balances grouped by party in arrears**

☐Applicable ☒Not applicable

**(6). Derecognition of receivables due to transfer of financial assets**

☐Applicable ☒Not applicable

**(7). Transfer of accounts receivable and continued involvement in the amount of assets and liabilities formed**

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

**2.****Presentation****of other  
receivable  
items**

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Projects	Closing balance	Opening balance
Interest receivable		
Dividend receivable	264,141,780.26	289,841,780.26
Other receivables	3,664,108.97	3,352,183.74

Other notes:

☐Applicable ☒Not applicable

**Interest receivable****(1). Classification of interest receivable**

☐Applicable ☒Not applicable

**(2). Important late interest**

☐Applicable ☒Not applicable

**(3). Provision for bad debts**

☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable

**Dividend  
receivable****(4).****Dividends**

**receivable**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Project (or investee unit)	Closing balance	Opening balance
Fujian Jiatong Tire Co.	264,141,780.26	289,841,780.26

**(5). Significant dividends receivable aged over 1 year**√Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Project (or investee unit)	Closing balance	Age of accounts	Reasons for non-recovery	Whether impairment occurred and the basis for its judgment
Fujian Jiatong Tire Co.	87,556,812.19	1-2 years	In order to better utilize the funds to meet the production of the holding	No

**(6). Provision for bad debts**☐Applicable √Not applicable

Other notes:

☐Applicable √Not applicable**Other****receivables****(1). Disclosure**

by age		Unit: Yuan Currency: RMB
Age of accounts	Closing book balance	
√Applicable <input type="checkbox"/> Not applicable		
Within 1 year		
Of which: within 1 year subdivision		
Subtotal within 1 year		3,682,521.58
1 to 2 years		
2 to 3 years		
More than 3 years		
3 to 4 years		
4 to 5 years		
More than 5 years		

**(2). Breakdown by nature of payments**

Nature of payments	Closing book balance	Opening book balance
√Applicable <input type="checkbox"/> Not applicable		
Web Hosting Fees	3,652,371.58	3,366,878.89
Employee Borrowing	30,000.00	2,000.00
Other	150.00	150.00

**(3). Provision for  
bad debts**

√Applicable ☐ Not  
applicable

Unit: Yuan    Currency: RMB

Provision for bad debts	Phase I	Phase II	Stage 3	Total
	Expected credit losses for the next 12 months	Expected credit losses (no credit impairment) throughout the life of the	Expected credit losses (credit impairment has occurred) throughout the life of the	
January 1, 2021 remaining forehead	16,845.15			16,845.15
January 1, 2021 remaining Amount in the current period	16,845.15			16,845.15
--Transfer to Phase II				
--Turning to the third stage				
--Turn back to the second stage				
--Turn back to the first stage				
Current accrual	1,567.46			1,567.46
Current period reversal				
Current period reversal				
Current write-offs				
Other changes				
December 31, 2021 Balance	18,412.61			18,412.61

A description of significant changes in the carrying amount of other receivables for which changes in the allowance for losses occurred during the period:

☐Applicable ☒Not applicable

The amount of provision for bad debts for the period and the basis used to assess whether there is a significant increase in the credit risk of the financial instruments:

☐Applicable ☒Not applicable

#### (4). Provision for bad debts

☒Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change during the period				Closing balance
		Accrual	Recapture or	Write-offs or write-	Other changes	

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

☐Applicable ☒Not applicable

**(5). Actual write-off of other receivables during the period**

☐Applicable ☒Not applicable

**(6). Top five other receivables with closing balances, grouped by party in arrears**

☒Applicable ☐ Not applicable

Unit: Yuan    Currency: RMB

Unit Name	Nature of the payment	Closing balance	Age of accounts	As a percentage of the total ending balance of other receivables Proportion of number (%)	Closing balance of provision for bad debts
Giti Tire (China) Investment Capital Limited	Web Hosting Fees	3,652,371.58	Within 1 year	99.18	18,261.86
Employee 1	Employee Borrowing	30,000.00	Within 1 year	0.81	150.00
Other	Other	150.00	Within 1 year	0.01	0.75
Total	/	3,682,521.58	/	100.00	18,412.61

**(7). Receivables involving government grants**
☐Applicable ☒Not applicable
**(8). Other receivables derecognized due to transfer of financial assets**
☐Applicable ☒Not applicable
**(9). Transfer of other receivables and continued involvement in the amount of assets and liabilities formed**
☐Applicable ☒Not applicable

Other notes:

☐Applicable ☒Not applicable
**3. Long-term****equity****investments**

Unit: Yuan Currency: RMB

Closing balance		Opening balance		
<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not applicable				
Book balance	Impairment Allowance	Book balance	Impairment Allowance	Carrying value
Carrying value		Carrying value		



Unit: Yuan Currency: RM					
subsidiaries				Impair	Provisi

subsidiaries					Impair	Provisi
--------------	--	--	--	--	--------	---------

<div> <input checked="" type="checkbox"/> Applicable                     <input type="checkbox"/> Not applicable                 </div>	Opening balance	Increase in the current period	Decrease for the period	Closing balance	Impairment charged during the	Provision for impairment at end of

**(2). Investment in associates and joint ventures**

□Applicable √Not applicable

Other

Description:

None

**4. Operating income and operating costs****(1). Operating income and operating costs**

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred		Prior Period Incurrence	
	Revenue	Cost	Revenue	Cost
Main Business				

**(2). of revenue generated by the contract**

□Applicable √Not applicable

**(3). Description of performance obligations**

□Applicable √Not applicable

**(4). Description of the apportionment to the remaining performance obligation**

□Applicable √Not applicable

Other

Description:

None

**5. Investment income**

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Proj ects	Current Period Incurred	Prior Period Incurrence
Gain on long-term equity investments accounted for under the cost method		87,556,812.19
Income from long-term equity investments accounted for by the equity method		
Investment income from disposal of long-term equity investments		
Investments in financial assets held for trading Earnings		
Investments in other equity instruments acquired during the holding period Dividend income from	223 / 365	
Interest income earned on debt		

Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Total	0	87,556,812.19

Other

Description:

None

## 6、Others

☐Applicable    ☒Not applicable

### XVIII. Additional information

#### 1. Breakdown of non-recurring gains and losses for the current period

☒Applicable    ☐Not applicable

Unit: Yuan    Currency: RMB

Proj ects	Amo unt	Des cripti on
Gain or loss on disposal of non-current assets	58,027.89	
Tax rebates that are approved beyond authority or without official approval documents Return, reduction		
Government grants recognized in profit or loss (closely related to the business of the enterprise, fixed or fixed according to the national standard) (Except for the government subsidies enjoyed by the volume)	10,708,934.85	
Capital received from non-financial enterprises recognized in current profit or loss Gold Occupancy Fee		
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than the fair value of the identifiable net assets of the investee at the time the investment is acquired. Benefit		
Gain or loss on exchange of non-monetary assets		
Gains or losses from entrusting others to invest or manage assets		
Counting due to force majeure factors, such as suffering a natural disaster Provision for impairment of various assets		
Gain or loss on debt restructuring	224 / 365	

Receivables and contract assets individually tested for impairment Reversal of provision for impairment of assets		
Gains or losses on external entrusted loans		
Investments subsequently measured using the fair value model Gains or losses arising from changes in fair value of properties		
One-time adjustments to current profit or loss in accordance with tax, accounting and other laws and regulations on current profit or loss Impact		
Custodian fee income earned from entrusted operations		
Non-operating income and expenses other than those mentioned above out	-1,079,357.16	
Other profit and loss items that meet the definition of non-recurring profit or loss		
Less: Income tax effect amount	2,410,408.78	
Minority interest impact amount	3,543,300.91	
Total	3,733,895.89	

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

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

☐Applicable ☒Not applicable

## 2. Return on net assets and earnings per share

☒Applicable ☐ Not applicable

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net attributable to common shareholders of the Company	3.57	0.1063	0.1063

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

☐Applicable ☒Not applicable

## 4. Others

☐Applicable ☒Not applicable

Chairman: Li

Huaijing Board of Directors Approval Date

Filed: April 28, 2022

**Revision Information**

☐Applicable ☒Not applicable